

CORPORATE RESPONSIBILITY REPORT

## 2015



CORPORATE RESPONSIBILITY REPORT

2015

# 15

|1



## Contents

- **GEK TERNA** Corporate Go Corporate Re Stakeholder Management Responsibili Caring for th Marketplace
  - Caring for ou
  - Health and S
  - Supporting
  - Boundaries
  - About this Re
  - **GRI Content**
  - Goals for 201

Message by the Management	4
GEK TERNA Group	6
Corporate Governance and Strategy	29
Corporate Responsibility	42
Stakeholder Engagement	47
Management of Material Corporate Responsibility Issues	53
Caring for the Environment	57
Marketplace	81
Caring for our People	99
Health and Safety in the Group	119
Supporting Local Communities	130
Boundaries of Material Issues	137
About this Report	138
GRI Content Index	140
Goals for 2016	146

## Message by the Management

#### Dear friends

It is a great pleasure for us that, for yet another year, we share with you the Corporate Responsibility Report of GEK TERNA Group. The 2015 Report gives us the opportunity to present in detail all the elements that characterize our actions, establish our corporate identity and ensure our vision for Sustainable Development. Through this Report, and in light of responsible entrepreneurship, we aim to clearly depict our corporate strategy, policies and values which define and bind our operation and the principles incorporated in all areas of our business activities and found our efforts for a better future. In this Report, the results of our performance are evaluated as regards the objectives we had set, the impact on our activities is analyzed and new goals and action plans are set.

The strategic priorities of our Group for Sustainable Development are clear; we:

- seek business excellence and operate responsibly, with full respect to every environment in which we are present
- care for our people
- protect the environment and constantly improve our environmental footprint
- support local communities and dynamically strengthen the economies in which we participate
- systematically invest in best practices and innovative technologies.

Our goal always remains the same: value creation for all stakeholders who affect and are affected by our activities. We focus our efforts on value creation for so many years. To this we owe our leading position in the fields of construction, energy and concessions in Greece and in the energy and construction sectors in key markets abroad (South East Europe, Middle East and Africa, etc.).

The complex and ever-changing socio-economic context in which we operate, was marked in 2015 by uncertainty and prolonged recession, negatively affecting the market and the economy at large. However, this fluid environment became a challenge for us. In spite of current trends, it motivated us to work in a more coordinated fashion, using every opportunity given to us to diversify and innovate. Thus, despite the general lack of liquidity, which prevented any new investment, faithful to its commitment for a better future, GEK TERNA Group continued its investment program mainly in the fields of renewable energy sources and of concessions.

Especially in Greece, despite delays, the implementation of the construction of major road projects in which our Group also participates directly helped the economy by bringing about huge domestic added value, contributed to increased employment by creating thousands of jobs and substantially strengthened liquidity. In the international arena, we continued our active presence in the Southeastern Europe and Middle East countries given that an important part of our turnover comes from these countries. It is worth noting that in 2015 GEK TERNA Group retained its capital structure at satisfactory levels.

At the same time, 2015 was for us another year during which we systematically focused on the integration of responsible business principles in the Group's everyday decision-making processes, implementing the objectives we had set in 2014. GEK TERNA Group applies a modern corporate governance framework that has been designed to maintain transparency and responsible operations in all fields of its activity. Based on the principles of corporate governance we build our strategy and define the structures, policies, procedures and operating rules that guide and bind our companies and activities. In this way we ensure homogeneity, a prerequisite for maintaining performance, achieving the strategic plan and disseminating our vision for sustainable development.

Nearly half a century, we seek business excellence and do business with a social orientation and absolute respect for the environments in which we are present. With steady steps, a clear plan and having built longstanding relationships with all our stakeholders, we ensure the required consistency that guarantees our responsible development.

For all of us at the GEK TERNA Group, the Corporate Responsibility Report, which you have in your hands, is a new starting point and a commitment. Because we are well aware that excellence and leadership are achieved only with ethics, values and responsible practices. With these in mind, and true to our principles, we continue to work to create more value for all of us, for our employees, for society, for the environment, for the economy, for Greece.

> Thank you GEK TERNA Group Management

## **About GEK TERNA Group**



With a dynamic presence in 16 countries and 4 continents, GEK TERNA Group is one of the largest business Groups in Greece, with activities also in Central and Southeastern Europe, the USA, North Africa and the Middle East.

The Group's strong international business operations cover the sectors of construction, electricity production, supply and trade, concessions, waste management, mining and real estate development and management.

Across its operations, GEK TERNA Group strives for business excellence, pioneers best practices and aims to responsible development, conducting socially responsible business with absolute respect for the environments in which it operates.

Middle East North Africa



At a glance						
<b>****</b>				社	44	
5,824	104	€565.9	€ <b>1.5</b> billion	3	1	
EMPLOYEES WORLDWIDE	GROUP BUSINESS UNITS REFERS TO BUSINESS UNITS OR COMPANIES WITH TURNOVER> 1 M. OR ASSETS> 2M. BY RATIO OF CONSOLIDATION	TOTAL EQUITY 2015	TOTAL INVESTMENTS IN LAST YEARS EXCEED	NEW WIND PARK INSTALLATION LICENCES WITH A TOTAL CAPACITY OF 48 MW IN GREECE	NEW 16.2 MW POWER GENERATION LICENCES IN GREECE	N L C II
	44					
€2.8 billion construction backlog	<b>1,246</b> MW TOTAL CAPACITY OF POWER PLANTS THE GROUP OPER- ATES, BUILDS OR HAS FULLY LICENSED IN EUROPE AND AMERICA	€92,986 million CAPITAL EXPENDITURE FOR 2015		€972 million VERSUS €924M IN 2014 TURNOVER TO THIRD PARTIES FROM CONTINUING OPERATIONS UP BY ABOUT 5%, MAINLY DUE TO INCREASED OPERATIONS IN THE ENERGY SECTOR, THE CONCESSIONS SECTOR AND INCREASED ACTIVITY IN ELECTRICITY TRADING		
						(
Qatar*		Bahrain*		United Arab I	Emirates*	
DEVELOPMENT OF AN INDUSTRI WATER AND WASTEWATER NETW SMART TRAFFIC AND COMMUNIC WORTH APPROXIMATELY	VORK, NEW SUBSTATIONS AND CATIONS MANAGEMENT NETWORKS)	CONSTRUCTION AND MAINTENA OF 832 RESIDENCES IN A 321.3 BUDGET OF APPROXIMA	50 SQ.M. AREA,	CONSTRUCTION OF A LUXURY RE AND A 32,000 SQ.M GENERAL HO WITH A TOTAL BUDGET O €32 MILLION	SPITAL, IN ABU DHABI,	P C P
		BAHRAIN: CONSTRUCTION OF A (1,760 m. LONG BASIC SEWERA TREATED WASTEWATER NETWOR BUDGET OF APPROXIMA	GE NETWORK AND 9,100 M. LONG RK)			F M A
*Joint venture						

# 补

4

NEW WIND PARK OPERATING LICENCES WITH A TOTAL CAPACITY OF 74.2 MW IN GREECE



73.2мw

THE POWER OF THE UNDER CONSTRUCTION WIND PARK ON THE ISLET OF AGHIOS GEORGIOS, IN THE MUNICIPALITY OF LAVRION

# 

### €**155.2** million VERSUS €103.9M IN 2014

EARNINGS BEFORE AMORTISATION, EXCLUDING NON-CASH INCOME FROM CONTINUING OPERATIONS (EBITDA), UP BY 49%, MAINLY DUE TO INCREASED EARNINGS FROM RENEWABLE ENERGY SOURCES AND CONSTRUCTION WORKS



# Europe\*

PROVISION OF ENGINEERING, PROCUREMENT, CONSTRUCTION AND COMMISSIONING OF COMPRESSOR STATIONS OF TRANS ADRIATIC PIPELINE (TAP AG)

BUDGET OF APPROXIMATELY €260 MILLION

PARTNERSHIP AGREEMENT ON THE "INTEGRATED WASTE MANAGE-MENT OF THE PELOPONNESE REGION THROUGH A PPP" HAS BEEN APPROVED BY THE COURT OF AUDITORS AND IS EXPECTED TO BE SIGNED

### **Vision and Principles**

The vision of GEK TERNA Group is to maintain its leading position in the sectors where it already operates in the domestic market, contributing to the country's economic development. In parallel, the Group aims to strengthen its presence in international markets through value-generating projects, products and services.

For more than 45 years, GEK TERNA Group has been doing business responsibly, always striving for sustainable development. Steadily, with a clear vision and building on its excellent business reputation, proven reliability and longstanding relationships with employees, partners and clients, the Group has managed to build a corporate culture that ensures consistency and supports continuous development.

GEK TERNA Group views the culture and values governing its business operations as an internal benchmark. These guide and engage its entire workforce at all levels and across all its operating sectors, ensuring their unity and active engagement in realising the Group's vision.

The Group firmly believes that business excellence and superiority can only be achieved drawing on ethics and values that respect and support employees, society, the environment and the economy. Within this context, its entire business is governed by principles that promote human values and responsible practices.

- Respect for people and the natural environment
- Creating value for our employees, partners, clients and shareholders
- Honesty and reliability
- Targeted social contribution



### **Operating Sectors**

Over its long course, GEK TERNA Group has always operated as a responsible corporate citizen, with conscious self-commitment to creating positive impact in its operating environments.

> GEK TERNA Group's strategy ensures long-term prospects for creating sustainable value in all its operating sectors. It owes its leading position in the construction, energy and concessions sector in Greece to the fact that it always concentrates its efforts on value creation. It is on creating value that it invests to become established in major markets abroad (Europe, Middle East, North Africa, America) in the energy and construction sectors. Creating value provides motivation and ensures a strong capital structure and easier access to financing for investment opportunities.

