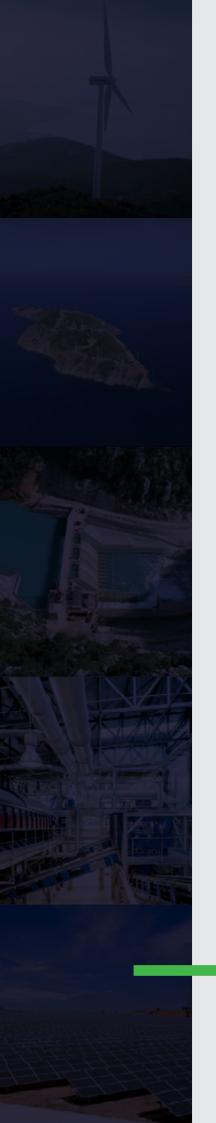


SUSTAINABLE DEVELOPMENT **REPORT**







WE INVEST IN GREECE WE INVEST IN THE FUTURE

WIND ENERGY PROJECTS
SOLAR ENERGY PROJECTS
HYDROELECTRIC PROJECTS
WASTE TO ENERGY
AND BIOMASS PROJECTS

TERNA ENERGY, a member of GEK TERNA Group of Companies, is the largest investor in the Renewable Energy Sources (RES) sector in Greece, having also a strong presence in the Southeast Europe and USA markets.

Having invested over 1.3 billion euro over the last decade and pushing for new investments of 700 million euros for the 2019-2021 period, we are steadily advancing towards the goal of 2MW RES installations both in Greece and abroad. During the past 20 years, we produce green energy and implement innovative projects, contributing to sustainable development.

2018

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MESSAGE FROM THE CEO

Dear Stakeholders.

We are happy to share with you, for the fourth consecutive year, TERNA ENERGY's Sustainable Development Report for 2018. This report, was developed with collaboration between various company departments and constitutes a step towards strengthening trust with all our stakeholders. In this context, the following pages present our social, economic and environmental performance for 2018 on the topics that have been prioritized as material for our organization's sustainable development.

Looking at our country from a broader perspective in 2018, the effort to conclusively exit the long-term crisis has been achieved, resulting in exiting the fiscal adjustment program. In this context, our Group continued its development path and maintained its leading position in the Renewable Energy Sources (RES) market.

Through our responsible business activities, we contribute to the domestic and international economic growth through the realization of investments that are part of our sustainable development strategy, which combines responsible corporate governance, economic

growth, environmental protection and support to society. Using this strategy as a springboard, we create new jobs through our activities, while aiding the diversification of the country's energy mix and the country's effort to become independent from conventional energy sources, enabling in this way Greece's participation in the global Clean Energy market.

TERNA ENERGY

The transition to Clean Energy means a massive shift from fossil fuels to RES. Due to its geographical location, our country could constitute the "battery" of the South, becoming the largest electricity and gas hub in the Eastern Mediterranean. Our activity in the field of electricity storage from renewable energy, which is proved to be a key pillar to Europe's transition to Clean Energy, contributes greatly in Greece's strategic effort to not just be a producer but also an exporter of electricity to Southeast Europe.

2018 was a milestone for the Group since it exceeded 1,000 MW of installed capacity in RES projects in Greece and abroad. Concurrently, by expanding to the waste management sector, we completed the construction of the Waste

Management Unit in the Epirus Prefecture. This is a pilot, state-of-the-art, Public-Private Partnership with benefits to both the environment and the citizens. During its construction, 200 jobs were created, and another 90 permanent jobs will be created during its 25 years of operation.

It is worth noting that for every project we undertake, we aim to support the local communities in which we operate, by implementing environmental education projects for schools, universities and other local bodies, and also via a range of social initiatives, the amount of which approached € 550,000 in 2018.

Our goal is to maintain our leading position in the Greek market while pursuing the further diversification of our activities into international markets, which will bolster our capitalization, strengthen our investment capacity and safeguard our capacity to create value for all.

Our mission, philosophy and vision is to create a better tomorrow, and for this reason we will continue to implement our strategy for sustainable development through our responsible and environmentally and socially conscious business operations. To this end, we are committed to contributing to the achievement of Agenda 2030, and in particular the United Nations 17 Sustainable Development Goals (SDGs), recognizing them as the guiding principles for all our actions. Achieving the Goals until 2030 constitutes a shared commitment and requires the participation and cooperation between all of us.

In a time of constant developments, all of us at TERNA ENERGY Group, we continue to create long-term value for all our stakeholders. Looking to the future with optimism, we commit to the Group's path towards Sustainable Development.

Enjoy your reading,

EMMANOUEL MARAGOUDAKIS CEO TERNA ENERGY



2018 IN NUMBERS

Clean energy production



Total installed capacity

in Greece and abroad



$C0_2$ emissions avoided



Employees



Suppliers



Turnover



Net profits





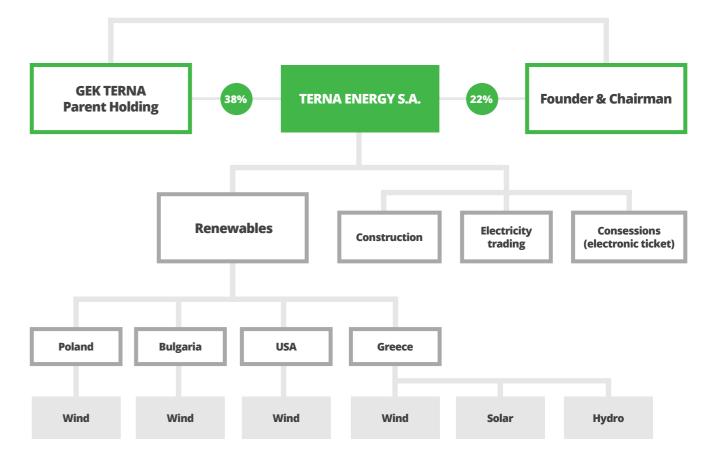
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GETTING TO KNOW TERNA ENERGY

TERNA ENERGY is the largest Greek vertically organized company in the Renewable Energy Sources (RES) sector. Its business activities focus on the Construction, Financing and Developing of RES and Waste Management projects. The company operates in the full range of RES technologies and specifically in the development of Wind Farms, Hydroelectric Power Plants, Solar Power Units, as well as Integrated Waste Management and Energy Production Plants from solid waste and biomass.

TERNA ENERGY undertakes the full range of necessary actions and projects from exploring the available capacity, designing, licensing and construction, to the operation, maintenance and commercial use of the plants and projects it develops. The company's business activities are characterized by sound financial structure, robust specialization and expertise, full implementation of quality assurance procedures and indepth knowledge of the international institutional, financial and business environment.

TERNA ENERGY Sustainable Development Report 2018 9



Percentage of sales by geographic area and by activity



Percentage of sales by activity





2000

The first wind farm begun operation in 2000, with an installed capacity of 11.22 MW. In the following years, the installed capacity of our wind farms increased rapidly as we continued to expand our wind farm portfolio in Greece.

2004

The exploration of opportunities in RES markets abroad commences, via the identification of suitable sites for wind projects mainly in the Southeastern Europe markets, and then in Central Europe in 2005.

2007

Following an IPO, the company was listed in the Athens Stock Exchange.

2006

The construction of the first two small hydroelectric plants starts.

TERNA ENERGY operates wind farms in Poland, Bulgaria and the USA.

2011

2016

The company launches the wind farm on Agios Georgios Island, the first onshore wind park in Greece with features resembling those of an offshore wind farm.

2014

The company signs a PPP contract for the Athens e-ticket.

2017

The company signs a PPP contract for the Epirus Waste Management project.

OUR HISTORY

TERNA ENERGY IS A MEMBER OF GEK TERNA GROUP OF COMPANIES AND WAS INCORPORATED IN 1997 AS A SUBSIDIARY OF TERNA S.A.

2018

TERNA ENERGY exceeds the 1GW RES installed capacity milestone in Greece and abroad.



OUR BUSINESS MODEL

TERNA ENERGY's business model is based both on responsible planning and the effective implementation of every project we undertake. In particular, through our successful and responsible business practices, we ensure the capital adequacy and the liquidity needed at every implementation stage of the projects we carry out, safeguarding the company's business continuity and the ceaseless development, implementation and management of our projects.

