ΤΕΡΝΑ ΕΝΕΡΓΕΙΑΚΗ
ΟΜΙΛΟΣ ΓΕΚ ΤΕΡΝΑ

Sustainable Development Policy

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1.   Introduction

The approach of TERNA ENERGY Group (hereinafter the "Group") to Sustainable Development is based on dialogue with stakeholders, as well as the recognition and regular assessment of the significant economic, social, and environmental impacts of its activities. It aims to enhance positive effects and minimize negative ones through best practices, sustainable initiatives, and reliable partnerships, with a view to continuous improvement for the benefit of shareholders, investors, employees, and society.

The responsible department for the development and update of this policy is the Directorate of Strategic Communication, Press Office, CSR, and Sustainable Development.

2.   Definitions

Corporate Social Responsibility (CSR)

The concept of CSR encompasses the responsibility of every business or organization towards people, society, and the environment regarding how their business activities impact them. (Source: Ministry of Development and Investments - opengov.gr)

Sustainable Development

The concept of Sustainable Development refers to a form of development policy that seeks to meet the economic, social, and environmental needs of society in a way that ensures short-term, medium-term, and, most importantly, long-term prosperity. It is based on the assumption that development must meet current needs without endangering the well-being of future generations. In practice, this means creating conditions for long-term economic growth while simultaneously ensuring environmental protection. (Source: ec.europa.eu)

United Nations' Sustainable Development Goals (SDGs)

It constitutes the 2030 Sustainable Development Agenda, which was adopted by all United Nations member states in 2015. It provides a plan for the peace and prosperity of people and the planet now and in the future. At its core are the 17 Sustainable Development Goals (SDGs) that must be implemented by all developed and developing countries. Ending poverty and other deprivations must go hand in hand with strategies that improve health and education, reduce inequalities, promote economic growth, while simultaneously addressing climate change and helping to preserve oceans and forests. (Source: United Nations - un.org))

3.   Core principles

For TERNA ENERGY Group, Sustainable Development is not just a matter of aligning with international best practices; it is a holistic strategic approach. This approach is based on the regular assessment of the significant social, economic, and environmental impacts of the Group's activities. It also involves the review and modification of these activities if deemed necessary, through a process of dialogue and consultation with stakeholders.

Furthermore, TERNA ENERGY Group operates with a focus on the United Nations' Sustainable Development Goals (SDGs) and serves as an ally in the pursuit of social equality, prosperity, and the development of a sustainable natural environment. The Group recognizes that the seventeen (17) global goals are closely interconnected with the principles of Corporate Governance and Corporate Social Responsibility/Sustainable Development to which it is committed.

The responsible mode of operation for TERNA ENERGY Group is reflected in the practices and procedures developed within the Group, aiming to integrate the principles of Sustainable Development into its daily operational activity. At the same time, it is founded on the strategic corporate values established by the leadership, including respect for people and the natural environment, creating value for employees, customers, and shareholders, as well as integrity, reliability, and targeted social contribution.

The Group's Sustainable Development policy is closely linked to the substantive issues regularly identified through the materiality analysis process. This ensures that the Group constantly listens to the needs of stakeholders (both internal and external) and takes into account the prevailing socio-economic trends regarding its impacts, whether positive or negative.

In this context, the corporate responsibility of the Group aligns with the ESG (Environmental-Social-Governance) criteria/principles. It involves four (4) pillars and is developed through eight (8) strategic directions/areas of activity that incorporate the Group's specific approach-policy regarding recognized material issues:

Pillar 1: Environmental Protection and Climate Change

Strategic Direction/Area of Activity: Environmental Protection and Climate Change
Achieving sustainable development through the continuous reduction of the environmental footprint of the Group's activities in Greece and abroad, continuous adaptation to climate change conditions, and the implementation of the principles of the Circular Economy, in combination with investments in innovative services and technologies, and compliance with the existing environmental management system.

Environmental protection is an integral part of the Group's strategy and is evident through its policies, strategies, and business decisions and actions. The Group operates purposefully and takes measures leading to the reduction of its environmental and energy footprint through responsible management of the energy and natural resources it uses (e.g., water, energy, materials, addressing climate change, and protecting and conserving biodiversity). It focuses on transitioning to an economy that relies less on fossil fuels and ensures sustainable cities and communities for all stakeholders.

Material Issues and connection with SDGs:
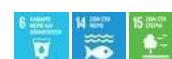
Environmental Compliance

Responsible Energy Management

Climate Change Mitigation

Protection and Conservation of Biodiversity and ecosystems

Responsible Waste and Water Management   &

Pillar 2: Promotion of Human Value

Strategic Direction/Area of Activity: Health & Safety at Work

Recognizing the value of human health and wellbeing and ensuring a work environment without accident risks.

The preservation of Health and Safety is a priority for the Group, which continuously improves the strategic framework within which the management of Health and Safety issues for all stakeholders takes place.

Material Issues and connection with SDGs:

Ensuring Health and Safety at Work

Strategic Direction/Area of Activity: Employee Development and Protection of Human Rights

Recognition that surplus value is created by human capital. Targeting the development of a balanced and safe working environment of meritocracy, transparency, equal opportunities, which promotes diversity, safeguards human and labor rights, and invests in continuous improvement of employees' skills, talent development, and youth entrepreneurship.