> GEK TERNA Group pursues business excellence through a strong and flexible network of corporate entities that specialise in distinct sectors, which actively contribute to maximising the total benefit and value created by the Group.

> GEK TERNA Group's sectoral activities cover construction, energy, waste management, mining, real estate development and management, and concessions.

#### Construction



Operating since 1972, TERNA S.A.(TERNA) is the main construction branch of GEK TERNA Group. It is one of the largest construction companies in Greece, with proven performance and efficiency that allow it to compete on equal terms with major construction companies in its international operating environments. TERNA S.A. (www.terna.gr) implements large and complex infrastructure projects and major large-budget, highly-demanding construction projects, such as road and rail networks, ports, buildings, hospitals, museums, industrial plants, hydroelectric plants, dams, industrial plants, power plants, etc.

## **2/16** MW

TOTAL CAPACITY OF INSTALLATIONS THE GROUP OPERATES, IS CONSTRUCTING OR HAS FULLY LICENSED IN EUROPE AND THE USA

#### Renewable Energy Sources

GEK TERNA Group has been actively involved in the field of Renewable Energy Sources (RES) since 1997, through its subsidiary TERNA ENERGY S.A. (TERNA ENERGY)

Specifically, TERNA ENERGY (www.terna-energy.com) is a leading company in its sector, engaged in the development, construction, financing and operation of RES projects (wind, hydropower and solar energy, management of and energy recovery from scrap, waste and biomass). Its portfolio includes a large number of RES projects in operation, under construction or in an advanced stage of development. It has rightfully secured its place as a leader in the Greek market and is acknowledged as one of the most dynamic companies in the field of RES projects in Central and South eastern Europe while, over the recent years, it has expanded to US.

#### **RENEWABLE ENERGY SOURCES**



**GROUP'S TOTAL INSTALLED** CAPACITY AT THE END OF 2015

## €140.3 MILLION

#### 27.1%

**INCREASE OF SALES IN ENERGY** PRODUCTION FROM RENEWABLE SOURCES

## **€**97.8 MILLION

31.8%

**INCREASE IN EARNINGS BEFORE** INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA)

> 394мw IN GREECE

|**24**мw UNDER CONSTRUCTION IN GREECE

### Thermal Energy

In partnership with two leading groups in the international energy sector, ENZIE (former GDF Suez) and Qatar Petroleum, GEK TERNA Group participates in the share capital of HERON Group. HERON (www.heron.gr) was the first private group to operate in the deregulated energy market in Greece. The group focuses on the areas of power generation from natural gas and electricity trading.





THERMOELECTRIC POWER PLANTS IN VIOTIA



#### CONCESSIONS

GEK TERNA Group actively participates in the financing, management and commercialisation of concession projects. Specifically, the Group participates in the 3 companies that have undertaken the projects of Ionia Odos, Kentriki Odos and Olympia Odos. At the same time, it participates in the construction and operation of parking stations.

### NEA ODOS: TOTAL BUDGET €1.118 BILLION <u>380</u>km **X** 30 /=\\ 7/=\\ INTERCHANGES AND HALF-JUNCTIONS /計 185 OVER AND UNDERPASSES TUNNELS KENTRIKI ODOS: TOTAL BUDGET €1.4 BILLION 57 💬 231км TOTAL LENGTH MOTORWAY SERVICE TUNNELS STATIONS (SEA) **\*\*\*\*** 88 **満**146 **X**15 FIRE DEPARTMENT AND ANIMAL CROSSINGS BRIDGES AND OVER-JUNCTIONS AND UNDERPASSES TRAFFIC POLICE STATIONS

### NEA ODOS

GEK TERNA holds a 33% stake in the company Nea Odos Concession Société Anonyme (Nea Odos) (http://www.neaodos.gr), which has undertaken the study, design, construction, operation, commercialisation and maintenance of the "Ionia Odos" concession project that includes:

"Ionia Odos" highway, covering a length of approximately 196 km, starting from the end of the "Charilaos Trikoupis" bridge in Antirrio and ending at Egnatia Odos, near Ioannina (Interchange with Egnatia Odos)
Part of PATHE motorway, covering a length of approximately 172.5 km, starting from the area of the Metamorfosi Interchange (Attiki Odos area) and ending

at Skarfia area - after Kamena Vourla

• The 11km-long "Schimatari-Halkida" connecting branch of PATHE motorway, currently under construction.

NEA ODOS is dedicated to constructing modern motorways in accordance with European standards, which will contribute to the overall development and progress of the country. Its primary objective is to provide safe and fast transport for all Greek citizens, in combination with high-quality services.

### KENTRIKI ODOS

GEK TERNA holds a 33.33% stake in the share capital of the company Central Greece Motorway Concession Société Anonyme (Kentriki Odos) (http://www.kentrikiodos.gr), which has undertaken the study, design, construction, operation, commercialisation and maintenance of the "Central Greece Motorway – E65" Concession project. Kentriki Odos is dedicated to constructing a modern motorway, in accordance with European standards. Specifically, the concession project of Central Greece Motorway (E65) concerns:

• the construction of Central Greece Motorway (E65), from the half-junction with PATHE motorway (Patras, Athens, Thessaloniki, Evzonoi), near the Thermopylae interchange to the interchange with Egnatia Odos, near Grevena, covering a total length of 174 km.

• the management and maintenance of the 57 km-long PATHE section from Skarfia to Raches.

The project is one of the most important national projects in Greece and is of strategic importance for the development of the Region and of the entire country, as it is wholly constructed on a new alignment and connects Eastern and Western Greece. Kentriki Odos will connect central Greece with the Trans-European Networks, the ports of Igoumenitsa and Volos and will complement the regional and local transport system.

#### OLYMPIA ODOS

GEK TERNA Group holds a 17% stake in OLYMPIA ODOS (www.olympiaodos.gr), which has been selected to design, finance, construct and operate motorway 8 (A8), "Elefsina - Corinth - Patras".

More specifically, the project includes the design, financing, construction, operation, maintenance and commercialisation of the Elefsina-Corinth-Patras-Pyrgos-Tsakona motorway, covering a total length of 365.4 km. Olympia Odos is a 30-year motorway concession project of strategic importance for the development of Western Greece, as the new modern infrastructure will help improve overall mobility in southwestern Greece, reducing travel time and facilitating business.

#### PARKING STATIONS

GEK TERNA Group participates in the construction and operation of ten (10) parking stations.

In 2015, the Group's activity in the management and operation of parking stations actively continued. Platanos PARKING, the underground parking station of GEK TERNA Group in Kifissia, was among the three best parking stations in Europe in the category "New Parking Stations" of the "European Parking Awards", awarded by the European Parking Association. GEK TERNA Group has developed into one of the largest parking station operators in Greece.

PARKING STATIONS



# MOTORWAYS – KEY BENEFITS

Å

SAFETY

FINANCIAL DEVELOPMENT AND EMPLOYMENT OPPORTUNITIES





#### MINING

#### TERNA MAG S.A.

TERNA MAG S.A. (www.ternamag.com), a subsidiary of GEK TERNA Group, is a mining and trading company, established in 2013, seated in Northern Euboea, which specialises in producing and trading magnesite and magnesia products. Through TERNA MAG, GEK TERNA Group implements an ambitious plan for the regeneration of the mining sector in Greece.

Today, the company markets high-purity caustic magnesia of consistent quality with specific characteristics, through a high-quality, advanced technology production process. Its state-of-the-art equipment and extensive quality resources translate into a comparative qualitative advantage at a controlled cost.

#### **REAL ESTATE MANAGEMENT**

GEK TERNA Group manages a highly diversified portfolio in Greece, Bulgaria and Romania. In the framework of its operations in the development, management and sale of properties, GEK TERNA Group has undertaken, inter alia, commercial, freight and business centres, residential and hotel complex developments, industrial parks, logistics centres, and recreational parks.

€ 6.1 MILLION TURNOVER (€3.6 MILLION IN 2014)



## **Brief History**

Major milestones in the Group's successful business course

1969	Establishment of GEK S.A.
1972	Establishment of TERNA S.A.
1994	Listing of GEK's shares on the Athens Stock Exchange Listing of TERNA's shares on the Athens Stock Exchange
1997	Establishment of TERNA ENERGY S.A. and start of the Group's operation in energy production from Renewable Energy Sources
1999	GEK and Terna join forces, creating one of the largest Greek Groups in Greece
2000	The Group expands its operations to real estate with the acquisition of shareholdings in HERMES REAL ESTATE S.A. and KEKROPS S.A. Establishment of HERON and beginning of the Group's operations in the sector of energy production and supply from thermal sources
2002	Restructuring of the Group with the absorption of GEK's construction division by TERNA. GEK becomes a holding company. TERNA develops into one of the largest and strongest construction companies in Greece
2007	Acquisition of VIOMAGN (now TERNA MAG), signalling the beginning of the Group's operations in the field of mining Listing of TERNA ENERGY SA's shares on the Athens Stock Exchange.
2008	GEK and TERNA merge into one entity. GEK TERNA is formed. TERNA consolidates all the construction activities of GEK TERNA as a 100% subsidiary of the Group.



### **Financial Performance**

Like all stakeholders that affect and are affected by the Group's activity, its employees acknowledge its positive outlook and ability to manage immediate challenges with a view to creating long-term opportunities.

> In 2015, the improvement of the Group's financial and other figures is mainly due to the execution of construction works in concession projects in Greece, to the construction of energy projects for third parties and to TERNA's now established presence in the markets of the Balkans and the Middle East. More specifically, the Group's turnover amounted to approximately €972m (€700.870 million for TERNA) versus €924m in 2014 and €603m in 2013. Profit before tax exceeded €18m versus minus €54.8m in 2014 and minus €76.1m in 2013, confirming the effectiveness of the strategy followed.