Concurrently, our market position is determined by our technical and operational excellence. Our workforce consists of experienced teams of engineers that work to implement our projects in Greece and abroad. Moreover, the fact that we develop projects in several different areas both in Greece and abroad allows us to strengthen our relations with more stakeholder groups (suppliers, partners and affiliated parties) in all areas where we operate.

Through the projects we undertake and the partnerships we build and maintain, we exchange valuable techniques and business insights, to and from the company. The implementation of innovative energy production and storage energy projects and the partnerships we create for their completion, foster knowledge exchange and

constantly train and develop our employees and all other stakeholders involved in each project.

This way, we also contribute to the strengthening of local communities through the projects we implement, the people we employ, the local partnerships we develop, the social actions we implement and the engagement we have with local bodies and competent authorities. The fact that our company also operates the projects it develops, makes our responsible presence in the local communities and the establishment of transparent and responsible relationships with all stakeholders, the minimum requirement for securing our social license to operate.

Furthermore, throughout TERNA ENERGY's long history, a set of infrastructure, tools and technical systems has been developed that is readily available for internal use and through which we implement the projects we undertake. This way, we constantly improve the efficiency and effectiveness of our projects, both in terms of improving employee productivity, accurately planning and properly outsourcing each project and by ensuring the necessary working conditions that enhance the health, safety and wellbeing of our people. At the same time, the company, through its expertise and infrastructure, manages

to reduce its environmental footprint and improves its operating costs, enhancing thusly its competitive advantage.

At TERNA ENERGY, through the adoption of a precautionary approach relating to the potential environmental footprint of our activities, the implementation of all necessary Environmental Impact Assessments prior to each project, the identification of suitable areas and the proper and efficient site delimitation as well as by respecting protected areas and areas of high natural beauty and biological wealth, we are not only able to protect the natural environment that hosts our activities, but we also enhance it through restoration projects as well as technologies and measures we implement aiming at reducing our environmental footprint.





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

Before Project Implementation.

- Strategic analysis of location / market / country selection for the implementation of each project.
- Evaluation of the project's power factor.
- Licensing process, public consultation and coordination with local authorities and bodies responsible for project implementation.
- · Definition and land use agreement.
- Ensuring the ability to connect with the power grid.

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).

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 negotiations of financial agreements.

Project construction.

- 1. Before the project's construction
 - Technical Sustainability Studies.
 - Mapping and preparation of sites for the project's installation.
- 2. During the project's construction.
 - Implementation of infrastructure projects.
 - Mechanical and Electrical installations.
- · Implementation of technical work.
- Development of evacuation infrastructure.

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.



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Areas	Project Type	Capacity (MW)
GREECE		560.9
TSILIKOKA		10.2
TSOUKA TSOUNKARI		12.0
PROFITIS ILIAS		11.2
PYRGARI		5.4
DIDIMOS LOFOS		26.0
PERDIKOKORYFI		14.5
MYTOULA		34.2
CHONOS		4.5
CHYLOS		11.7
RHODES		17.9
KSYROVOUNI		6.3
NKOURI		32.2
LONGAKIA		18.0
RACHOULA(2)		8.0
DERVENI	Wind Energy	24.0
MAYROVOUNI (2)		10.0
LOUZES		24.0
ADENDRO		1.0
AGIOS GEORGIOS		69.0
MAVROPLAGIA- KASTRO		17.2
MOUNGOULIOS		15.0
PLAGIA PSILOMA		14.9
SKOPIA		20.0
RACHOULA (3)		6.0
ERESSOU YPSOMA- FOURKA		36.0
LEUKES-KERASIA		8.0
MAVROVOUNI (1)		19.6
KREKEZA		30.0
RACHOULA (1)		30.0
DAFNOZONARA	Hydroelectric Projects	8.5
ELEOUSA		6.6
VATHYCHORI STATION I	A Salay Francis	6.0
LOUZES (PV) VATHICHORI STATION II	Solar Energy	1.1
		1.5
USA		293.4
MOUNTAIN AIR, IDAHO	Wind Energy	138.0
FLUVANNA I, TEXAS	•	155.4
POLAND		102.0
CHELMZA		4.0
CHOJNICE		6.0
CZARNOZYLY		16.0
GORZKOWICE		12.0
KRZYZANOW	Wind Energy	20.0
MAKOW	7	12.0
NASIELSK		10.0
SIERADZ		8.0
SZADEK		8.0
TUCHOLA		6.0
BULGARIA		30.0
KARAPELIT	Wind Energy	12.0
VRAVINO	7	18.0
TOTAL PORTFOLIO		986.3



OUR SUPPLY CHAIN

Active Suppliers

2,000

Total Value Of Purchases

€220mil.

Suppliers' Main Sectors Of Activity
Wind Energy Technology
Wind Turbines Construction
Equipment Production

Suppliers from

Europe U.S.A.



OUR PARTICIPATIONS

TERNA ENERGY supports and participates, as a member, in bodies, organizations and business associations. With its active participation, it aims to facilitate dialogue creation and the exchange of views, opinions and expertise for placing emphasis and exploring ways for the more efficient management of social, labor, environmental, development and market issues. This approach not only enhances its presence and course towards Sustainable Development, but it also bolsters its reputation as a responsible social and business partner.

PARTICIPATIONS







SEV: Hellenic Federation of Enterprises

HELLAS RES (Greek
Association of RES Electricity
Producers)











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CORPORATE GOVERNANCE

Corporate Governance comprises the set of established rules and the business practices that TERNA ENERGY implements to safeguard its business continuity and therefore its ability to create value for its shareholders and other stakeholders.

The responsible and sound corporate governance that the company promotes throughout its range of activities is reflected in its Corporate Governance Code (CGC) that forms the basis for the implementation of a comprehensive and responsible corporate governance system that 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 safeguards the company's transparency, professional ethics and sound management at all administrative and operational levels.

BOARD OF DIRECTORS

The Board of Directors (BoD) is the Group's top management body and its mission is to develop the company's guidelines, design its business strategy, facilitate its effective management and ensure the proper implementation of all principles and its management philosophy, while it also decides on all corporate affairs, except for those that fall within the jurisdiction of the General Meeting. The BoD aims to safeguard and promote the long-term interests of all Shareholders of the company, with terms and methods that cement the company's trustworthiness in the financial-business community and the wider social environment, while at the same time it ensures respect from and for each stakeholder.



COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the nine-member Board of Directors that will manage the company until the Ordinary General Assembly that will convene no later than 30/6/2022, comprises of the following Members:

- 1. Georgios Peristeris Chairman Executive member
- 2. Georgios Perdikaris Vice Chairman Executive Member
- 3. Emmanouel Maragoudakis CEO Executive Member
- **4. George Spyrou** Executive Director Executive Member
- 5. Vasileios Delikaterinis Executive Director Executive Member
- 6. Michail Gourzis Non-Executive Member
- 7. Georgios Mergos- Independent non-executive Member
- 8. Gagik Apkarian Independent non-executive Member
- 9. Georgios Kouvaris Independent non-executive Member

All BOD members are over 50 years old. The 8 members are Greek and one Member is an Australian citizen. All Members are men.

More information regarding the full curriculum vitae of the BoD Members is available on the company's website. The Chairman of the BOD Mr. George Peristeris, represents one of the company's stakeholder groups, specifically the shareholders, owning more than 5% of the total issued shares, as of 31/12/2018.

SELECTION CRITERIA FOR BoD MEMBERS

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

- Their contribution to the company's growth prospects.
- Their management skills and effectiveness.
- · Their reliability and integrity.
- Their thorough knowledge of company affairs.
- Their harmonious cooperation with the Group's management executives and employees.

These criteria and the analogy between executive and non-executive members of the BoD ensure the multitude of competencies and management approaches needed for the company's ceaseless business continuity, the effective implementation of its business model, and the ability to create value through its operations.



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 for election to the company's BoD and for recommending policies and systems for determining remuneration at all company levels.

The Committee's tasks regarding the nomination of candidates include the definition of the company's requirements in terms of the size and the composition of the BoD, the definition of the roles, responsibilities and capabilities of BoD positions, the periodic reassessment of the BoD's size and composition and the submission of proposals for changes - improvements when deemed necessary. Concerning the Committee's duties regarding remuneration, the Committee meets at least twice per year and whenever necessary. The Committee meet twice during the reporting period.

