




**PURCHASING POLICY**

## PURCHASING POLICY

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### REVISION HISTORY

Issue no.	Date	Description	Paragraphs
00	14.11.2022	Initial Issue	

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**PURCHASING POLICY****1. INTRODUCTION**

Terna Energy Group is based in Athens and is one of the largest vertically integrated Greek Groups in the field of Renewable Energy (RES). The shares of TERNA ENERGY are listed on the Athens Stock Exchange (FTSE / Athex Large Cap).

In the context of its business activities, the Group cooperates with several suppliers and subcontractors on a daily basis.

Our principles, our beliefs, our corporate culture, our business ethics and primarily our voluntary ethical commitments are crucial pillars of the operations of TERNA ENERGY which remain unchanged over time.

This Code reflects and reinforces these principles and creates an agreed and transparent operating and behavioral framework, which should be respected by all of us, our partners, subcontractors and suppliers.

The acceptance and implementation of Terna Energy Group Purchasing Policy, ensures the creation of partnerships which are based on a system that promotes mutual trust, transparency, collaboration, recognition, integrity, equal opportunities, progress and motivation and helps overcome personal and interpersonal difficulties in a modern working environment.

**2. SCOPE OF IMPLEMENTATION**

The Purchasing Policy aims at the establishment of the basic principles that bind Terna Energy Group's purchasing process and constitutes the fundamental principles framework that should characterize the professional behavior of Terna Energy's partners as a company and as group of companies, including its subsidiaries in Greece and abroad.

The implementation of the Policy ensures:

- ✓ The transparency in the Group's relations with the suppliers, partners, and subcontractors.
- ✓ The satisfaction of the expectations of our customers, end users and wider community that benefits from our projects and services.
- ✓ The establishment of a safe, healthy, and friendly working environment with respect to the human rights and values.
- ✓ The building of mutual trust and respect with our suppliers and partners.
- ✓ The respect to the environment and the Group activation in the context of sustainable development.
- ✓ The protection of the Group's material and tangible assets.
- ✓ The adoption of practices and behaviors according to the voluntary ethical commitments that bind the Group from the day of its establishment.

Purchasing Policy, as well as all its revisions / additions, is approved by the CEO of Terna Energy and posted on its website.

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This Policy concerns any purchasing activity of TERNA ENERGY and its subsidiaries in all countries of activity and is considered in the Partnerships and Joint Ventures in which it participates. It is subject to the applicable laws of each country where a commission transaction is carried out by any company of the Group.

The content of the Policy includes the minimum requirements to be applied and which are framed by Procedures and other internal documents of the Group, which are equally binding for all of us.

### 3. SUPPLIERS AND PARTNERS

The implementation of procedures is an important tool for the effective supervision and management of the purchasing process. By applying in all companies, a set of procedures for the supply of assets, materials and services, their integrated management is achieved.

All partners and suppliers of the Group are informed about the existence and content of the Policy and are encouraged to:

- ✓ Read and understand the Policy which is posted on TERNA ENERGY's website and is an integral part of any contract concluded by any Company of the Group, in Greece and abroad.
- ✓ To operate and work based on what is included in it.
- ✓ Immediately inform the Compliance Officer of TERNA ENERGY Group in case any deviations from its implementation are identified.

Compliance with the Regulatory Framework in every country where the Group operates is a self-evident obligation by all of us and by our partners and suppliers. Ignorance of the Regulatory Framework is not justified by no means, especially if it directly affects our activities.

### 4. SELECTION OF SUPPLIER AND PARTNERS

Responsible supply chain management is at the heart of the Group's effort to create long-term value through its business operation and through the establishment of responsible business relationships with its suppliers and partners. The Group recognizes that responsible supply chain management requires responsible partnerships with the mutual contribution and dialogue of all parties.