	2012	2013	2014	2015	
GEK TERNA GROUP				GEK TERNA GROUP	TERNA S.A.
Total Equity	670,371	640,058	565,951	562,365	193,370
Total Capitalisation Mother company	168,704	308,534	175,518	152,743	193,370
Total Assets	2,389,302	2,317,029	2,380,913	2,608,799	1,181,750
Total Liabilities	1,718,931	1,676,971	1,814,962	2,046,434	905,497
Number of Group's Business Units	107	101	96	104	32

### Direct Economic Value Generated and Distributed (in thousands of euros)

#### **Total Income**

#### **Total Operating Cost**

Total Salaries and Employee Benefits\*

**Total Dividends Paid** 

**Total Interest Paid to Capital Providers** 

**Total Taxes Paid** 

Total Grants / Donations / Charities

\*Employees and freelancers (eg lawyers, accountants, economists or engineers when they are full-time). The accounting data for 2012 and 2013 are restated for comparative purposes due to the 01/01/2014 application of IFRS 11 "Schemes under common control" but do not include payments of other taxes and foreign firms fees.

2012	2013 2014 -	20	15	
2012	2013	2014	GEK TERNA GROUP	TERNA S.A.
549,411	602,877	923,894	971,773	700,870
529,838	576,054	898,711	898,255	679,302
81,491	94,849	124,090	129,757	86,771
-	-	-	315	8,000
54,012	54,332	53,051	64,911	22,144
49,504	40,781	73,010	126,742	80,819
233	172	241	190	116

Two new subsidiaries were established in 2015, for:

a) the installation and operation, under a concession agreement, of an automatic fare collection system, with an electronic "smart ticket" for OASA (Athens Urban Transport Organisation)

b) waste management in the Peloponnese, under a concession agreement

Construction joint ventures were also established for the execution of construction works of the new railway lines at Athens and Piraeus railway stations with a budget of €6.8m for the Group

12 construction projects have also been completed, 6 of which have been undertaken through construction consortia.

172

2013

#### NET PROFIT (IN MILLION EUROS)



EBITDA (IN MILLION EUROS)



233

2012

TOTAL GRANTS / DONATIONS / CHARITIES



241

2014

190

2015

Financial information is prepared in accordance with the International Financial Reporting Standards since 2005 and is available at: http://www.gekterna.com

GEK TERNA and its subsidiary TERNA ENERGY S.A. are listed on the Athens Stock Exchange (FTSE / Athex Large Cap).

The accounting data for 2012 and 2013 are restated for comparative purposes due to the 01/01/2014 application of IFRS 11 "Schemes under common control"





## **Corporate Governance** and Strategy

GEK TERNA Group applies a modern Corporate Governance framework that evolves and adapts to the changing conditions of the economic, social and business environment and is designed to ensure transparency and responsible operation in all fields of its activity.

The Group's basic objective is to safeguard the interests and sustainability for all of its operational activities - subsidiaries and participations in general - and maximise the benefits for its shareholders and other related parties. Through the principles of Corporate Governance, GEK TERNA Group forms its strategy and defines the structures, policies, procedures and rules that guide and lead all of its companies and activities. Thus, the Group ensures homogeneity, a prerequisite for achieving the objectives, its strategic plan and sharing a common vision.



### **Strategy and Development**

### **International Management Systems**

The Group's activities are subject to various risks and uncertainties, such as market risk (fluctuations in exchange rates, interest rates, market prices, etc.), credit risk and liquidity risk, wind and weather conditions. The Group's strategy focuses on diversification of activities, leading to risk sharing and less dependence of profitability on specific areas, while ensuring synergies between different activities.

On one hand, the Group's policy that focuses on cooperation with reputable clients and, on the other hand, the nature of its activity, enable the Group to continuously expand its business, allowing promising prospects.

Aiming at long-term development, GEK TERNA Group seeks:

• an unbreakable alliance with employees, the society, the environment and economy

continuous and sustainable development

• to maintain and further strengthen its strong position in its traditional operating sectors (construction industry, power generation) in Greece, while expanding in new business areas (waste management, mining activities, etc.) and new markets abroad

- to strengthen know-how and innovation
- to enhance efficiency resulting from best practices and sustainable initiatives
- development and strengthening of human resources
- to maintain high guality in its business activities
- to ensure optimal benefits for shareholders, investors, employees and clients
- to ensure business excellence based on ethics, integrity, teamwork and transparency.

GEK TERNA Group has developed and integrated international systems aiming to achieve full control and rightful management in the main sectors of its business. The Group is deeply convinced that international management standards provide the direction that any organisation needs to follow in order to become effectively organised and develop the tools required (policies, procedures, targeting, measurement and performance indicators), thus achieving rational and balanced management.

Some of the systems applied have been certified by an independent body and the Group has already planned to expand these in the near future. According to the Group's processes, the adequacy level of the systems is checked internally and externally at regular intervals as each standard is a dynamic tool of continuous improvement for the Group.

• Quality Management System ISO 9001:2008: TERNA S.A., TERNA ENERGY S.A., ILIOCHORA S.A., GEK Services S.A., **TERNA MAG S.A., STROTIRES S.A.** 

• Environmental Management System ISO 14001:2004: TERNA S.A., TERNA ENERGY S.A., GEK Services S.A., TERNA MAG S.A., HERON

• Occupational Health and Safety Management System OHSAS 18001:2007: TERNA S.A., TERNA ENERGY S.A., GEK Services, TERNA MAG S.A., HERON

### **Participation in Public Debate**

GEK TERNA Group has always pursued innovative policies, based on the need to maintain its competitiveness and support its sustainable development. The extrovert policy that the Group has adopted led it to be actively involved in public debate, to support actions and proposals for the active promotion of a new development model that can guarantee stable growth rates and social welfare.

In this context, the Group participates in and supports business associations, organisations and bodies related to its activities and systematically promotes dialogue with them to exchange opinions, views and best practices in various sectoral or broader issues relating to the economy and the market.

GEK TERNA Group invests in a beneficial, two-way dialogue, and, for this purpose, it considers its active and systematic involvement in associations, organisations and bodies of strategic importance:

• **GAREP:** Greek Association of Renewable Energy Producers (participation in the Management through Mr G. Peristeris - chairman)

- **HAIPP:** Hellenic Association of Independent Power Producers (participation in the Management through the Managing Director of Heron member)
- **HWEA:** Hellenic Wind Energy Association (participation in the Management through an executive of TERNA ENERGY S.A. Member of the Board)
- European Renewable Energy Federation, **EREF.**
- Hellenic-American Chamber of Commerce
- Business Council Greece-Serbia
- Greek-Romanian Bilateral Chamber of Commerce
- SEV: Hellenic Federation of Enterprises



### **Governing Bodies**

#### **Board of Directors**

The Board of Directors (BoD) is the governing body that is competent for managing the Group. In particular, the BoD shapes the Group's vision, designs the investment and development strategy and ensures its effective implementation. It aims to safeguard the interests of all shareholders, with terms that promote responsible entrepreneurship and respect any party linked to or transacting with the Group and the broader socio-economic environment. As the Group's key governing body, the BoD decides on all corporate matters as defined in the company's statutes, the decisions of the General Meeting and the applicable law, except for those that are the responsibility of the General Meeting. The BoD meets regularly and extraordinarily whenever necessary for the management of major issues of special interest.

According to the provisions of Law 3016/2002 on sociétés anonymes listed on the Athens Stock Exchange, the Group's BoD may have up to twelve (12) members, appointed by the General Meeting. Seven (7) of these are executive, two (2) are non-executive and three (3) are independent non-executive members. During the reporting period, all BoD members were of Greek nationality.

#### **The Board Ensures Consistency**

The Board of GEK TERNA Group does not replace the Boards of Directors of its subsidiaries. On the contrary, it provides initiatives and supports their administrations, ensuring the smooth functioning of their structures and freedom in their actions, which is necessary for their successful adaptation to the environments in which they operate. Therefore, it significantly supports the increase of their effectiveness for the benefit of the Group.

The BoD of the Group, however, must have a supervisory role to ensure consistency in sharing the vision, its action principles, the strategy and objectives set by the Group for its entire business. Within this framework, it systematically monitors and is regularly updated by the BoDs of its subsidiaries on:

- their adaptation to the Group's strategic development plan
- their compliance with statutory and regulatory obligations

- business risks related to their activity
- the course of their operations in relation to the business plan and the targets set

Line-up of GEK TERNA Group's Board (31.12.2015) Chairman: Nikolaos Kampas, Non-Executive Member Vice-Chairman: Dimitrios Antonakos, Executive Member Vice-Chairman: Michael Gourzis, Executive Member Vice-Chairman: Angelos Benopoulos, Executive Member Managing Director: Georgios Peristeris, Executive Member

#### Members of the Board

Konstantinos Vavaletskos, Executive Member Emmanuel Vrailas. Executive Member Emmanuel Moustakas, Executive Member Panaviotis Pothos, Non-Executive Member Panayiotis Kyriakopoulos, Independent Non-Executive Member Aggelos Tagmatarhis, Independent Non-Executive Member Apostolos Tamvakakis, Independent Non-Executive Member

Executive Members are senior executives of the company who are responsible for achieving its objectives and its management. Non-Executive and Independent Non-Executive Members are persons entrusted with tasks for ensuring corporate governance.

