

Athens, 25 May 2022

**Report of the Independent Non-Executive Members of the Board of Directors to the
Annual General
Assembly of Shareholders
In accordance with article 9 paragraph 5 of Law 4706/2020**

This report is submitted by the independent non-executive members of the Board of Directors of TERNA ENERGY SA (hereinafter "the Company") to the Annual General Assembly of Shareholders in 2022 in accordance with the provisions of article 9 paragraph 5 of Law 4706/2020.

The non-executive members of the Board of Directors met as a body during the period 1/1 / 2021-31 / 12/2021 with the object of determining the mode of operation of the Group of Independent Members and the exchange of views on the responsibilities of the Independent Members. It was decided to meet at least twice a year and whenever requested by two members, in particular before the Ordinary General Assembly for the preparation of the Report of the Independent Non-Executive Members to the Annual General Assembly.

The independent non-executive members of the Board of Directors confirm that they approve the information published by the Company in the Annual Report of the Board of Directors and the Corporate Governance Statement included in the Annual Financial Report of December 31, 2021, and submit this report further making reference to some of the important developments and confirming the fulfillment of their obligations under article 7 of Law 4706/2020.

The Board of Directors of the Company includes five Independent Non-Executive Members (of which one member has been appointed as a Senior Independent Director, as required by law). The Company has and implements a diversity policy in order to promote an appropriate level of differentiation in the Board and include a diverse group of members. The composition of the Board is characterized by intense diversity, including members of different ages, experiences, specialties and with different scientific backgrounds that have a variety of skills and knowledge. Also, at the level of gender diversity, the composition of the Board exceeds the minimum requirements provided by law.

The Suitability Policy aims to ensure quality staffing, efficient operation and fulfillment

of the role of the Board based on the general strategy and the medium-term business aspirations of the Company, with the aim of promoting the corporate interest. During the preparation of the Suitability Policy, the size, the internal organization, the risk-taking disposition, the nature, the scale and the complexity of the Company's activities that include indicatively and are not limited to the sectors of Renewable Energy Sources, waste management, electricity trading, PPP projects, the operation of large infrastructure projects, were taken into account. The guiding principles that govern the current Suitability Policy of the Company are the following: Compliance, Transparency, Proportionality, Diversity, Merit, Efficiency, Experience and historicity.

The Board is supported by seven committees, namely the Executive Committee, the Audit Committee, the Nominations Committee, the Remuneration Committee, the ESG Committee, the Strategic Planning Committee and the Investment Committee. Two members of the Board with specialized knowledge have been assigned to monitor information security issues, a cause to which the Company has recently devoted significant effort and resources. At the same time, the Company has an internal control, quality assurance and risk management system, has established a separate Risk Management Policy and has appointed an experienced executive of the Company as Risk Officer.

The Board of Directors, through the Audit Committee, examined and confirmed the correctness of the process of preparation of the corporate and consolidated financial statements, evaluated the issues that arose during the audit and thoroughly analyzed the conclusions of the Certified Auditors in relation to the completeness of information of the Shareholders and the investors in general. It was also informed about cyber security issues and about the additional shielding measures taken with the creation of an active Security Operation Center (SOC) in collaboration with a specialized company in the field. In addition, it was informed about the planned digital transition of the Risk Register to a special platform, in order to manage the risks more effectively. Finally, it was informed by the Internal Audit Unit, which participated in the process of the digital transformation of the Company, about the large project of transformation and transition of the group to the SAP S/4HANA operating environment which is expected to significantly upgrade the organization and governance of the Group.

The Company has as a constant goal the implementation of the best corporate governance practices. It monitors on an ongoing basis the developments in the legislative, regulatory and statutory framework and the work of the Hellenic Corporate Governance Commission. During 2021, the Company implemented an extensive corporate governance project with the assistance of an external consultant, so that not only it is in line with the requirements of the law, but is at the forefront of the implementation of best practices of corporate governance and corporate social responsibility.

In addition, the Board of Directors, through the relevant committee, supervised some important corporate governance projects that were implemented with the assistance of an external consultant, such as the evaluation of the Board of Directors, the evaluation of the collective suitability, as well as the design of a succession plan. In addition, the Company completed the preparation of the Business Plan for the period

2022-2024 and the Budget for 2022, and reviewed the Risk Assumption Framework, while the Board, through the Strategic Planning Committee of the Board of Directors, continuously oversees the strategy the Company.

Also, according to the new framework for corporate governance, the members of the Board of Directors are informed about specialized and highly technical and complex issues, such as issues of sustainable development, Green Finance, risk assessment, development of regulatory compliance, control, cybersecurity and integrity issues.

The Company ensures the business ethics and regulatory compliance of all its functions and activities with the priority of identifying and combating potential incidents of corruption, faithfully implementing the procedures and policies that have been integrated into the corporate operation (Code of Ethics, Anti-Corruption Management System (ISO 37001), and the regular training of the members of its personnel. The fight against corruption is a critical pillar of the Group's operation, which is committed to demonstrating zero tolerance for such incidents, by promoting transparency, ensuring business ethics and regulatory compliance.

Sustainable Development is a holistic strategic approach for the Company. The policy for Sustainable Development is inextricably linked to the essential issues that are regularly recognized through the process of materiality (materiality analysis) in order for the Group to constantly listen to the needs of its stakeholders (internal and external) but also to take into account current socio-economic trends in relation to its effects (positive or negative). In this context, the Group's corporate responsibility is in line with the criteria/ principles of ESG (Environmental-Social-Governance), that has to do with four areas of activity, environmental protection, promotion of human value, strengthening the social footprint and the formation of a responsible market, which are further developed in eight strategic directions/ sub-areas that incorporate the Group's specific policy approach to the identified key issues.

It is noted that, during the period 1/1/ 2021- 31/ 12/2021, 18 meetings of the Board of Directors were held, in which all members participated, as well as more than 30 meetings of the BoD committees took place, in which all members of the Board of Directors, both the independent and the executive, showed absolute confidence in the management of corporate affairs, independence of will, expressing different perspectives and flexibility of views that stem from the different backgrounds and experiences of the members, all guided by a high degree of ethics and interest in the best interests of the Company.

To conclude, the independent non-executive members of the BoD perform their supervisory duties effectively and, in relation to their responsibilities, conduct a thorough examination of the proposals submitted to the BoD, openly expressing their views on the proposals submitted, taking into account all the information provided to the Board. Through their participation in the Board and its committees, the independent non-executive members continuously demonstrate their ability to act in accordance with their independent will, promoting transparency and due diligence, having sufficient time and commitment to carry out their duties effectively, acting in the best interests of all stakeholders.

The Independent Non-Executive Members

Georgios Mergos

Andreas Taprantzis

Sofia Kounenaki- Efraimoglou

Marina Sarkisian-Ochanesoglou,

Tatiana Karapanagioti