INVESTMENT COMMITTEE

The Investment Committee (E.U.) comprises fivemembers, three of which are BoD members and the other two are company executives or company consultants, depending on the topic under examination. The Committee's main role is the medium and long-term strategic planning for the company's development and the achievement of its business goals.

TERNA ENERGY

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

AUDIT COMMITTEE

The Committee comprises at least three non-executive BoD members, one of whom is independent. An essential condition is that at least one of the members must have enough knowledge and professional experience in accounting and auditing. The Committee ensures the smooth operation of all control mechanisms set by the company, while it supports the BoD in safeguarding the company's Regulatory Compliance as well as in implementing the corporate governance principles.

Specifically, the Audit Committee:

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

STRATEGIC PLANNING COMMITTEE

The Strategic Planning Committee's role is to develop the Group's long-term strategy, while the people who are participating in it may not only come from the BoD but may also be people who can contribute to the company's purpose and the implementation of its business model. The people who make up the Strategic Planning Committee are appointed by a special BoD decision

INTERNAL AUDIT AND RISK MANAGEMENT

The BoD makes use of the internal audit system to protect the company's assets, assess the emerging risks from all its operations and provide accurate and complete information to Shareholders on the company's true condition and prospects, as well as on the risk management measures.

The identification, assessment and management of the existing and potential risks forms an important part of the Group's strategy, as it affects the decision-making process and the implementation of the business model. In the context of transparency and effective management of business risks, as well as of a culture of direct and continuous communication with all employees, the company facilitates the access of competent executives to and from senior management on a daily basis in order to gain an immediate understanding of the risks and to take the necessary decisions and corrective actions in a prompt and dynamic fashion.

For more 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 ETHICS AND CONDUCT

The Code of Ethics and Conduct incorporates the basic ethics principles on which TERNA ENERGY's corporate culture is based. The Code reflects and bolsters these fundamental principles and creates an agreed and transparent operational and behavioral framework that applies to all employees, partners, subcontractors, and suppliers.

The application of the Code ensures:

- Transparency in TERNA ENERGY's relationships and activities.
- Meeting the expectations of the stakeholders benefited from TERNA ENERGY's projects and services.
- Creation of a safe, fair and equitable working environment.
- Fostering relationships of mutual trust and respect with suppliers and partners.
- Respect for the environment and the principles of Sustainability.
- The protection of TERNA ENERGY's material and intellectual assets.
- Compliance of the Group and its subsidiaries with the legislative framework in the countries where it operates.
- Adoption of practices and conduct that is in line with TERNA ENERGY's voluntary commitments.

SUSTAINABLE DEVELOPMENT STRATEGY

Sustainable Development constitutes the driving force behind the Group's operations and sets at its core criteria that are based on ethics, quality, innovation, high-end technology and expertise. TERNA ENERGY aims to ensure that its operations are aligned with the core tenets of Sustainable Development.





Good Governance



Economic Growth,
Cost-Effectiveness, Stability



Environmental Protection



Social prosperity and protection of fundamental rights

Priorities of the Group

The goal is to create added value across the chain of RES projects, a pursuit that shapes the corporate strategy and is at the epicenter of the operations and goals set by the company. Specifically, the company aims at:

- Substantially increasing its current installed capacity.
- Expanding further in Greece and bolstering its international presence.
- Carrying out activities over a wide range of technological applications.
- Maintaining a leading position in wind energy and developing activities in hydroelectric projects, solar energy and biomass.
- Expanding its operations by investing in energy storage with pumping projects and batteries.

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

- Business excellence based on transparency and ethics.
- Promoting Sustainable Development and fostering a green energy culture.
- Promoting innovative solutions, technical know-how and scientific research.
- \bullet Ensuring high quality through the application of effective solutions and best practices.
- Fostering the Health and Safety of employees and associates.
- 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.



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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 strategies 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: Employees, Local Authorities, Suppliers / Partners, Customers, Regulatory Authorities / Government Bodies, Shareholders / Investors, Providers of Capital and Local Communities.

For this reason, through the process of identifying and mapping stakeholder groups, we achieve the following:

- Provision of information to local communities.
- Updating the Corporate Responsibility strategy.
- Fostering of synergies.
- Selecting the most effective local actions.
- Risk prevention and utilization of opportunities.
- · Protecting the Group's image.
- Efficient management of business risks.
- Ensuring the understanding of operational issues.
- Optimal management of material Sustainable Development topics.

TERNA ENERGY Sustainable Development Report 2018 27

As stakeholders, and hence their needs and expectations, may vary for each project, the identification and mapping process takes place during each project's design phase and is repeated at regular intervals throughout the implementation and application process as well as during emergencies.

Aiming to the proper and timely identification of all potential issues, TERNA ENERGY has established systematic communication with them as an integral part of its business strategy.

The communication channels with our stakeholders are the following:

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

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STAKEHOLDER ENGAGEMENT METHODS

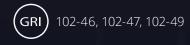
Stakeholders	Engagement Method	Frequency	Main Topics of Interest
	Regular meetings and updates	Whoresee	- Facuring Hoolth Cofety and Wellhairs and Wellhairs
	Corporate Announcements	When required	Ensuring Health, Safety and Wellbeing at Work.Continuous Training and Development of Employees.
Employees	Webpage	On occasion	Creation and Distribution of Economic Value. Safeguarding Diversity and Protecting Human and Labor
	Corporate Events	Offoccasion	Rights. • Emergency Preparedness.
	Sustainable Development Report	Annually	- Effergency Frepareuness.
	Phone		Emergency Preparedness.
	Email	When required	Environmental Compliance.
Local Authorities / Local Government	Meetings		Responsible Social Relations and Local Communities Support.
	Corporate Events	On occasion	Creation and Distribution of Economic Value. Responsible Waste Management.
	Sustainable Development Report	Annually	Responsible waste Management.
	Email	Daily	Adoption of Anti-competitive Behavior.
Suppliers / Partners	Phone	Daily	Creation and Distribution of Economic Value. Environmental Compliance.
Suppliers / Fullifiers	Meetings	When required	Materials Efficiency.
	Sustainable Development Report	Annually	Responsible Waste Management.
	Email	Daily	Creation and Distribution of Economic Value.
	Corporate Events	Bully	Adoption of Anti-competitive Behavior.
Customers	Phone	When required	Responsible Social Relations and Local Communities Support.
	Meetings	WileitTequileu	Regulatory Compliance and Anti-Corruption. Emergency Preparedness.
	Sustainable Development Report	Annually	Emergency repareuress.
	Phone		
Regulatory Author-	Meetings	On occasion	Regulatory Compliance and Anti-Corruption Environmental Compliance
ities / Government	Email	Offoccasion	Adoption of Anti-competitive Behavior
Bodies	Corporate Events		Creation and Distribution of Economic Value Emergency Preparedness
	Financial Report & Sustainable Development Report	Annually	
	Meetings	On accession	 Creation and Distribution of Economic Value. Regulatory Compliance and Anti-Corruption.
Providers of Capital (Banks)	Email	On occasion	Environmental Compliance.
	Phone	When required	Responsible Energy Management. Protection and Conservation of Biodiversity.
	Phone		
	Meetings		Responsible Social Relations and Local Communities
Local Communities	Email	Daily On occasion	Support. • Emergency Preparedness.
Local Communices	Corporate Announcements		Environmental Compliance. Responsible Waste Management.
	Corporate Events		Creation and Distribution of Economic Value.
	Sustainable Development Report	Annually	
	General Meeting of Shareholders		Creation and Distribution of Economic Value.
Shareholders / Investors	Financial Report & Sustainable Development Report	Annually	Energy efficiency.Regulatory Compliance and Anti-Corruption.Materials Efficiency.
	Webpage	When required	• Tackling Climate Change.











MATERIALITY ANALYSIS

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.

In accordance with the requirements of the **Global Reporting Initiative Sustainability** Reporting Standards (GRI Standards), we conducted a materiality analysis of these topics, involving both internal stakeholders and colleagues who are responsible for the relations with external stakeholders.