#### BREAKDOWN OF BOD MEMBERS BY AGE AND GENDER





#### **Selection Criteria**

The composition of the Board of Directors is particularly important for the Group's operation. The Board members are elected by the General Meeting, must be professionally competent and meet certain criteria:

- promote the Group's image to all stakeholders
- be vigilant, monitoring and evaluating the effectiveness of the targets set
- have credibility and integrity
- have administrative capacity and effectiveness
- have thorough knowledge of corporate affairs
- actively contribute to development prospects
- seek harmonious cooperation with the company's managers and employees
- act with a high sense of corporate loyalty

The line-up of the BoD and the ratio between executive and non-executive members guarantees the high level of performance and efficiency of the BoD and help maintain its effectiveness. The criteria for appointing members and the formal procedures for evaluating BoD members ensure its adequacy and effectiveness in the management of the Group's affairs.

#### **Board Committees**

The BoD is supported by three (3) committees, which contribute to strengthening operational structures and enhance full transparency and accountability. The committees have an advisory role, but their proposals have a considerable impact on decision-making. The committees are:

1: The Nomination and Remuneration Committee: Responsible for the nomination of the Board members and their evaluation

- It consists of three (3) members of the Board, one (1) executive and two (2) non-executive members. One of the non-executive members is independent and is responsible for chairing the Committee

2: The Management and Investment Committee: Responsible for Administrative, Organisational and Investment issues

- It consists of three (3) Board members, one (1) of which is the CEO and is supported as appropriate by members of the BoD or non-executive or/and authorised managers

3: The Audit Committee: Responsible for ensuring the entire company's compliance with Corporate Governance Principles

- It consists of at least three (3) non-executive members of the BoD, one (1) of which is independent

#### Audit Committee line-up:

- Chairman of the Board: Nikolaos Kampas, Non-Executive Board Member
- Board Member: Panayiotis Pothos, Non-Executive Board Member
- Board Member: Aggelos Tagmatarhis, Independent Non-Executive Board Member

#### **General Meeting of Shareholders**

The General Meeting of Shareholders is the supreme governing body of the company. Since it can decide on all matters relating to the Group, the General Meeting is promptly and fully informed on corporate affairs in order to smoothly exercise its rights.

The Group guarantees the completeness, reliability and accuracy of the information received by the General Meeting on all matters relating to its business activity. To safeguard the principles of transparency and accountability, the General Meetings are attended by BoD members, auditors and any other member of the Group's senior management deemed necessary to ensure the provision of detailed information and explanations to shareholders.

#### **Risk Management and Internal Audit**

GEK TERNA Group defines operational risk as any unforeseeable, uncertain factor (internal or external) that may influence its strategic planning, its operations and its financial performance.

The BoD closely monitors the effectiveness of the Group's operations and facilitates daily communication with the competent management executives. Thus, it quickly identifies risks and may proceed promptly and dynamically to take all necessary decisions and corrective measures.

To ensure transparency and the effective management of operational risks, the BoD utilises systems and internal control mechanisms that recognise, monitor and evaluate all factors that may endanger the Group's operation. Within this context, the BoD has incorporated the internal control system in its operating regulations and has established regular internal audits in all areas of business. The aim is to protect its assets, to evaluate any potential risks to its business activity and to provide comprehensive information to its shareholders, both on the current situation and the Group's prospects, and on ways of addressing and managing already detected risks.

### **Corporate Governance Code**

### **Code of Conduct**

GEK TERNA Group applies a specific Corporate Governance Code, which includes all principles and business practices applied by the Group in order to ensure viability and effectiveness in its operation.

The Corporate Governance Code is a reference point in the implementation of the Group's integrated corporate governance system. The Code enforces the principles of transparency, business ethics and proper management of all resources of GEK TERNA Group and binds the entire Management at every level of its organisational structure. The Code of Conduct is a general framework that defines the ethical business conduct of all Group employees, who must apply its principles regardless of their position in the hierarchy or their relationship with the Group. The Code of Conduct is a rulebook of acceptable behaviour between employees and towards third parties. This ensures a high level of integrity in the conduct of the Group's people.

According to HERON's Code of Ethical Conduct, employees must apply the values and principles of Ethical Conduct in their everyday conduct and towards third parties, and:

- act in accordance with the laws and corporate rules
- not allow the integrity of their conduct to be questioned
- behave fairly and honestly
- respect any other employee or third party

### **Avoiding Conflicts of Interest**

Among other things, the BoD must ensure the avoidance of conflicts of interest. All managers and employees in positions of responsibility must act with integrity, sound judgement and responsibility and refrain from any act or action that conflicts with the interests of the Group. Specific policies and practices are applied to avoid any conflict of interest.

Board members and executives or employees in key positions in the Group, are required to declare any intention to develop activities or to carry out any transaction relating to the Group, key customer or supplier. In particular, Board members are required to declare any involvement in Boards of Directors, management bodies of legal persons/entities or professional commitments that may conflict with the Group's interests prior to their appointment to the BoD.

### GEK TERNA S.A. - GENERAL OPERATING STRUCTURE



## **Corporate Responsibility Corporate Responsibility Strategy**

### **Organisation and Management** of Corporate Responsibility Issues

Observing how GEK TERNA Group took its first steps and evolved, we note that, long before the terms Sustainability, Sustainable Development and Social Responsibility became important for businesses, the Group already had a clear vision and plan. This vision is based on the belief that the operation of businesses must follow ethical business principles and be accompanied by the corresponding responsible behaviour.

The Group's operation and success is marked by correct business decisions, which fully complied with the commitment to operate in harmony with local communities in the regions where it operates and in cooperation with all stakeholder groups with which it is affiliated. Thus, it reaffirms that financial success is closely linked to the creation of value for society as a whole and does not conflict with environmental protection.

Recognising the Group's position within the broader physical, social and business ecosystem, allows the Group to deal with stakeholders on specific bases, with integrity and deep knowledge of the impact of its decisions.

The Corporate Responsibility framework in which the Group operates:

- · defines the actions that can be taken
- establishes a common culture internally for sustainability issues
- identifies future directions
- promotes and reinforces fruitful dialogue with stakeholders
- is a driving force, a competitive advantage and a risk management methodology

The Group's position is clear and definite: Corporate Responsibility is the responsibility of all employees and there is a requirement that all, without exception, respect the principles and conducts, as officially defined.

Matters relating to Corporate Responsibility cover a wide range of activities and their efficient management requires support by a number of qualified executives. For this reason, the management of Corporate Responsibility issues has been assigned to the Group's Corporate Responsibility Team, coordinated by the Department of Communications and Corporate Social Responsibility.

#### The Corporate Responsibility Team

- is composed of executives from the main Departments of the Group
- manages everything that pertains to the management of Corporate Responsibility issues
- is responsible for collecting all the necessary data required for issuing the annual Corporate Responsibility Report
- informs employees on issues and initiatives that affect them directly
- regularly informs the senior management of the Group
- · ensures the management of the most important issues (such as Environmental Management and Health and Safety) on a daily basis • establishes procedures for coordinating the relevant programs and policies

### GET TERNA GROUP Corporate Responsibility Framework



ENVIRONMENT

**EMPLOYEES** 

**MARKET & ECONOMY** 

LOCAL COMMUNITIES

### **Global Sustainable Development Goals**

One year after the official publication of the Sustainable Development Goals - SDGs/Global Goals, the 17 goals designed to tackle the major challenges of humanity at a global level receive constant attention. Organisations and businesses around the world follow the instructions associated with the 17 formulated goals to develop or renew their strategy for Sustainable Development. GEK TERNA Group recognises the value and the role that these can play on the world stage and has identified the main goals directly related to its activities. This correspondence is a formal recognition and acceptance by the Group of the universality of the goals and of the collaboration necessary for their achievement.

6 GELAN MADER AND SANTIATION	Operating sectors: Construction Concessions, Energy, Mining, Waste Management
7 ATTORNET	Operating sectors: Construction Concessions, Energy, Waste Management
8 DECENT WORK AND ECONOMIC GROWTH	Workplace Financial Impact from our Operation
9 MAILTER ANNUALTER	Operating sectors: Construction Concessions, Energy, Mining, Waste Management
	Operating sectors: Construction Concessions, Energy, Mining, Waste Management
12 RESPONSIBLE CONCERNMENTERS AND PRODUCTION	Resources and raw material management during and operation of our Projects
13 cemane Constantion	Environmental Impact from our Operation
14 INT BELOW WATER	Waste Management and Water Disposal during th and Operation of our Projects
15 mm	Biodiversity Environmental Impact from our Opera
17 PARTNERSHIPS FOR THE GOALS	Creating Synergies for Achieving the Group's Visio Development

OBJECTIVES RELEVANT	RELEVANT AREAS
To our business	of our business
1 <sup>NG</sup> NERTY	Local communities, where we operate
<b>市</b> ¥ <b>音音</b> #	Local and National Suppliers
3 GOOD HEALTH	Workplace
AND HELL BEING	Local communities in which we operate
4 EDUCATION	Social Actions we support
5 GENDER EQUALITY	Workplace

#### ent

ent

ent

ing the construction

the Construction

eration

ision for Sustainable



## **Stakeholder Engagement**

GEK TERNA Group recognises the role of the various different stakeholder groups in the business and social environment in which it operates. It has understood that fruitful and effective dialogue as well as interactive and regular communication lay the foundations for quality partnerships that create value.

For GEK TERNA Group, stakeholders are persons and/or groups that affect or are affected directly or indirectly by its activities, decisions or projects. The Company's stakeholders are divided into two (2) categories, depending on the way they affect or are affected by the Group.

• The main stakeholders significantly affect its decisions and are materially affected by the operation of the Group.

• The secondary stakeholders are affected by or affect the decisions and activities of the Group to a lesser extent.

The Group is in a constant two-way communication with all stakeholder groups. However, stakeholders do not remain stable or stagnant and therefore the Group annually strengthens and broadens the mapping process of stakeholders with which it interacts. This year, apart from the main stakeholders, we analysed in greater depth the secondary stakeholders as well. The main issues, the communication method used with all stakeholders and the Group's response, are presented in the following table.