Terna Energy Group adheres to the principles of transparency and non-discrimination in procurement procedures. The selection process of suppliers and partners is based on criteria such as the quality and safety of the materials and services provided, compliance with legislative and regulatory frameworks, respect for human rights, the environment and actions to address climate change, transparency in transactions, reliability and integrity, as well as the credit policy of the candidates.

#### **Preference for local suppliers**

The Group has so far developed its activity with a steady growth and with the ability to expand into new markets. Despite the strong extroversion that characterizes the Group, it constantly selects to cooperate with local

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suppliers. In this way, it strengthens its direct and indirect socio-economic footprint across the supply chain, contributing to the creation of new indirect jobs, while enhancing social cohesion and prosperity.

## 5. BASIC PURCHASING PRINCIPLES

The necessary terms of cooperation with all suppliers, partners, and subcontractors of the TERNA ENERGY Group are:

- 1) full compliance with the applicable legislative and regulatory framework
- 2) the implementation of good practices of Occupational Health and Safety and Environmental Management
- 3) full compliance with the Group's Code of Ethics, which is also available on the website (<https://www.terna-energy.com/about/code-of-conduct>)
- 4) conformance to the Compliance, Corruption & Bribery Control Policy (<https://www.terna-energy.com/about/code-of-conduct>)
- 5) avoidance of situations that may lead to a conflict of interest
- 6) compliance with the Group's Privacy Policy, which is available on the website (<https://www.terna-energy.com/about/personal-data-policy/#row-zen>)
- 7) compliance with the Human Rights Policy available on the website (<https://www.terna-energy.com/about/human-rights-policy>)
- 8) the respect and implementation of the basic principles of Corporate Social Responsibility included in the United Nations Global Compact (<https://unglobalcompact.org>).

Terna Energy Group's Code of Ethics is the basic framework of principles and values that must characterize, among others, the Group's suppliers, subcontractors and partners in order to maintain transparent and responsible business relationships with it. The above framework is a necessary condition for the proper and safe operation of the supply chain and the safe execution of all operations.

**More specifically, we expect all our suppliers, partners and subcontractors to operate and behave based on the following principles, values and commitments:**

- **Respect for Human Rights**

The Group, respecting all its employees and partners, ensures the prevention of incidents of violation of their rights, through the adoption of policies, actions and control mechanisms, which are in force and are applied throughout its activities.

The Group implements and respects International Principles and Human Rights standards and its basic principle is to cooperate with suppliers and subcontractors who adopt the same values and principles.

The Universal Declaration of Human Rights, the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work, the UN Global Compact, the United Nations Guiding Principles and the high corporate values advocated by the Group, form a strict operating framework with respect to Human Rights, throughout the range of its activities. TERNA ENERGY protects the right of every human being to education and freedom of speech, freedom of association as well as any other Human Right that may be violated as a result

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of, or in the course of, its business activities. For this reason, control procedures may be applied, which ensure that no violation of fundamental Human Rights occurs.

- **Protection of the environment**

In the context of corporate responsibility, one of the most important targets set by TERNA ENERGY is the protection of the environment and the reduction of the environmental footprint.

To this end, the Group communicates the cooperation requirements and ensures that its suppliers and partners comply with environmental, energy and social criteria, such as:

- ✓ Implementation and / or certification based on international standards eg. ISO 14001 and ISO 50001.
- ✓ Implementation of policies and procedures for the protection of the environment and society as a whole.
- ✓ The disposal and use of materials and equipment that, in addition to their suitability and usability, have high health and safety standards, are environmentally friendly and belong to a high class of low energy consumption

- **Promotion of Health and Safety at Work**

Health and safety protection is not only related to the Group's employees, but also to all employees in the supply chain, such as suppliers and subcontractors. To this end, the Group ensures that contracts include terms and conditions for mandatory compliance with applicable National legislation and legal and other requirements, related to occupational health and safety. In addition, the Group's partners are obliged to comply with its policies, procedures, standards and Management Systems, while the employees of the subcontractors are obliged to participate in the health and safety trainings related to their operations organized by the Group.