THE MATERIALITY **ANALYSIS WAS CONDUCTED VIA** THE FOLLOWING **THREE PHASES:**

PHASE 1

IDENTIFICATION OF RELEVANT SUS-TAINABLE DEVELOPMENT TOPICS

For the identification of relevant Sustainable Development topics, we undertook the following activities, by taking into consideration the Stakeholder Inclusiveness Principle:

- · We documented the key stakeholder groups and relevant issues of concern, as these recorded via our established stakeholder engagement methods.
- We performed an online press review for 2018 on issues related to our activities and the expectations of our stakeholders.
- We studied the Sustainable Development topics relevant to industry through international and industry publications, as well as related standards such as the G4 Sector-Specific Disclosures "Electric Utilities Sector", GRI "Sustainability topics for sectors: Electric Utilities and Independent Power Producers and Energy Traders"., the SASB Standards and specifically the "Electric Utilities and Power Generators" and "Wind Technology & Project Developers", the RobecoSAM Sustainability Yearbook, and the UN Sustainable Development Goals (SDGs).
- · We conducted a review of publicly available Sustainable Development Reports published by peer companies abroad for the identification of relevant topics.
- · We took into consideration the existing regulatory environment covering our activities.
- Reviewed TERNA ENERGY's previous Sustainable Development Reports.

PHASE 2

PRIORITIZATION OF IDENTIFIED SUS-TAINABLE DEVELOPMENT TOPICS

The result from Phase 1 was a list of 16 Sustainable Development topics, considering the Principles of Materiality and Stakeholder Inclusiveness, which during the second phase we prioritized against:

- 1. The impact of these topics on the assessments and decisions of our stakeholders.
- 2. The importance of these topics for the company's contribution to Sustainable Development (taking equally into account both the importance of the topics for the business model, the reputation and objectives of the company and the importance of these topics for Sustainable Development in general).

To prioritize the topics against point 1, we conducted a survey with the participation of selected company executives, who are responsible for the relations with the stakeholder group under consideration. In order to prioritize the issues against point 2, we organized a focus group with the participation of BoD members, while the identified topics were assessed based on the frequency that they appear in relevant sectoral and international standards, the Press, the Sustainable Reports of peers, as well as their contribution to the Global Compact's Ten Principles the UN Sustainable Development Goals.

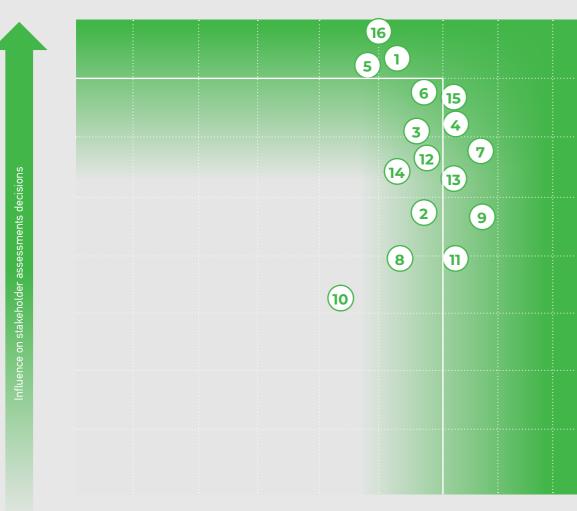
PHASE 3

VALIDATION OF THE RESULTS

During this last stage, members of the company's Management validated the results of the second phase by taking into account the Principles of Completeness and Stakeholders Inclusiveness. The product of this process was the selection of 9 material topics to be published in the 2018 Sustainability Report, as they are presented in the following materiality map and disclosed in the following chapters.

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MATERIALITY MATRIX



Significance of Environmental, Social and Economic Impacts

- 1. Environmental compliance
- 2. Energy efficiency
- 3. Materials efficiency
- 4. Protection and preservation of biodiversity
- 5. Responsible waste management
- 6. Emergency preparedness
- 7. Responsible social relations and local communities support
- 8. Safeguard diversity, inclusiveness, human and labor rights

- 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. Generation and distribution of economic value

Material Topics

Most Significant Impacts

In the context of the Sustainable Development Goals



Creation and Distribution of Economic

Protection and Preservation of Biodi-

Tackling Climate Change











































TERNA ENERGY



103-1, 103-2, 103-3



PROTECTION AND PRESERVATION OF BIODIVERSITY

WHY IS THIS TOPIC MATERIAL?

The protection of the natural capital and the species that live in the areas where we operate is a material topic for the company and our journey towards sustainable development. We make sure that all necessary assessments and precautions are taken prior to each project. These will ensure that both the company's activities and the parallel and induced activities of our partners and suppliers will not cause adverse effects on local ecosystems and will not disturb the biological wealth of the sites of operation.

This way we safeguard our license to operate, while also creating value for local communities and protecting their ecosystems and we ensure the continuation of our operations in an efficient and environmentally responsible way. By doing so, we avoid potential sanctions and the loss of our reputation and at the same time we acquire social consent for the operation of our projects.



HOW DO WE MANAGE IT?

In the context of the responsible management of impacts 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 where we operate.

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



Research for the proper siting of projects and necessary infrastructure

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

Towards this end, and based on the special nature of each project, we examine the environment where the project is developed to determine if it includes areas, or parts of these areas, that are subject to specific regulatory restrictions based on established land uses, the existence of Natura 2000, and other protected areas. This first phase ensures our regulatory compliance and safeguards that the siting of our projects does not affect the environmental specificities or the particular biological wealth of each area of operation.

Application
of a certified
Environmental
Management System
(EMS) and Education

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

At the same time, we educate our people and raise public awareness through targeted educational and informative initiatives. These initiatives focus on the protection of ecosystems through sound environmental practices, as well as the prevention of any potential negative impacts from the development and/or operation of our projects.

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 in accordance with the provisions of the applicable 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 assess impacts and to take, if necessary, additional protective measures, in addition to the EIA. This way, it is made evident, through scientific research and documentation, that our activities do not cause negative effects on biodiversity.

Restoration of areas and construction -site surfaces

In every project we carry out, we make sure that we conduct thorough scientific research and design specific action plans for the restoration projects that will be implemented not only after the completion of the construction, but also after the completion of the project, in the context of the integrated life cycle management of each project. Restoration works consider the existing biological value of the ecosystems with which are adjacent or through which our activities are performed, to ensure the stability of the ecosystems after the completion of our projects and safeguard the social consensus for our projects.

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RESPONSIBLE FAUNA MANAGEMENT

Recognizing and minimizing the impacts that our activities may have on fauna are 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) Dafnozonara -Sanidi is located at the Prefectures of Etoloakarnania and Evritania, on the main flow of river Acheloos (Aspropotamos) upstream of the Kremastiko hydroelectric reservoir and downstream of the planned hydroelectric project of Avlaki. The project stands out firstly due to the fact that it is the first SHP constructed on the main flow of a big river in Greece, and secondly because of its environmental design (two large arched gates and a leachate canal, a fish passage, a canal for the passage of small boats and an automatic sluice that does not require human input). The catchment area of the Acheloos River at the site of the dam covers an area of 1,350 km2 and average annual runoff of 1,630 hm. For completing the SHP, we took all necessary measures for the protection of 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, the method of hydraulic flushing for the handling of sediment and to secure the condensation downstream of the project. Similarly, we repaired technical damages caused by the overflows of the Acheloos River during the 2015-2018 period, which lasted two months and were completed prior to the beginning of

rainfalls. The works downstream of the dam involved the repair of the Energy Discharge Basin and the Leachate Canal, with the help of heavy equipment (earthmoving machines, presses, tankers, cranes, etc.). As a result of this work, a total of 172 tons of waste was allocated to certified waste management bodies.

At wind farms located in sensitive bird areas, with the aid of specialized scientists, we carry out a monitoring program to identify the potential impacts and take any necessary precautionary measures. At the wind farm located in Derveni, we installed, through a pilot Life research program and in collaboration with CRES, a specialized bird monitoring program, which uses technology to prevent birds from colliding with wind turbines. The monitoring program detects and records birds through a camera, while also emitting warning sounds at specific frequencies for birds to divert their course and protect them from colliding with the wind turbines. In case that these actions could not prevent the birds' impact, this technology causes wind turbines to slow down and / or stop.

HOW DO WE EVALUATE OUR PERFORMANCE?

At TERNA ENERGY we constantly look out for our projects' impact on biodiversity and for this reason we are constantly monitoring and preventing any potential negative impacts of the projects on the biodiversity at areas where we operate, through assessments we carry out before the development of each project, as well as through the implementation of the company's Environmental Management System. In all cases, any incident of degradation of the biological wealth in areas where we operate or from where our projects pass through, is communicated directly to the company or its representatives, during regular communication and engagement we have with representatives of each local community.