MAIN STAKEHOLDERS	MAIN ISSUES	COMMUNICATION CHANNELS	OUR R
Investors, Shareholders and other Capital Providers	<ul> <li>Support of Competitiveness</li> <li>Compliance with Corporate Governance Principles</li> <li>Transparency</li> <li>Extroversion</li> <li>Synergies with Stakeholders</li> </ul>	<ul> <li>Reporting of results on a 3-month, 6-month, 9-month and annual basis</li> <li>Annual General Meeting of Shareholders</li> <li>Shareholder Department</li> <li>Shareholder Briefing on All Major Developments</li> <li>Constant Contact of Financial Analysts and Investors with Competent Executives of the Group for Key Issues</li> <li>Investor Relations Manager</li> <li>Annual Presentation to Analysts</li> <li>Issuance of an Annual Financial Report</li> <li>Issuance of an Annual Corporate Responsibility Report</li> <li>Corporate Website</li> </ul>	<ul> <li>Impler</li> <li>Frame</li> <li>Improv</li> <li>Streng</li> <li>Expans</li> <li>Streng</li> <li>Issuan</li> </ul>
Customers	<ul> <li>Correct, Timely and Reliable Execution of the Project</li> <li>Compliance with all Requirements and Specifications</li> <li>High Levels of Expertise and Competency</li> <li>Support after Project Completion</li> <li>Constructive Collaboration</li> </ul>	<ul> <li>Projects Division</li> <li>Constant Contact with the Competent Executives</li> <li>Participation in Conferences, Bodies and Business Associations</li> <li>Company Website</li> <li>Issuance of an Annual Corporate Responsibility Report</li> </ul>	• Contini • Full co • Innova • Intern • Partici
Employees	<ul> <li>Labour and Social Security issues</li> <li>Stability and Safety</li> <li>Occupational Health and Safety</li> <li>Development of Skills</li> <li>Update on the Group's Sustainability Issues</li> </ul>	<ul> <li>Continuous Communication between the Management and the Employees.</li> <li>Regular Meetings and Updates</li> <li>Update via Notices on Bulletin Boards</li> <li>Updating via the Company's website</li> <li>Issuance of an Annual Corporate Responsibility Report</li> </ul>	<ul> <li>Impler Systen</li> <li>Providi</li> <li>Compe</li> <li>Addition</li> <li>Work-I</li> </ul>
Suppliers and Partners	<ul> <li>Strengthening of Local Suppliers</li> <li>Pricing Policy</li> <li>Meritocratic / Objective Evaluation</li> <li>Strengthening Communication and Information</li> </ul>	<ul> <li>Communication with Suppliers, through the Procurement Department</li> <li>Visits to Suppliers and Inspections</li> </ul>	• Suppo • Impler • Checks • Partici • New ca

#### R RESPONSE

- plementation of a Modern, Transparent and Effective Corporate Governance amework
- proving Financial Results
- rengthening Communication with Interested Parties
- pansion of Activities
- rengthening the Group's Extroversion
- suance of an Annual Corporate Responsibility Report

- ontinuous Improvement of Expertise and Competency
- Il compliance with Contractual Obligations and Requirements of the Projects
- novation in Products and Services
- ternational Standards Certification
- rticipation in Joint Ventures
- plementation of a Certified Occupational Health and Safety Management stem
- oviding ongoing Education and Training Opportunities
- mpetitive Salary Deal
- ditional Benefits and Recognition
- ork-Life Balance
- pport of Local Suppliers
- plementation of Transparent Processes for Supplier Selection
- ecks on Suppliers
- rticipation in Joint Ventures
- w categorisation of suppliers

MAIN STAKEHOLDERS	MAIN ISSUES	COMMUNICATION CHANNELS	OUR F
Local Communities, Authorities and Institutions	<ul> <li>Cooperation with Local Communities</li> <li>Supporting the Local Economy and Labour Market</li> <li>Reduction of Negative Impacts</li> <li>Increase of Positive Impact</li> <li>Group Response to Local Community Issues</li> <li>Development of Local Areas</li> <li>Hospitality</li> </ul>	<ul> <li>Ongoing Communication with Local Authorities, Local Institutional Bodies, Associations and Unions</li> <li>Participation in Activities organised by Local Bodies and Associations</li> <li>Open Dialogue Events</li> <li>Participation in Conferences and Consultation Organisations</li> <li>Related Studies and Reports</li> <li>Issuance of an Annual Corporate Responsibility Report</li> </ul>	<ul> <li>Coope</li> <li>Cover from 1</li> <li>Stren</li> <li>Mana</li> <li>Imme</li> </ul>
Government, State & Other Institutional Bodies	<ul> <li>Compliance with Legislation</li> <li>Strengthening the National Economy</li> <li>Support for Local Communities</li> <li>Enhancing Employment</li> <li>Selection of Local Suppliers</li> <li>Implementation of Transparent Processes for supplier Selection</li> <li>Checks on Suppliers</li> <li>Participation in joint ventures</li> </ul>	<ul> <li>Consultation with Representatives of the State and of Institutional Authorities at a National and/or Regional Level</li> <li>Participation in Sectoral or General Business Conferences and Events</li> <li>Publications and articles in the Press</li> <li>Issuance of an Annual Financial Report</li> <li>Issuance of an Annual Corporate Responsibility Report</li> </ul>	<ul> <li>Imple with A</li> <li>Coope</li> <li>Provid</li> <li>Extension</li> <li>Strension</li> <li>Support</li> </ul>
SECONDARY STAKEHOLDERS			
Non-governmental Non-profit organisations	<ul> <li>Financial Support</li> <li>Support of Social Structures</li> <li>Joint Solution for Environmental and Social Issues</li> </ul>	<ul> <li>Interpersonal Communication Partnerships</li> <li>Corporate Website</li> <li>Issuance of an Annual Corporate Responsibility Report</li> </ul>	• In kin • Finan • Coope • Stren
Media	<ul> <li>Accurate Information</li> <li>Timely Information Disclosure of our Actions</li> <li>Ongoing Communication</li> </ul>	<ul> <li>Press Releases</li> <li>Interviews</li> <li>Presentations</li> <li>Corporate Website</li> <li>Briefings in person</li> </ul>	• Holist and it • Maint
Business Community	<ul> <li>Healthy Competition</li> <li>Pricing Policy</li> <li>Local Community Support</li> </ul>	<ul> <li>Press Releases</li> <li>Regular Presentations</li> <li>Conferences</li> <li>Participation in Exhibitions, Conferences, Presentations, Organisations, and Business Associations</li> <li>Corporate Website</li> <li>Issuance of an Annual Corporate Responsibility Report</li> </ul>	• Health • Syner

#### R RESPONSE

- operation with Suppliers from the Local Community
- overing a Great Portion of the Projects' Requirements in Employees,
- om the Local Community
- rengthening of Local Institutions, Associations and Organisations
- anagement of Financial, Environmental and Social Impacts of the Projects
- imediate response to emergencies
- plementation of Procedures Aimed at Ensuring Full Compliance
- th Applicable Legal Framework
- operation with Local and National Suppliers
- roviding Employment at a National and Local Level
- tensive Consultation and Cooperation with Local Communities
- rengthening Entrepreneurship
- upporting the National Economy and Strengthening Extroversion

kind Support

- nancial support
- operation on Environmental and Social Initiatives
- rengthening Ties

olistic updates on our actions and issues concerning the Group Id its subsidiaries, in a timely and reliable manner aintaining solid relations

ealthy Competition vnergies



## Management of Material Corporate Responsibility Issues

The procedures followed by the Group confirm and certify that it takes account of the impacts that its operation has on Economy, Society and the Environment. The Group has identified the main pillars of its business and how they relate to sustainable development. This analysis allows it to distinguish any negative effects and the positive impact that its operation and business decisions may have at a social, environmental and financial level.

The issues that can significantly affect the profitability of activities, environmental quality, social welfare and concern the stakeholders are considered as material issues for the Group. These issues have already been identified by the Group, through the relevant procedure as defined by the international standard for Sustainability reporting. Global Reporting Initiative (GRI). In 2015, the Group reiterated this process in order to promptly identify any potential new risks and effectively utilise opportunities that have arisen.

Specifically in 2015, the Group specially focused on its employees' opinions and adapted its approach accordingly, using the structured process it had developed for identifying material aspects. The results of this process are described in detail in the table of material aspects.

### Sustainability Pillars and Material Aspects



### **TABLE OF MATERIAL ISSUES**

Important



More information about the limits of the material issues are listed in the Annex to the Report.

54 | MANAGEMENT OF MATERIAL CORPORATE RESPONSIBILITY ISSUES

#### Important for the Group



## **Caring for the Environment**

Environmental protection is a top priority for GEK TERNA Group. The Group's activities are such that they inevitably impact the natural environment in which it operates. GEK TERNA Group recognises the extent of its impact and is committed to environmental protection by implementing a particular strategy and implementing methods and practices that effectively address the environmental impacts resulting from its operation. Throughout its operational activity, the Group has established and strictly applies a specific Environmental Policy and Environmental Management System, seeking to continuously improve its performance and reduce its environmental footprint.

### **Environmental Protection Strategy**

GEK TERNA Group fully complies with the relevant legislation and the regulatory framework in the environments where it operates and seeks to go beyond the minimum requirements. It regularly monitors developments relating to environmental laws and relevant regulations in order to rapidly adapt to new conditions and requirements. It should be noted that the Group regularly assesses its level of compliance, in regard to both the relevant environmental legislation and to other regulations in force (environmental conditions, etc.). GEK TERNA Group's effort has been capitalised, since for yet another year, in 2015, no fine or other non-monetary sanction was imposed for breach of environmental legislation and other regulations.