In this context, TERNA ENERGY Group frequently reviews the contracts with its partners, taking into account Health and Safety criteria (e.g. number of trained – qualified personnel, risks arising from work-related activities, non-compliance with legal, regulatory and regulatory obligations) and does not hesitate to terminate the cooperation in case these criteria are not sufficiently met.

To this end, the Group communicates the minimum cooperation requirements and ensures that its suppliers and partners:

- ✓ Implement and / or are certified according to internationally recognized standards for Occupational Health and Safety (ISO 45001)
- ✓ Implement policies and procedures to protect the Health and Safety of their employees and society as a whole.
- ✓ They have and use materials and equipment that, in addition to their suitability and usability, have high health and safety specifications
- ✓ Provide a safe working environment and take adequate measures to prevent accidents and minimize risks in

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the workplace.

- ✓ Train their employees on Health and Safety issues.
- ✓ They provide access to clean hygiene areas and potable water. Where required, they provide accommodation areas for employees that are clean, safe and cover their basic needs.

- **Quality of products and services**

TERNA ENERGY Group places particular emphasis on the quality of its products and services. The Group's companies have to ensure that all projects meet the requirements set by legislation, national /international standards and/or the respective specifications of the client. The Suppliers of the Group's companies are committed to meet the quality requirements, both during the execution of the relevant contracts, as well as during the distribution / provision of products and services, in order to ensure the above requirements of the Group's companies.

- **Meritocracy and Transparency – Anti -Corruption**

At TERNA ENERGY, regulatory compliance and corruption and bribery control are key principles of the company's voluntary commitments and proper governance.

Strict adherence to the legislative framework, employees awareness and the creation of an appropriate control mechanism and prevention measures are the main objectives of our company for the efficient and effective management of regulatory compliance, corruption and bribery issues.

In addition, meritocracy in the decision-making process, transparency of transactions and tackling corruption and any form of bribery, are non-negotiable criteria for selection and cooperation with our suppliers, partners and subcontractors.

- **Employment is freely chosen**

- ✓ Any form of forced or bonded labor, is not acceptable.
- ✓ Employees are free to terminate cooperation with their employer after reasonable notice.

- **Respect to freedom of association**

- ✓ Employees, without any distinction, have the right to bargain collectively.
- ✓ The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- ✓ Employees' representatives, where any, are not discriminated against and have access to carry out their representative function in the workplace.

- **Child labor shall not be used**

- ✓ Children and young persons who are below the age limit set by the legislation of the country of activity are

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not allowed to work.

- ✓ Children and young persons under the age of 18 should not be employed at night or in hazardous conditions.
- ✓ The working policies and procedures adopted by each company shall conform to the provisions of the relevant International Labour Organization (ILO) standards.

- **Living wages are paid**

- ✓ Wages and benefits paid must always be in accordance with the requirements of labour legislation. In any case, wages must always be enough to meet the basic needs of employees.
- ✓ All employees shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment.
- ✓ Deductions from wages as a disciplinary measure should not be permitted nor shall any deductions from wages not provided for by national law, without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

- **Working hours are not excessive**

- ✓ Working hours must comply with national laws, collective agreements and relevant provisions.
- ✓ All overtime shall be voluntary and not used to replace regular employment. Overtime must always be compensated in accordance with the provisions of the relevant national legislation.

- **No discrimination is practiced**

- ✓ No discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, cast, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation shall be commenced.

- **Regular employment is provided**

- ✓ To every extent possible, work performed should be based on a recognized employment relationship established through national law and practice.
- ✓ Obligations to employees under labor or social security laws and regulations arising from the regular employment relationship should not be withheld.

- **No harsh or inhumane treatment is allowed**

- ✓ Physical abuse, threat of physical abuse, sexual or other harassment, verbal abuse or other forms of intimidation shall be prohibited.