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

In addition, since the company's establishment, there has been no need for the relocation of habitats, as a result of negative impacts inflicted on them by the development of our projects.





WHY IS THIS TOPIC MATERIAL?

TERNA ENERGY is a pioneer company in the Greek RES Market, as its Management recognized very early that need for the utilization of RES in electricity generation in order to contribute to the protection of the environment and the creation of a sustainable future. In this context, we recognize the continuous compliance of our operation with all applicable environmental laws and regulations, in all countries where we operate, as both a material topic for our path to sustainable development and as a necessary condition for the application of our business model.

Compliance with the necessary technical and environmental specifications and the 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 requirement the application of certified Environmental Management Systems.

Failure to comply / or a potential violation with the applicable environmental and regulatory framework may result in the degradation of the environment and of quality of life in general, while at company level may cause stoppage of work, disruption of the relations with local communities, loss of reputation as well as sanctions.

HOW DO WE MANAGE IT?

Adopting and implementing responsible policies and practices for the prevention and mitigation of adverse environmental impacts across our range of activities, is one of our key priorities. At the same time, we recognize as a prerequisite for ensuring our business continuity, the compliance with all applicable environmental legislation. 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 ensure the business continuity of our operations with the smallest environmental footprint possible.

TERNA ENERGY

This way, we implement environmentally responsible practices that minimize negative impacts and maximize the implementation and operational quality of our projects. In this regard, we believe that the implementation of an integrated Environmental Management System is a necessary condition for the proper assessment, monitoring and mitigation of adverse environmental impacts. Our EMS covers all our activities and we regularly inspect it to ensure it is constantly updated, operational and efficient in protecting the environment.

STAKEHOLDER TRAINING

A key factor for the successful implementation of environmental protection measures is the training of stakeholders, and in particular our employees and partners. In this context, we carry on a yearly basis, and when deemed necessary, educational programs that aim to inform and enhance the environmental awareness of our stakeholders. In addition, employee training is a prerequisite for the compliance with environmental requirements, as the creation of a broader environmental protection culture is essential for the proper and full application of environmental conditions and regulations.

ENVIRONMENTAL INSPECTIONS

To ensure environmental compliance, for both the activities and projects of the company, we carry out, annually and on a regular basis, internal and external environmental inspections to assess the degree of compliance with laws, protocols and work practices, the requirements of International Standard ISO 14001, as well as their degree of application. In 2018, we significantly increased the number of environmental inspections by conducting 22 internal environmental inspections across the Group's facilities, compared to 2 inspections carried out in 2017. Internal environmental inspections are carried out by the Health, Safety and Environment Department, while responsible for external inspections is the Certification Body. During the conduction of internal and external inspections, elements that need improvement are identified and assessed and preventive and corrective actions are suggested.

ENVIRONMENTAL PROTECTION IN ACTION

The Epirus Waste Treatment Plant, begun trial operation in the fourth quarter of 2018. As part of the project and recognizing the collective effort needed to always comply with the special environmental conditions that apply to each of our projects, we organized initiatives to protect the environment and ensure the project's environmental compliance with the regulatory requirements. Specifically, we provided employee training on proper environmental management and gave presentations to schools, universities, and other bodies that visited the premises. Moreover, we 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 the possibility of contamination of the local ecosystem.



HOW DO WE EVALUATE OUR PERFORMANCE?

During the reporting period TERNA ENERGY did not receive any fines or any other sanctions for non-compliance with environmental laws and applicable regulations. 2 Sustainable Development Report 2018

103-1, 103-2, 103-3



WHY THIS IS TOPIC MATERIAL?

Proper waste management constitutes a material topic for our course towards sustainable development and specifically for ensuring our environmentally responsible operation. Responsible waste management concerns the activities of TERNA ENERGY Group and of our suppliers and partners, both in Greece and abroad.

The irresponsible management of waste resulting from our operation and our projects may cause negative impacts at the local community level (e.g. contamination of the local environment and deterioration of the quality of life of residents), at the country level (degradation of the natural environment and intensification of the problem of solid and liquid waste management) as well as at the operational level (e.g. imposition of sanctions and work stoppage due to the uncontrolled production and / or method of waste disposal). 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.

HOW DO WE MANAGE IT?

In every project we carry out, we record the volume and category of waste generated during its development and operational phases, in order to acquire a complete picture of the overall footprint of our activities and to be able to take informed decisions for their management. In particular, we work with accredited waste and liquid waste management bodies as well as with recycling companies, ensuring the continuous improvement of recycling levels and alternative waste management (e.g. byproduct production, energy, etc.), aiming to constantly reducing the volumes of waste ending up in landfills. Waste storage by the waste management companies is performed in appropriately delimited areas with strict specifications for safe storage. These companies own companies that manage lubricants and oils, batteries, tires, filters, paper, plastics, iron scrap and non-hazardous waste.

The volumes of waste generated because of our activities are characterized by high levels of volatility from year to year, mainly due to the ever-changing number of our activities and the very nature of our projects. In this context, we gauge that comparing waste volumes from year to year does not present the full picture of our performance in this area and therefore we aim to record the total annual volume of waste per activity value (kg/€) in order to provide data with greater accuracy and facilitate the decision-making process.

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 our sustainable business development. By adopting responsible practices for the disposal and mitigation of hazardous and non-hazardous waste and through our projects

in the waste management sector, we are at the forefront and we are contributing effectively to pollution control and environmental protection.

TERNA ENERGY

RESPONSIBLE MANAGEMENT OF RAW MATERIALS AND COMPONENTS

In line with the principles of Circular Economy, 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 appropriate treatment.

Our goal is to continuously improve the methods we use to manage and dispose of our waste and to save natural resources, reduce our environmental footprint and optimize operational costs.

WASTE MANAGEMENT THROUGH OUR PROJECTS

Recognizing the importance of responsible waste management both at a company and at a national and global level, we have adapted our business strategy to mitigate the problem of waste management, making efforts to constantly improve our environmental footprint and invest in the development of advanced waste management projects. These projects' operation contributes to the fight against the chronic problem of waste management in Greece, alleviating local communities from significant volumes of municipal waste and maximizing the life cycle of landfills.

To this end, the company undertook the construction of the "Municipal Solid Waste Treatment Plant of Epirus Region" project, which commenced operations within the last Q of 2018, within the last Q of 2018, and the PPP project "Peloponnese Waste Treatment Project" whose construction is expected to begin within next year.



HOW DO WE EVALUATE OUR PERFORMANCE?

	Disposal Method	We	Unit	
	Disposal Metriod	2018	2017	Onit
Hazardous Waste	Recycling	5.16	3.29	t
	Lubricant Recycling	16,017	19,643	lt
	Recovery, including energy recovery	22.56	14.43	t
Non-Hazardous	Recycling	200.92	16.67	t
Waste	Landfill	0.57	17.45	t

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WHY IS THIS TOPIC MATERIAL?

At TERNA ENERGY we recognize that the impacts of climate change, such as the gradual rise in average global temperatures and the increasing frequency of aberrant and severe weather conditions, constitute a challenge for the global business community, presenting both opportunities and risks at the design and implementation of business models. Therefore, integrating climate risk into our business strategy is a prerequisite for the company's sustainable development and ability to continue to create value. Climate change and its induced actions and relevant mitigation measures concern the company's operations as well as those that are part of its supply chain.

This global phenomenon and the consequences associated with it, affect almost all areas of the company's operations, in terms of both supply and demand. Specifically, concerning supply, we recognize the change and variability of wind data as an important factor in wind power generation and in our broader business strategy in this sector. At the same time, 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 the following as benefits from operating in this sector:

- We contribute to the reduction of emissions (CO₂, NO_x, SO₂ etc.) and as a result to the alleviation of their established catastrophic effects on the environment.
- We facilitate the decoupling of the energy sector from imported conventional fuels and we promote the more rational management of conventional energy resources.
- We create a decentralized system of power generation plants (production near consumption), with favorable effects 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 bolster our business model, we limit our exposure to relevant risks, we improve our financial position and we create a competitive advantage on our path to sustainable development.

HOW DO WE MANAGE IT?

Our own activity in the sector of electricity generation by RES, as well as waste management, is focused on the general direction of tackling climate change.