It is a firm position of the Group that the achievement of environmental protection is achieved only when there is a collective effort and commitment: "The company's Management believes that protecting the environment is everybody's responsibility and is committed to implementing all possible measures, process, system to minimise negative environmental impacts and maximise positive environmental aspects" (Excerpt from the Environmental Policy).

# GEK TERNA Group is committed and works systematically and coherently to achieve:

- Compliance with applicable legal and other requirements in order to ensure environmental protection.
- The identification and assessment of environmental impacts related to its activities for their efficient management.
- Provision of appropriate training to employees on environmental issues.
- Reduction of the quantity and hazard of waste generated and safe management and disposal there of.
- Conservation of natural resources by reusing and recycling materials and the supply of recycled materials.
- Responsible use of energy in all Group operation
- Protection of workers and the community where the Group operates.
- Incorporating good practices, safe technologies and procedures in its operation aiming towards environmental protection.
- Active involvement in environmental protection of its employees, partners, suppliers, clients and of society at large, where it operates.
- Protection of ancient monuments, cultural heritage, flora and fauna by using environmentally friendly methods and technologies.
- Cooperation with environmental agencies and services for environmental protection.
- Continuous improvement of the Environmental Management System the company implements.

۱S.

### **Environmental Management System**

HOURS OF TRAINING **ON ENVIRONMENTAL ISSUES** 



<sup>■</sup> TERNA S.A. ■ HERON ■ TERNA ENERGY S.A.

#### Employee Training on Environmental Protection

GEK TERNA Group proves its commitment to the optimal management of issues related to environmental protection in practice, through the implementation of the certified Environmental Management System, in accordance with the requirements of the ISO 14001:2004 international standard. GEK TERNA Group's certified Environmental Management System, implemented since 2008, aims at the optimal management of environmental issues and the continuous improvement of the Group's performance in this area.

It should be noted that all of the Group's operating activities, facilities and sites, follow strict integrated management rules for environmental issues. No environmental incident and no significant release of chemicals into the natural environment occurred in 2015.

Training on Environmental Issues	TERNA S.A.	HERON	TERNA ENERGY S.A.
Number of employees	239	40	35
Hours of training	2,056	120	62

#### **Environmental Protection Inspections**

Inspections are carried out on an annual basis in all operating activities of the Group, both in its facilities and its worksites. Inspections are conducted by the Environmental Department, but also by external bodies (Independent Engineer), certifying the compliance level. To ensure the high level in regard to environmental management, inspections verify compliance with legislation and other regulations, assess the level of compliance, identify points that should be strengthened and promote continuous improvement. During 2015, a total of 32 internal environmental inspections were carried out at TERNA ENERGY and 30 inspections at TERNA. 14 inspections were carried out at Ionia Odos and 4 at E65, by an external body. For yet another year, in 2015, the adequacy of the Environmental Management System ISO 14001:2004 of TERNA and TERNA ENERGY was certified by an external body.

#### Employee Training on Environmental Protection

GEK TERNA Group stresses systematic employee training on environmental issues, aiming to their commitment, mobilisation and active involvement. Scheduled training for all employees takes place annually. Training on specialized subjects is also planned, according to the needs and requirements of the projects undertaken by the company and due to the undertaking of new roles and responsibilities by company executives.

Trainings are conducted by both the Environmental Department and external bodies, while a complete training file is kept at all worksites. In 2015, at least 270 employees were trained in specialised and general topics, such as rational storage and handling of hazardous and non-hazardous waste as well as best practices. Moreover, all environment managers at various worksites have been informed and retrained on the Environmental Management System.

**ENVIRONMENTAL** TRAINING



### **Environmental Impact** and Climate Change

GEK TERNA Group identifies, monitors and evaluates the impact of its activities and, where necessary, intervenes to reduce the environmental footprint resulting from its business activities and functions.

It is clear that climate change affects almost all areas of the Group's operations. The number of days during which construction stops due to difficult weather conditions, the increase in construction costs due to increased manufacturing difficulty, the change of wind data that affect the production of wind power, are issues attributed to climate change.

At the same time, the construction of new infrastructure projects that respond to climate change, the increased demand for electricity from thermal sources (natural gas) and RES positively affect the Group's activities.

By applying an integrated Environmental Management System, the Group gains an insight into its environmental impacts, identifies the areas and activities with the highest risk and takes all necessary measures for optimal management and continuous improvement of performance in these areas.

#### **Use of Materials and Supplies**

In order for GEK TERNA group to meet its business needs, it uses a wide range of renewable and non-renewable raw materials, materials and semi-fabricated materials. The Group's policy concerns the efficient use of raw materials and other materials to prevent the depletion of natural resources and ensure a financial benefit. Therefore, it seeks to reuse various materials, wherever possible, either in the same operating procedures, or by putting them to other uses.

#### Paper Recycling

Paper is recycled at both the Group's office buildings and worksites, with the aim of recycling all the waste volume. In 2015, a total of 8.8 tons of paper were recycled. This is a very significant increase compared with the 7.8 tons recycled in 2014.

### Electronic and Electrical Equipment Recycling

The recycling of electronic and electrical equipment is particularly important given that the substances and metals contained in various devices can cause significant environmental pollution. Recognising these impacts, GEK TERNA Group implements and applies a recycling-renewal program for electronic and electrical equipment aimed at its optimal management. In 2015, the Group recycled 142 pieces of electronic/electrical equipment, such as old PCs, printers, plotters, monitors, etc.

#### Waste Management

GEK TERNA Group applies a particular policy in regard to waste management, in order to reduce the quantity and hazardousness of generated waste. Therefore, it initially and primarily focuses on reducing its production, then at reusing it - where possible - and finally on its proper disposal. The Group has partnered with licensed companies for the management of hazardous and non-hazardous waste.

Special emphasis is placed by GEK TERNA Group on the maintenance of project equipment. Particularly as regards machinery that meet project needs, the Group forms temporary crews within the worksites, which have an environmental license by the Technical Environmental Studies approved by the competent departments of the Ministry of the Environment and Climate Change.

In addition, for liquid hazardous waste (e.g. used lubricating oils), the Group specifies their collection in suitable metal barrels "UN" type. Possible small leaks are immediately and fully taken care of using appropriate "spill kits" (sawdust, absorbent towels, etc.). It should be noted that liquid wastes are considered hazardous and should thus be managed by the duly licensed companies with which the Group cooperates.

#### Hazardous Waste

Waste Category	Type of Waste	TERNA S.A.	TERNA ENERGY S.A.	
Oil Filters (kg)	Solids	3,360	1,467	
Absorbent Materials (kg)	Solids		2,928	
Batteries (kg)	Solids	4,143	144	
Perchlorethylene (kg)	Liquids	2,233		
Used Lubricants (kg)	Liquids	55,399	9,630	
Empty Contaminated Packaging (kg)	Solids		682	
Ink cartridges (pieces)	Solids	260	233	
Batteries (AFIS) (kg)	Solids	13		

This table includes data from the offices and the worksites of Ionia Odos, E-65 (E/X Anavra – E/X Karditsa), Kallidromo – Tithorea Tunnel, Strymoniko Serres, Serres-Promachonas, Megalopolis, Zevgolatio, Mytoula W/P, Aliveri W/P, Dafnozonara W/P, Louzes W/P, Dervenochoria, Rachoula, Krekeza, Mavroplagia, Chonos, and Perikokorfi W/P.

Non-Hazardous Waste			
Mixed waste (kg)	Solids	160,790	
Wastewater (litres)	Liquids	12,775	
Iron (kg)	Solids	25,670	
Plastics (kg)	Solids	410	
Paper (kg)	Solids	1.475	600
Electronic Equipment (pieces)	Solids	142	
Bulbs (kg)	Solids	15	10
Tires (pieces)	Solids	9	
Aqueous Sludge from Boiler Cleaning (kg)	Liquids	29,670	

#### **Mechanical Equipment**

Significant environmental damage is also attributed to the machinery used by the Group for the implementation of projects. As expected, the largest part of equipment belongs to TERNA S.A. Always consistent with its commitments, the Group ensures that all machinery and vehicles replaced or purchased meet the highest standards and operate with the smallest possible environmental impact.

	TERNA S.A.	TERNA ENERGY S.A.
ROLLERS	1	
TRACTORS	1	
GENERATORS	3	
TRAILERS	1	
MARKING TRAILERS	3	
PICK-UP VEHICLES	3	7
PASSENGER VEHICLES	4	1
HYDRAULIC HAMMERS	2	
BROOMS	2	
ELECTR. WEIGHBRIDGES	4	
TUNNEL MOULDS (CONNECTOR)	1	
SUBSTATIONS	7	
FANS	2	
OIL HEATERS	3	
TOTAL	37	8

#### New Mechanical Equipment bought in 2015 with lower environmental impact.

#### **Energy Consumption**

The Group believes that energy consumption along with the consequent gas emissions is one of the most important human activities that contribute to climate change and air pollution. The Group's broad range of activities includes direct energy consumption and indirect consumption (e.g. electricity consumption supplied by third parties over a grid). In addition, the monitoring program it implements includes the energy used for employee transport, for transports carried out in the framework of various projects and for transports to sell its products and services.

ENERGY CONSUMPTION - NON-RENEWABLE SOURCES (LITRES)



#### **Gas Emissions**

Overall, all GEK TERNA Group companies systematically monitor gas emissions resulting from energy consumption and take all necessary measures to manage them, as provided by the relevant legislation. It is worth noting that the emphasis the Group places on energy issues and gas emission management is reflected in practice through its subsidiary TERNA ENERGY S.A. The Group is actively involved in energy production from renewable energy sources (RES), which contributes to a substantial reduction of CO<sub>2</sub> emissions.