- **Incidents of violence and harassment are not allowed**

- ✓ TERNA ENERGY Group declares zero tolerance to incidents of violence and harassment in the workplace. All



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forms of violence and harassment, whether linked to or resulting from it, occurring in the course of work, including sexual harassment and harassment due to diversity, shall be prohibited.

- **Confidentiality and Personal Data Protection**

The suppliers, partners and subcontractors of the TERNA ENERGY Group, shall proceed to:

- ✓ Acquisition, management, storage and processing of personal data only when absolutely necessary for the execution of the operations and always in accordance with Greek, EU and international legislation in general.
- ✓ Implementation of appropriate organizational and technical measures to fully ensure the confidentiality of personal data

- **Fair competition**

Fair competition is an essential factor for the sustainable development of businesses. The Group's suppliers, partners, agents in general and subcontractors are bound, within the framework of the legal provisions governing competition in the country or countries in which they operate, to avoid any action of unfair competition and any participation in unfair business practices, especially when acting on behalf of or in cooperation with the companies of the TERNA ENERGY Group.

- **Tackling with climate change**

To tackle climate change, companies need to adopt effective and actionable practices to manage their emissions into the environment, which promote collaboration within the supply chain. Encouraging and supporting the Group's suppliers to implement proper greenhouse gas emissions management practices contributes to the reduction of exposure to climate risks and increases adaptability and resilience in the supply chain.

To this end, TERNA ENERGY expects its suppliers to be informed and be sensitive to climate change issues and to seek practices that aim at the continuous monitoring of their direct and indirect emissions, as well as to set relevant targets that are in line with the Paris Climate Agreement.

TERNA ENERGY Group collects and evaluates greenhouse gas emissions data from its critical suppliers through a relevant questionnaire, whose data are taken into consideration for the overall evaluation of suppliers.

## 6. REPORTING PROCEDURE

In the context of the proper use of the Code of Ethics and this Purchasing Policy, anyone who identifies a deviation or potential deviation is encouraged to inform TERNA ENERGY Group.

Information can be provided by using the following communication channels, either anonymously or by name, for reports of fraud, corruption, bribery, conflict of interest, harassment at work, violence, human rights violations and generally deviations from the legislative and regulatory requirements governing the operating framework of the organization:

- ✓ Oral or written notification of the Purchasing Manager and/or the Compliance Officer.

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- ✓ E-mail to [compliance@terna-energy.com](mailto:compliance@terna-energy.com)
- ✓ Use of the online platform <https://ternaenergy.integrityline.com/frontpage>
- ✓ Sending a letter to the address: "TERNA ENERGY S.A.", 85 Mesogeion Ave., 115 26 Athens, to the attention of the "Compliance Officer" of the Company with the indication "Confidential".

TERNA ENERGY Group, through the relevant authorized persons at management level, who have either been appointed by the Board of Directors or have been authorized with executive responsibilities, thoroughly investigates and evaluates any complaint it receives and determines, where necessary, corrective actions within the framework of the applicable legislation and its Policies.

The Management of TERNA ENERGY Group takes all necessary measures to ensure the anonymity and confidentiality of the personal data of any employee or any third party who makes such reports, as well as their protection from any retaliation.

## **7. MONITORING OF IMPLEMENTATION**

TERNA ENERGY Group checks whether its suppliers, partners and subcontractors meet the required requirements. Responsible for monitoring the implementation of the Purchasing Policy is each Department Responsible who carries out the procurement/contract in cooperation with the Compliance Officer and the QHSE Department. The monitoring and control mechanisms that may be activated on a case-by-case basis are the following:

- ✓ Collection and evaluation of supplier - partner evaluation questionnaires
- ✓ Audits to suppliers and partners.

Where required, the audit process is performed in cooperation with external partners. The Group's key suppliers are encouraged to participate in platforms of trusted external certification bodies or to otherwise ensure their continued compliance with the requirements of this Policy. In addition, pro rata and risk-based due diligence checks are carried out during the process of integrating a new supplier or as required, as provided by the Compliance Unit and the Legal Service.