The production of electricity from RES contributes to the reduction of carbon dioxide emissions into the atmosphere, addressing the greenhouse effect and thereby mitigating the associated impacts. RES, being endless sources of energy that are becoming increasingly competitive in the market and extremely necessary for the planet, also contribute to limit the reliance on fossil fuels such as oil and gas.

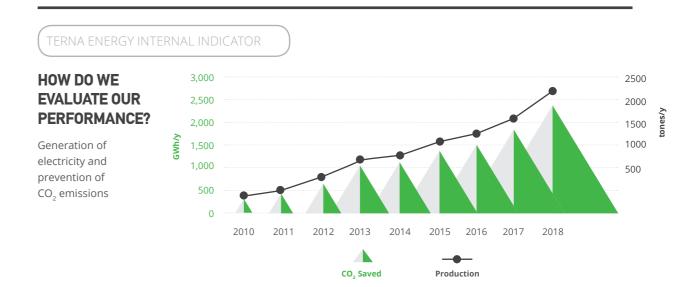
In this context, via our RES projects we have achieved, at a company level, to achieve our goals and in the county and national economy level, the significant reduction of greenhouse gases, the conservation of national conventional energy sources and meeting the significant energy needs of citizens. Concurrently, being the largest energy producer from RES, with an installed capacity of 986.2 MW, TERNA ENERGY produced 2,714,864 MWh of clean energy in 2018, preventing the emission of 1,989,263 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 as a result our international activities, we consider 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 the global and regional level and influence the company's decisions and the design of its strategy. Specifically, we support the "National Plan for Energy and Climate", which is an ambitious plan for the restructuring of our country's energy mix by the increase of RES participation and emerges as a national commitment from the European Regulation on Governance of the Energy Union and Climate Action.

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









ENSURING HEALTH, SAFETY AND WELL-BEING AT WORK

WHY IS THIS 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 the balanced evolution of our employees and ensures responsible relationships with our partners across the spectrum of the business environment.

Potential cases that may disrupt the health and safety of our employees, such as accidents at work and other incidents that can result in lost time, can occur across our supply chain, to our partners and suppliers. Inadequate management of health and safety issues may have adverse effects on the employees' lives and on the mental and psychosocial aspects related to the concept of well-being and work-life balance, as well as on the operational (work stoppages) and financial level (imposition of fines, indemnities and other penalties) of the company.

To this end, we take actions and organize training related to Health and Safety that aim at preventing accidents and protecting people working in our facilities and / or are affected by our operations.

HOW DO WE MANAGE IT?

Ensuring health, safety and well-being at work is an obligation for all of us at TERNA ENERGY and we are committed on applying the necessary measures to protect and eliminate the 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, safeguarding our business continuity and the safe development of our operations.

TERNA ENERGY

OUR HEALTH AND SAFETY STRATEGY

The Management System we apply on health and safety, which is certified according to ISO 14001: 2015 and OHSAS 18001: 2017 standards and covers all construction and operation activities of technical projects and production units, is our plan for the prevention and immediate response to risks that may harm the health of our people and may lead to inability to implement our business strategy.

Towards this we are committed to:

- The provision of ongoing training to all employees on health and safety topics.
- Compliance with international, European and national frameworks on health and safety topics.
- The prevention and management of risks related to our business activities on health and safety topics
- The prevention, remediation and immediate investigation of injuries, illnesses and adverse health and safety incidents that could result from our operation and activities.

- The adoption of state-of-the-art technology and safe operating procedures that will help risk prevention and will protect employees and the environment in which they operate.
- Continuously disclose our commitments and actions for the protection of the health and safety of our employees, suppliers, customers and associates.
- To continuously improve and upgrade the Management System for health and safety.

RISK PREVENTION AND MANAGEMENT

The prevention and management of risks related to health and safety is an important pillar of the Management System for health and safety. In this context, our primary concern for properly assessing risks and identifying any threats is to analyze the environment in which we operate and assess the risks we identify to directly tackle them.

To this end, we carry out Occupational Risk Assessment Studies with the aim of fully identifying and managing occupational health and safety related risks that cover the full range of our business activities. The product of these studies is the adoption of preventive measures that lead to the minimization of the occurrence of health and safety incidents and ensure a safe working environment for all our people.

In addition, we work with Occupational Health Medical Practitioners 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.

In addition, to ensure the proper compliance with the system for health and safety, we conduct regular internal audits on an annual basis. Through these audits, we ensure that our practices comply with International Standards and applicable legislation, we identify areas that can be enhanced to improve the system, while we minimize the likelihood of critical health and safety incidents.

During the reporting period, we conducted a total of 18 internal audits.

EDUCATION ON HEALTH AND SAFETY TOPICS

In our effort to create and disseminate a broader culture for health and safety protection in the workplace, we invest in the continuous training of our employees on issues of safe work execution, 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 educational programs designed to inform and communicate the risks that may affect the health and safety of not only our employees but also of those affected by our activities, such as our suppliers, subcontractors and visitors.

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. For this reason, we make sure that our contracts include conditions for compulsory compliance with the 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.

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HOW DO WE EVALUATE OUR PERFORMANCE?

Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities, by region and by gender.

Employees

	2	018	2	017
Number of injuries*	ď	Q	ď	Q
Greece	1	0	1	0
Bulgaria	1	0	1	0

Other workers

	20)18	2017		
Number of injuries*	ď	Q	ď	Q	
Greece	0	0	1	0	
Bulgaria	0	0	1	0	

Note: There were no occupational disease incidents, work-related fatalities, lost days or absence from work incidents during 2018 or 2017.

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) 103-1, GRI 103-2, GRI 103-3

CONTRIBUTION TO EMPLOYMENT AND DECENT WORK

WHY IS THIS TOPIC MATERIAL?

TERNA ENERGY's strategic direction in the development of clean energy production activities is expressed through the development of RES projects throughout Greece and internationally. The nature of the projects we implement in remote areas, which are far away from large urban areas, has as a consequence the enhancement of local employment, and therefore the topic of contribution to employment and decent work is material for the company.

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

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.

Recognizing the contribution and value of our employees, we are trying to provide the right working conditions, in an environment of equal opportunities, continuous professional development and high benefits. The Code of Ethics and Conduct, which is 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.

DEVELOPMENT OF NEW PROJECTS AND STIMULATION OF EMPLOYMENT

Our areas of activity attract international investment interest and in this context they have created favorable conditions for further development of our activities in Greece and abroad. This enables us to continually extend the volume and type of our activities, increasing the need for capable employees to operate our activities, who would assist us in the process of creating value. In this context, we offer a wide range of career opportunities in the sectors of RES and waste management.

In this regard, the PPP project "Peloponnese Waste Treatment Project" is expected to create 600 new jobs, 200 of which will be permanent, and a large number of indirect jobs. In addition, the PPP project "Municipal Solid Waste Treatment Plant of Epirus Region", created 200 new jobs during the construction period; 90 new jobs will be created during its 25-year operation; as well as a large number of indirect jobs in the transportation, retail and recyclable materials management sectors.

 $[\]hbox{* The tables do not include information regarding the injury rates due to data unavailability}. \\$

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JOBS PPP OF PELOPONNESE REGION

600_{NEW} 200_{PERMANENT}

JOBS PPP OF EPIRUS REGION

200_{NEW}
90_{PERMANENT}

CONTINUOUS EMPLOYEE TRAINING AND DEVELOPMENT

At TERNA ENERGY we recognize the value our Human Capital has in our ability to continue to create value through our activities, and therefore we constantly invest in the ongoing education and training of our employees. We are committed to continue shaping and ensuring a balanced, safe and fair work environment that contributes to our vision and determines our business success.

We systematically invest in trainings that aim not only to enhance employee performance and upgrade their technical capabilities, but also to improve their ability to respond to emergencies. These trainings are organized annually, or adhoc, according to the needs of employees per job function and focus on issues related to responsible environmental practices, health and safety and the further development of their technical skills in our sectors of operation.

PROVIDING EQUAL OPPORTUNITIES, REMUNERATION AND BENEFITS

Equal treatment in the workplace, the elimination of all forms of discrimination and the provision of equal opportunities for professional development

are fundamental rights for our employees, therefore we avoid any form of discrimination which, inter alia, would significantly damage our reputation as a responsible and just employer.