The operation of the company's W/P to date has fully met the productivity and availability targets of these units, as described in the company's business plan, thus contributing to:

- a significant reduction of greenhouse gas emissions (by 320,000 tons of CO<sub>2</sub> per year)
- significant savings in domestic conventional fuel (400,000 tons of lignite per year)
- covering important energy needs (annual energy needs of 60,000 households)



## 2.361,673.42kWh

2,361,673.42 KWH OF ELECTRICITY CONSUMED IN 2015 BY THE GROUP

2.101

Diesel for generators

The data includes: TERNA S.A., TERNA ENERGY S.A., HERON, GEK Services, and all Wind Parks and Hydroelectric Dams

#### Water Use

GEK TERNA Group recognises that the protection of water resources is particularly important and thus upgrades its infrastructure and follows practices aimed at the maximum efficiency of water resources. Wherever possible, the Group seeks to apply rational use and reuse practices in order to respectively achieve a reduction in the water footprint of its activities. The largest part of the water quantities used in the Group's various activities and at the worksites are provided by the national water supply network. In rare cases where access to the national network is not possible, the Group obtains a relevant authorisation and carries out pumping works from boreholes within its worksites. Minimum quantity of water is from boreholes (79.00m3 for the needs of Heron).

## **39,076,005**m<sup>3</sup> OF WATER CONSUMED IN 2015 BY THE GROUP

The data includes: the Group's Offices (Kifissias Avenue and Mesogeion Avenue), the TERNA worksites, HERON, the Parking Station at Kifissia Platanos Square S.A., CHIRON PARKING S.A., STROTIRES S.A., Wind Parks and Hydroelectric Dams. To reduce the environmental impact, the Group implements a series of interventions with positive results in water management, often exceeding the provisions of the relevant Environmental Impact Studies. The practice of leakproof basins is a good example of proper management. Large worksites with equipment maintenance crews consume great quantities of water, among other things to wash machines, such as tankers in roadworks. The slump basins are designed to collect the water from washing work machinery, allowing solid particles to settle at the bottom and cleaner water to be guided through a pumping system to a different basin, to be reused for new machine washing. Part of the water is used by the water lorries for wetting accesses and setting the dust. This saves clean water.

#### Noise

Due to the nature of the Group's activities, in some cases it is noted that noise and vibrations affecting the surrounding environment are generated. The Group is committed to reducing noise levels and vibrations and adopts a set of measures to help address that.

**Work machinery:** Only EU-certified equipment are used, with a special marking that certifies their performance.

**Monitoring of noise and vibration levels:** Continuous checks and recording of noise levels and ground vibration speeds with calibrated portable or fixed instruments.

**Noise barriers:** Installation of screens in all areas deemed necessary and particularly in areas with busy traffic.

#### **Biodiversity**

GEK TERNA Group recognises that especially the construction industry and the energy sector play a key role in the protection and conservation of biodiversity in urban and other areas with a high environmental value. The management of biodiversity and the protection of the natural environment are key issues. The Group always takes into account the specific features of protected areas, protected species and

• fully complies with and implements the approved environmental terms of the project

• provides training to its employees to ensure the protection of the environment and of biodiversity

• accepts that its activities burden the environment and manages any impacts

• is informed in depth about the protected areas and the richness of ecosystems through which its projects pass from or are adjacent to

implements environment restoration practices

The Group has recognised that some of its operations (e.g. Wind Parks and Hydroelectric Projects) lie within sensitive areas, and are adjacent to areas close to protected areas or areas with a high biodiversity value. It therefore commits to fully implement the relevant legislation and to strictly adhere to the environmental conditions in effect for the protection of biodiversity.

ges any impacts hness of ecosys-


# **Environmental Expenditures**

Categories of Environmental Expenditures	1
1) Waste Disposal Costs, Emission Treatment and Restoration Costs	
Waste Management and Disposal	
Insurance for Environmental Responsibility	
Expenses for Equipment, Material Maintenance and Other Services and Related Personnel Costs (salaries etc.) Supply of Marking Plates Settling Worksites - Supply of Chemical Toilets. Hazardous Waste Management. Decontamination Systems in Facilities Removal of Temporary Deposits. Removal of Temporary Embankments in Bridges, of Diversion Product in Streams, Flow Restoration.	
Worksite Costs	
2) Cost of Prevention and Environmental Management	
Environmental Education and Training	
Technical Environmental Studies of Project Companions. Special and Supplementary Studies	
External Certification of Management Systems	
Construction of Special Watertight Spaces for Temporary Storage of Waste	
Supply of Leak Management Material	
Wetting of heaps, Worksites and Roads	
Temporary Storage of Temporary Earth Depot (Lease of Premises)	
Planting & Restoration of Spaces	
TOTAL	



ERNA S.A.	TERNA ENERGY S.A.	HERON	TOTAL
31,388	16,695	7,820	55,903
	462,486		462,486
452,961			452,961
84,000			84,000
38,504			38,504
76,900			76,900
1,300	900	809	3,009
5,400			5,400
2,800			2,800
341,603			341,603
54,600			54,600
519.563			519,563
			2,097,729

# Sustainable Buildings

#### Benefits of Green Buildings

The business benefits of green buildings are reflected in the recent study by the World Green Building Council (WGBC)















Analysis of net present value for operational costs, productivity and health of LEED certified buildings. WGBC- World Green Building Council, 2014



# Case Study

# **The Stavros Niarchos Foundation Cultural Centre**

# The first public building in Greece with a LEED certification

The SNFCC is the first public building in Greece and one of the first among buildings of similar scale and complexity in the world to receive a LEED Platinum certification.

The SNFCC aims at achieving the GOLD and ideally the LEED PLATINUM certification, the highest distinction for "green buildings"





#### LEED Certification

The LEED (Leadership in Energy and Environmental Design ) evaluation is a building certification system developed by the U.S. Green Building Council (USGBC).

The system certifies that a building has been designed and built using strategies aimed at:

- improving energy efficiency
- improving water efficiency
- reducing of CO2 emissions
- improving the quality of indoor environment
- rational management of resources
- dealing with their effects

The Platinum certification is the highest distinction awarded, followed by the Gold one.

The project is executed in accordance with the Greek and European legislation and regulations in the context of high technical and environmental specifications.

Construction is carried out by the Salini Impregilo-TERNA Consortium, which was selected after a long process of international standards aiming to obtain bids from recognised Greek and international construction companies. The tender for the appointment of the contractor lasted 10 months and eight companies participated. Quality and safe construction of the project based on the final architectural plans, compliance with the predetermined budget and a specific timetable, as well as the experience, expertise and financial viability of the contractor were the prerequisites for awarding the project.

#### International Standard for Environmental Sustainability Special Features

The project design was based on making the SNFCC a model of environmental sustainability. The innovative use of modern technologies and inspiring architecture are evident in all aspects of its design: in the Stavros Niarchos Park, which functions as a green home for the National Library and the National Opera, in the Channel that will provide flood protection for the entire area and also in the photovoltaic roof.

#### IN PARTICULAR. THE STAVROS NIARCHOS PARK:



The roof of the SNFCC is a construction and mechanical marvel. It is supported by 40 metal poles and its presence expresses the commitment of the Foundation and of award-winning architect Renzo Piano to ground-breaking environmental practices and innovative designs. The photovoltaic roof that will largely cover the energy needs of the two buildings, is a metal construction measuring 100 m x 100 m, which stands 14 metres above the highest point of the Park and extends beyond its perimeter.

The SNFCC is a model of environmental sustainability both for Greek and for international standards, compared to buildings of equal scale and complexity.

LARGEST GREEN SPACES



**INCREASES THE GREEN AREA BY 102%** PER PERSON IN THE REGION (FROM 0.74 SQ.M. TO 1.50 SQ.M.)

### **Construction Phase (2012-2016)**

#### **Construction Materials**

53% of materials/products used were derived or manufactured within 800 km from the SNFCC
Legal and sustainable timber was used

Waste Management

#### Waste Management

• 95% of construction waste was recycled

#### Prevention of Pollution

- Measures against erosion and sedimentation
- Dust suppression measures
- Noise control procedures

#### Indoor Air Quality Management Plan

- Filtration systems in air handling units
- The stored or installed absorbing materials were protected from moisture

#### Use of Low-Emission Materials

- Adhesives and sealants
- Paints, coatings and carpet systems
- Composite wood products

#### Innovative Methods

• Use of ferrocement in the construction of the roof

• Many of these construction and worksite management methods were applied for the first time worldwide

The development and completion of the Stavros Niarchos Foundation Cultural Centre is a new model for cooperation between the public and private sector, ensuring wider and long lasting positive effects



### **Operation**

# **Immediate and Long-term Contribution to the Greek Economy**

#### Energy Efficiency of the Buildings

- Saving 7.4 GWh of energy per year
- Reduction of annual carbon dioxide emissions by 2,750 tons
- Reduction of operating expenses by €600,000 a year

• 10,000 m<sup>2</sup> of photovoltaic modules. improved insulation, high performance windows, green roofs, automatic shading, energy recovery devices, daylight sensors

#### Optimal Water Use

- Irrigation of 210,000 sq.m. with non-potable water using boreholes and desalination
- Minimisation of water evaporation at the Park
- Flood protection
- Treatment and reuse of greywater (85% of greywater produced)

#### Strengthening Local Biodiversity and Ecosystems

- 1,450 trees and 280,000 shrubs, Mediterranean species
- 17,000 sq.m. of green roofs
- Return of birds and insects to the area

75% of the €596 million total donation from the Stavros Niarchos Foundation for the Stavros Niarchos Foundation Cultural Centre has been spent in Greece.