The Group applies and respects international principles and standards of Human Rights and has developed a framework of principles and values based on fundamental Human Rights. Respecting all employees and partners, it ensures the prevention of violations of their rights through the adoption of policies, actions, and control mechanisms that apply and are implemented for all its activities, all its subsidiaries, and all the projects it undertakes. The Group actively participates in and supports investment in its people, providing them with the necessary resources to promote continuous improvement of the working environment.

Material Issues and connection with SDGs:

Education and Development of Employees

Human Rights, Diversity and Equal Opportunities

Pillar 3: Strengthening the Social Footprint

Strategic Direction / Area of Activity: Community Engagement and Support

Continuous consultation with social partners and the conduct of studies on social impacts with the ultimate goal of maximizing both direct and indirect social benefits, support for solidarity actions such as donations and sponsorships, and robust collaboration with local suppliers to build long-term trust relationships.

Through the adoption of responsible policies aimed at creating shared value for all stakeholders, the Group stands as a supporter in the development of the local communities in which it operates and interacts, through continuous consultation and efforts to recognize and respond to real needs that exist, as well as through its own activities.

Material Issues and connection with SDGs:

Caring for local and wider community

Strategic Direction/Area of Activity: Emergency Response

The commitment to take measures and actions to address emergency situations through the development of risk management plans, conducting readiness exercises, and periodic internal and external inspections.

Material Issues and connection with SDGs:

Emergency situations-Business Continuity

Pillar 4: Development of a Responsible Market

Strategic Direction / Area of Activity: Value Creation

The creation of economic value - the main goal of the Group is to generate and distribute income to stakeholders through the payment of salaries to employees, payments to suppliers and partners, direct and indirect taxes to the countries the Group operates, distribution of dividends to shareholders, and investments in local communities. At the same time, it aims to mitigate financial and non-financial uncertainties and risks, with the goal of preserving economic activity, sustainable development, and improving the standard of living.

Material Issues and connection with SDGs:

Creation and Distribution of Direct and Indirect Economic Value

Strategic Direction / Area of Activity: Business Ethics and Regulatory Compliance

The Group ensures business ethics and regulatory compliance throughout all its operations and activities, prioritizing the identification and prevention of potential corruption incidents. This is achieved by implementing the procedures and policies integrated into corporate functioning (Code of Ethics and Conduct, ISO 37001 Anti-Bribery Management System), and by regularly training human resources.

Fighting corruption is a critical pillar of the Group's operation, and it is committed to demonstrating zero tolerance for such incidents by promoting transparency, ensuring business ethics, and regulatory compliance that permeate across all activities and affect the professional behavior of its personnel. To this end, the Group acts by establishing policies and procedures, as well as by creating control and compliance mechanisms for these policies.

Material Issues and connection with SDGs:

Ensuring regulatory compliance and business ethics

Strategic Direction / Area of Activity: Responsible Supply Chain Management

Responsible supply chain management requires responsible partnerships. Therefore, full compliance of all suppliers and partners with the Group's Code of Ethics and Conduct and internal Rule of Operation is considered mandatory, both in matters of corruption and respect for human rights, as well as in matters of Environmental Management and Social Corporate Policy.

First and foremost, the proper management of the supply chain begins with the Group's

responsible stance towards all its stakeholders. The Group's business activities across its entire supply chain spectrum are conducted only after evaluating potential environmental, social, and economic impacts with the aim of maximizing positive outcomes. To address the new challenges posed by supply chain issues, the Group takes care to incorporate new criteria into its supply chain management processes, such as new collaboration terms with suppliers and a preference for local suppliers.

Material Issues and connection with SDGs:

Responsible Supply Chain Management

For the above-mentioned issues, the Group sets specific Sustainable Development goals, which it evaluates annually in terms of their progress and revises them as needed.

To achieve these goals, the Group develops individual management systems, policies, procedures, measurement indicators, and implements action plans/programs that contribute to increasing positive impacts or reducing negatives.

The dedicated corporate responsibility team is responsible for the effective management of Sustainable Development and corporate responsibility issues. The team consists of specialized professionals from all key departments of the Group. The Strategic Communications, Press Office, CSR, and Sustainable Development Department is responsible for coordinating these efforts.

The President and CEO, through the direct reporting line of the Directorate of Strategic Communication, Press Office, CSR, and Sustainable Development, has taken overall responsibility/supervision of Sustainable Development issues, reaffirming the commitment of the Group's top management to sustainable operations.

With a focus on transparency and regular updates to stakeholders, the Group's performance on Sustainable Development issues is public via the annual Sustainability Report.

4. Policy update/ approval

The Sustainable Development policy is monitored by the Directorate of Strategic Communication, Press Office, CSR, and Sustainable Development, as well as the ESG Committee. It is subject to review/update (as needed) to take into account the current social-economic conditions and environmental challenges within the framework of the Group's materiality analysis on Sustainable Development issues. The final approval of this policy falls within the responsibilities of the Board of Directors.