Transparency and impartiality in determining employee remuneration are essential factors that contribute to the successful implementation of our business strategy, by attracting new talent and retaining existing talent, who feel involved in the company's development.

Because remuneration is a rather sensitive matter for the company's operation, a special Nomination and Remuneration Committee has been established, which is responsible for developing, recommending and evaluating the system for determining remuneration for all employees. When defining employees' pay and benefits, we consider meritocratic criteria, preventing any discrimination, while relying on measurable indicators that remain unaffected by diversity characteristics and are related to the type of work, the competence level and the employee's skills and performance against his/ her goals. At the same time, we provide technical equipment on full-time employees, that helps them work more efficiently and includes, among others, mobile subscriptions and corporate cars.

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102-7, 102-8, 102-41, 401-1, 404-1, 406-1

HOW DO WE EVALUATE OUR PERFORMANCE?

During TERNA ENERGY Group's operation, there have been no cases of human rights abuses and / or violations or any incidents of discrimination based on race, religion, sex, age, disability, nationality, political beliefs, etc., including harassment incidents for the entirety of its operations.

2	2018	3		2	201	7
ŤŤ		Ť		Ť	†	ŤŤ
			TOTAL NUMBER OF EMPLOYEES PER EMPLOYMENT CONTRACT			
332	61	271	Permanent	222	57	279
4	1	3	Temporary	2	0	2
110	19	91	Freelancers	85	19	104
446	81	365	Total	309	76	385
			TOTAL NUMBER OF EMPLOYEES PER EMPLOYMENT TYPE			
335	61	274	Full time	224	56	280
1	1	0	Part Time	0	1	1
336	62	274	Total	224	57	281
			PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS			
336	62	274	Number of employees with a collective bargaining agreement	224	57	281
0	0	0	Number of employees without a collective bargaining agreement	0	0	0
100%	100%	100%	Percentage	100%	100%	100%

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2018

Rate of new employee hires	<30 years			30-50 years			>50 years		
	♂	Q	Total	ď	Q	Total	♂	Q	Total
Number of new hires	83	32	115	226	60	286	82	9	91
Total number of employees	140	34	174	726	167	893	393	58	451
Rate of new employee hires (%)	59%	94%	66%	31%	36%	32%	21%	16%	20%

2017

Rate of new employee hires	<30 years			30-50 years			>50 years		
	ď	Q	Total	ď	Q	Total	ď	Q	Total
Number of new hires	102	28	130	254	61	315	59	5	64
Total number of employees	165	35	200	966	182	1,148	553	50	603
Rate of new employee hires (%)	62%	80%	65%	26%	34%	27%	11%	10%	11%

2018

Turnover rate		<30 years			30-50 years			>50 years		
	ď	Q	Total	ď	Q	Total	♂	Q	Total	
Turnover	64	10	74	278	33	311	147	6	153	
Total number of employees during the reporting period	140	34	174	726	167	893	393	58	451	
Turnover rate (%)	46%	29%	43%	38%	20%	35%	37%	10%	34%	

2017

Turnover rate	<30 years			30-50 years			>50 years		
	ď	Q	Total	ď	Q	Total	ď	Q	Total
Turnover	78	19	97	398	42	440	270	5	275
Total number of employees during the reporting period	165	35	200	966	182	1,148	553	50	603
Turnover rate (%)	47%	54%	49%	41%	23%	38%	49%	10%	46%

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GRI 404-1: Average hours of training per year per employee

			201	8	2017			
Per employee category		ď	Q	Total	ď	Q	Total	
Administrative staff	Number of hours of employee training	140	45	185	112	28	140	
	Number of employees	273	62	335	224	57	281	
	Avg. hours of training	0.5	0.7	0.6	0.5	0.5	0.5	
	Number of hours of employee training	7	0	7	0	0	0	
Technicians	Number of employees	1	0	1	0	0	0	
	Avg. hours of training	7.0	0.0	7.0	0.0	0.0	0.0	
	Number of hours of employee training	147	45	192	112	28	140	
Total	Number of employees	274	62	336	224	57	281	
	Avg. hours of training	0.5	0.7	0.6	0.5	0.5	0.5	







RESPONSIBLE SOCIAL RELATIONS AND LOCAL COMMUNITIES SUPPORT

WHY IS THIS TOPIC MATERIAL?

The type and distribution of our activities in the RES and Waste Management sectors, in Greece and abroad, makes the creation of responsible relationships with local communities and the constant effort to maximize our activities' positive social impacts, vital for securing our social license to operate and for our path to sustainable development.

As part of our ongoing effort to create a positive impact in 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 the actions of our employees as well as those of our suppliers and partners. At the same time, continuous social support is an important factor for improving the lives of citizens, especially in the areas of poverty, hunger and unemployment alleviation, improving health, safety and well-being, quality education, and the sustainability of cities and communities, mostly through actions to strengthen cultural heritage.

A possible disruption of our relationships with local communities would have adverse effects not only on a local community level, with financial impacts from the disruption of the cooperation

and partnerships with local suppliers and the loss of stimulation of local employment and the economic well-being of the countries we operate in, but also on the company level, with the potential damage of our reputation.

TERNA ENERGY

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 are creating new jobs, supporting local suppliers and stakeholders, providing offset benefits and taking care of our 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.

RESPONSIBLE ENVIRONMENTAL ACTION AND IMPROVEMENT OF THE QUALITY OF LIFE OF CITIZENS

During the process of environmental licensing of our projects, in accordance with the requirements of European and national legislation, we make sure that the necessary Environmental Impact Assessment (EIA) studies are carried out, which will ensure our responsible environmental action and thus safeguard our relationships with 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 smallest environmental footprint.

In addition, by investing in waste management, through the project in the Epirus Prefecture, we are creating multiple social benefits, such as improving the quality of life of citizens, 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 waste management project of the Peloponnese Prefecture, will contribute to the reduction of pollution of the ground (lakes, seas, rivers and air) and underground (aquifers) natural environment, thusly improving the hygiene conditions of local communities and social groups exposed to the dangers of uncontrolled waste disposal. The projects we develop also contribute to the enhancement of citizens' environmental and ecological awareness.

CONSTANT CONTRIBUTION TO SOCIETY

Our active role in local communities and the transparent and responsible attitude we maintain towards them, is a prerequisite for our business continuity, our social license to operate, and a commitment to the broader social benefit. In this regard, we are constantly trying to identify local needs, either through consultation and wider engagement with the local community or through initiatives to respond to visible local needs and to take actions aimed at the sustainable development of local communities. Specifically, TERNA ENERGY's social contribution for 2018 reached € 544,423.

Typical examples of social contribution are the development of infrastructure projects

that improve the daily lives of citizens and the practical support and backing of local schools, local authorities and bodies, local cultural and sports associations, universities and individual students and health centers. Through these actions and initiatives, we bolster the operation of social structures and facilitate the work of local authorities, promote the education and training of young people, bring out the cultural heritage of the area, foster the environmental awareness of citizens and promote sport, health and well-being of citizens.

OFFSET BENEFITS

At TERNA ENERGY we make sure that the revenues from our operations are transformed into social benefit. This is achieved either directly in the form of contributions or indirectly in the form of discounts in electricity bills and the construction of infrastructure projects that serve the needs of local communities and improve the daily lives of citizens. In the context of the operation of our RES plants, TERNA ENERGY contributes 3% of its gross annual revenue from the operation of each RES project to local communities. Of this percentage, 1.7% is contributed through LAGIE (Hellenic Electricity Market Operator) and HEDNO (Hellenic Electricity Distribution Network Operator) to the Municipalities where the Group's projects are located. Specifically, for 2018, we contributed €4,274,114 to the municipalities hosting our projects.

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 where we operate, we prioritize the employment of people residing in local communities to fill the new jobs created because of our projects. This way, but also through the development and expansion of our supply chain, we contribute to direct and

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indirect employment, the direct and indirect payment of taxes and to the creation of greater economic and social value. A further consequence of this conscious approach is the propagation of valuable know-how and the development of capable executives in our sectors of activity.

SELECTION OF LOCAL SUPPLIERS

TERNA ENERGY consciously chooses, whenever possible, to cooperate and buy products from local suppliers, aiming to both optimize the operational and financial performance of its projects and enhance local communities. We commit to cooperating with local suppliers, thus creating and distributing financial value locally. Every year, we are trying to enhance partnerships with local suppliers, building trust, nurturing local economies and upgrading our social footprint. Specifically, at the GEK TERNA Group level, including TERNA ENERGY, in 2018 we partnered with 4,187 Greek suppliers out of a total of 4,705 suppliers, which is equivalent to 89%.



HOW DO WE EVALUATE OUR PERFORMANCE?

TERNA ENERGY, for each project it undertakes, conducts relevant EIA studies and is constantly monitoring the environmental footprint of its projects, carries out stakeholder engagement and public awareness programs whenever is required during project implementation, and publishes on an annual basis non-financial performance indicators of its projects' environmental and social footprint, in the context of the Financial Statements and the Sustainable Development Report.





TERNA ENERGY



103-1, 103-2, 103-3



CREATION AND DISTRIBUTION OF ECONOMIC VALUE

WHY IS THIS TOPIC MATERIAL?

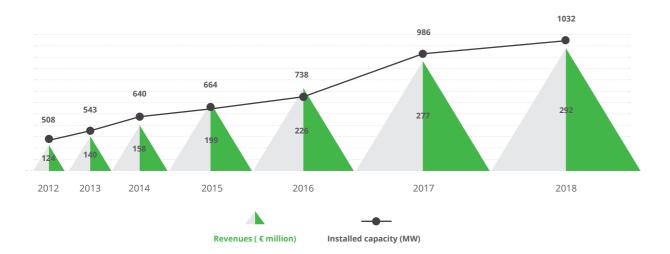
The creation and distribution of economic value through our activities is a priority for the company as it ensures our business continuity and enables us to generate value for our stakeholders. The creation and distribution of financial value translates as the payment of direct and indirect taxes towards the countries of our operation, as employee wages and payments to our suppliers and partners, distribution of revenues

and dividends to shareholders, as well as social contribution through donations and other programs targeted at local bodies and residents in the areas where we operate.

At the same time, the materiality of this issue lies in the wider contribution it has on the economic development of the countries where we have presence, through the direct, indirect and induced impacts resulting from the aforementioned financial flows.

HOW DO WE MANAGE IT?

The favorable conditions created in the RES market have made the growth course of clean energy 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 the big urban centers, and especially for areas where alternative energy production and storage have not yet been adopted. As we make 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:



CONTRIBUTION TO THE NATIONAL ECONOMY

TERNA ENERGY

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 all citizens of the country due 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 attributable 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. Modern environmental projects, such as pumped storage projects, promoted by the Group create great domestic added value and numerous jobs in significant for the Greek economy sectors (construction, steel, cement, etc.). 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 from 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 farms and hydroelectricity projects reduce both the need for electricity generation by conventional sources and the induced release of emissions into the atmosphere. In addition, the construction of support infrastructure for the development of our projects in remote areas, such as the creation of new roads for the installation of 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 contributes to the reduction of pollution of surface and underground natural environments and the improvement of hygiene conditions for local communities. In addition, it contributes to the improvement of the quality of life of degraded areas, where uncontrolled waste disposal areas (HRADs) operated, and also creates employment conditions in local communities via new jobs and the enhancement of social awareness on pollution and other environmental issues.

The production of electricity from RES, waste management and the optimization of the public transportation network are key pillars of the "green" development of the wider economy's infrastructure and help attracting a large gamut of productive investments in goods and services in the same direction.

HOW DO WE EVALUATE OUR PERFORMANCE?

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Direct Economic Value Generated	2018 (Amounts in thousands €)	2017 (Amounts in thousands €)
Revenues	298,766	278,945

DIRECT ECONOMIC VALUE DISTRIBUTED

Direct Economic Value Generated	2018 (Amounts in thousands €)	2017 (Amounts in thousands €)
Operating Costs	152,906	159,301
Employee Wages and Benefits	32,987	18,494
Payments to Providers of Capital	51,434	55,184
Payments to Governments by Country	24,941	21,788
• GREECE	19,079	19,757
• CYPRUS	631	473
NORTH MACEDONIA	24	14
• ALBANIA	25	0
• BULGARIA	38	111
• SERBIA	73	74
• POLAND	2,521	1,175
• USA	2,550	184
Community Investments	127	40
Total	287,386	276,633

ECONOMIC VALUE RETAINED

Direct Economic Value Generated	2018 (Amounts in thousands €)	2017 (Amounts in thousands €)
Total	11,380	2,312

"In 2018, the Group's turnover amounted to € 292,052, while for all liabilities and equity please see page 38 of the Group's Annual Financial Report".





WHY IS THIS TOPIC MATERIAL?

Operating in the energy sector that is subject to a rapidly changing regulatory environment, both in Greece and internationally, we recognize as a priority for our responsible business operation the compliance of our operations and activities with all applicable national and international laws and regulations as well as anti-corruption. Potential corruption incidents and compliance with our regulatory obligations concern both each project and activity we carry out and the operation of the organization itself. Both the employees and the Management of the company and the parties connected to the company's business and operation, must comply with the applicable legal and regulatory framework governing their activity.

At TERNA ENERGY we are committed to uninterrupted regulatory compliance and anticorruption, recognizing that any deviation can irreparably damage our reputation as a responsible actor and disrupt the relationships with our stakeholders. By making efforts to ensure our continued compliance, we minimize the risk of possible sanctions and the loss of our legal and social license to operate. At the same time, our focus on anti-corruption and our regulatory compliance contributes broadly to the robust functioning of the economy and the market, contributes to the strengthening of justice and institutions and enhances social cohesion and transparency through compliance with regulatory frameworks.

HOW DO WE MANAGE IT?

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

The Code of Ethics and Conduct we follow, is a transparent framework of operation and behavior that remains unchanged over time and refers 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. In order to monitor the implementation of the Code, a Compliance Committee has been appointed, which reports directly to the BoD.

Issues related to bribery and corruption are key features of the Code. The Code provides the sending of signed, printed letters in the event of incidents and / or concerns about potential deviations from its application. Specifically, with regard to potential corruption and bribery cases, anonymous or electronic reports are also accepted. In addition, the Code's monitoring and control mechanisms include inspections, which are carried out throughout our activities and our supply chain (suppliers and partners).

To spread a corporate culture that is characterized by the business ethics it promotes, we organize,

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on an annual basis, training programs for our employees to raise awareness and keep them upto-date on anti-corruption issues. In addition, as part of its responsible business and operations, the company is in the process of getting certified in accordance with the international standards ISO37001 for anti-corruption and ISO19600 for regulatory compliance, which is expected to be completed in 2019.

PROTECTION OF INFORMATION AND **PERSONAL DATA**

The issue of information and personal data management plays an important role in ensuring our compliance and in the overall business ethics that characterizes all the activities, operations and partnerships we create.

In the context of ensuring a level of security commensurate with the criticality and confidentiality of data and information, we have developed and strictly implement an Information Security Management System certified according to the international standard ISO 27001: 2013.

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

HOW DO WE EVALUATE OUR PERFORMANCE?



In 2018, no fines and / or non-monetary sanctions for non-compliance with laws and / or regulations in the social and economic area were imposed to the company.



At the same time, during the same reporting period, there were no confirmed incidents of corruption that came to GEK TERNA Group Management's attention, either through complaints or through controls carried out by the Group itself in the context of fraud prevention and control.



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

ABOUT THE SUSTAINABLE DEVELOPMENT REPORT

This Report is the fourth, consecutive, annual Sustainable Development Report, prepared in accordance with the GRI Standards: Core option, presenting data for the period 01.01.2018 - 31.12.2018.

Unless stated otherwise, all information and 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 2018. The Report describes the Group's risks and opportunities, the impacts of its business decisions, the actions it implements 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).

For the 2018 Sustainable Development Report, the company has not proceeded with external assurance.



Scan with your mobile camera to visit the site.

The Group considers that each reader's opinion on the content of the Report is important for the initiation and improvement of dialogue. For this purpose, you can send your comments and / or any questions to the following contact information:



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We would like to kindly thank **EY** for the cooperation and support in the context of preparing the 2018 Sustainable Development Report.

ART DIRECTOR

George Charitos

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	102-4 Location of operations	12	-		
	102-5 Ownership and legal form	8	-		
	102-6 Markets served	6, 12	-		
	102-7 Scale of the organization	6, 12, 53, 66	-		
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	102-10 Significant changes to the organization and its supply chain	4	-		
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	Ethics and integrity				
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THANK YOU

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