#### DURING CONSTRUCTION 2012-2016:



#### WITH ITS OPERATION (ANNUALLY)

**JOBS** 



The figures come from a study carried out on behalf of SNFCC and take into account direct, indirect and inductive effect of the project.







# The Stavros Niarchos Foundation Cultural Centre - At a glance



2015





Timely introduction of innovative interventions (e.g. pumps and timers) saved a total of 100,000 KWh for 2015

Non-Hazardous Waste (tons)	SNFC	C	Subcon	Subcontractors		
	Recovery, reuse and recycling (remediation included)	cling (remediation		Storage (landfills / dumpsites)	Total	
Aggregates	87.42	0	8,654.61	0	8,742.02	
Excavation waste Fluids (mud) and Solids	16.82	0	1,664.9	0	1,681.72	
Metals	11.25	0	1,113.40	0	1,124.65	
Plastics	0.12	0	12.32	0	12.44	
Packaging	2.59	0	377.19	0	379.78	
Mixed/Garbage	0.16	2.37	16.24	52,93	71.69	
Electronics	0.24	0	0.44	0	0.68	
TOTAL	118.60	2.37	11,839.09	52,93	12,012.98	

Hazardous Waste (tons)	SNFC	C	Subcon		
	Recovery, reuse and recycling (remediation included)	Storage (landfills / dumpsites)	Recovery, reuse and recycling (remediation included)	Storage (landfills / dumpsites)	Total
Used Lubricants	0.01	0.01 0 0.84		0	0.85
Paints, solvents and additives	0.03	0.01	3.17	1.19	4.40
Oil Filters	0	0	0	0.13	0.13
Contaminated Soil	0.01	0.02	0.63	2.16	2.82
Empty Contaminated Packaging	0	0.01	0.46	0.86	1.33
TOTAL	0.05	0.04	5.10	4.34	9.53

Water consumption: 21,960 m<sup>2</sup>





#### Investments in Health and Safety ( $\pmb{\epsilon}$ )

Reorganisation - Security Systems/ Maintenance of the Fire Prevention System

Equipment - Upgrading of Personal Protective Equipment

Expenses for Medical Supplies at the First Aid Station/Emergency Incidents

Total Gross Remuneration of Employees working in Health and Safety

Health and Safety costs (training, etc.)

TOTAL

16,936
12,364
1,926
275,532
50,000
356,758

# Innovative Wind Park of 73.2 MW at "Aghios Georgios" Islet

The Wind Park on the islet of Aghios Georgios is developed by TERNA ENERGY and is the largest investment in electricity generation from RES to be implemented in Greece. The islet of Aghios Georgios is located in the sea area south of Cape Sounion. The Wind Park developed on the islet will operate as an independent power plant and will provide electricity to the National Grid via a high-voltage submarine cable. This is the first on shore wind station with features similar to those of an off shore Wind Park and enables the use of the Aegean Sea high wind potential to a large scale.

The extremely important investment reaches €150 million. and has multiple energy and environmental benefits. The electricity to be generated annually will correspond to covering the energy needs of nearly 50,000 households per year.

# INVESTMENT



73.2 мw

WIND POWER PLANT

WIND TURBINES 9 V90-3.0 MW TYPE TURBINES 14 V112-3.3 MW TURBINES





50.000 HOUSEHOLDS IN ATHENS, REPRESENTING 1% OF HOUSEHOLDS IN THE COUNTRY, WILL COVER THEIR ANNUAL ELECTRICITY NEEDS



180.000 TONS CO2 OF EMITTED POLLUTANTS AVOIDED PER YEAR



# Marketplace

GEK TERNA Group, consistently and fully committed to the principles of responsible business, continues without fail to support the Greek market and is developing dynamically in all markets where it operates. Aiming at creating value, it carries out its business in the domestic and international scene becoming a responsible development and economic stability pillar.

GEK TERNA Group through a multifaceted activity and driven by business excellence invests in the prospects of each market, supports the economy, assists in the development of local communities, where it operates, and contributes effectively ensuring the transition to a very promising future.

As regards its footprint, GEK TERNA Group recognizes that in some areas of its business activity the distribution of social dividend is of greater scale, the benefits are more direct and produce a multiplier effect. In these areas, GEK TERNA Group is working systematically and places special importance, since any potential delay or pause in operations of such activities could have correspondingly extended negative implications.

In this context, special emphasis is given by the Group in the construction sector and in particular in the construction of infrastructure projects, since the economic and social benefits are important both during the construction period and after the completion of works. The positive impact of infrastructure projects is clear. As a first step, direct and indirect jobs are created during construction, while the supply of products and services primarily supports the local market. As a second step, upon handing over the projects and during operation thereof, users enjoy safe driving, the cost of transporting goods is reduced, entrepreneurship in local markets is facilitated, local economies and communities are strengthened and special interest sectors such as tourism are promoted. It is worth noting that according to a recent analysis by the International Monetary Fund, the propagating benefit of infrastructure construction works is among the highest in the economy, since for each one (1) euro invested, three (3) euros are added to the Gross National Product of the country.

Positive impact and environmental benefit are the direct outcomes from developing and operating Wind Parks and Hydroelectric Projects. This equally reduces power needs from thermal sources, emissions of pollutants generated and of emissions generated from the transfer of thermal fuel from their place of production.

# We operate with Respect to Local Communities

# **High Quality**

The construction projects undertaken by GEK TERNA Group are large scale, complex and last long, so they have a major impact on the areas, where they are carried out. With total respect to local communities, GEK TERNA Group is committed for its responsible business activity and fosters frank, two-way, meaningful dialogue at all stages of its projects' construction.

Oriented to mutual benefit, the Group pursues the maximum cooperation and consensus to create value. Starting from the design phase, it prepares Environmental and Social Impact Assessment Studies in order to identify any negative impacts and deal with them effectively, while during the construction phase, it enables affected stakeholders to be involved in monitoring the anticipated impacts, throughout the construction of the project.

GEK TERNA Group fully complies with national legislation, international protocols and relevant standards as regards the design and delivery of projects. The Group also strictly and rigorously applies international systems to ensure that no project is released from one production phase to the next, if its quality characteristics have not been met. The procedures of completion, acceptance, temporary handover and final acceptance are observed strictly in public and private projects and ensure the proper execution of the project.

Moreover, for GEK TERNA Group, high quality of procured materials and services are a paramount concern and uncompromising value. GEK TERNA Group sets strict conditions specifying the quality characteristics for each procurement and ensures the high quality of projects under construction, practically proving the responsibility that governs its business activity.

### **Responsible Procurements**

Due to its size and expanded activity, GEK TERNA Group carries out substantial procurements of materials both in terms of the volume of materials, services and works, with a large number of suppliers in Greece and abroad. Focusing on the principles of responsible entrepreneurship, GEK TERNA Group evaluates its entire supply chain and sets prerequisites for each cooperation:

• strict observance of the relevant social security and labour law

• full compliance with the regulatory framework relating to Health and Safety at work

• commitment to its policies, procedures, standards and Management Systems

GEK TERNA Group respects the internationally agreed principles pertaining to the protection of human rights and seeks to implement them throughout the range of its activities. A prerequisite for each cooperation with any supplier and/or partner is for them to fully comply with this condition.

GEK TERNA Group also focuses on minimising the impact of its activities on the natural environment. Within this framework, during the selection of suppliers and/or partners, complying with a certified environmental management systems is positively assessed and in special cases (e.g. waste management partner companies, etc.) it is a prerequisite.

In 2015, the Group had 4,007 suppliers, with a total procurement value of €838,667.000

#### International Activity-Group



International activities	GEK TERI	NA Group	TERNA S.A.		
Supplier Classification based on geographical range	Value of Supplies (thousand €)	Number Suppliers	Value of Supplies (thousand €)	Number of Suppliers	
Local Suppliers	630,157	3,471	486,088	2,504	
National Suppliers	146,958	402	104,679	311	
International Suppliers	59,299	130	35,901	96	
Affiliated Companies	2,253	4	13,483	15	
TOTAL	838,667	4,007	640,151	2,926	

MARKETPLACE 95

# **Strengthening Local Suppliers**

The Group provides material support to local communities and suppliers. The data shows that throughout its operational activity, GEK TERNA Group supports local communities in the areas where it operates and actively supports their economies, thus contributing to their social cohesion and development.

The vast majority (93%) of GEK TERNA Group procurement for its activities in Greece are Greek companies (local and national suppliers), thus certifying the positive footprint of the Group to the economy and society.

Of all suppliers coming from local communities, the largest part relates to the construction sector of GEK TERNA Group with supplies of material and equipment to be incorporated in the projects.

Cleasification of ourpliana	GEK TER	NA Group	TERNA S.A.		
Classification of suppliers in Greece based on geografical range	Value of Supplies (thousand €)	Number of Suppliers	Value of Supplies (thousand €)	Number of Suppliers	
Local Suppliers	340,567	2,397	284,223	1,854	
National Suppliers	146,958	402	104,679	311	
International Suppliers	34,966	104	31,536	76	
Affiliated Companies	2,253	4	3,806	10	
TOTAL	524,744	2,907	424,244	2,251	

Similar results are obtained from the analysis of TERNA S.A. procurements. 82.4% of suppliers are exclusively part of local communities and 13.8% are national suppliers. Overall, over 90% of the procurement value end up directly to Greek (local and national) suppliers.

Any change in the level of construction activity, will result in a corresponding change in demand. Therefore, the increase or decrease of construction activity results in the respective increase or decrease in demand from suppliers.Due to the large number of suppliers in construction activities, the change in activity have a broad impact, albeit this does not apply in the electricity sector, given that facilities are constructed by the Group's construction branch and partnerships consist mainly of high-tech companies.

#### Responsible Communication and Marketing

The main aim of GEK TERNA Group is the holistic information to all stakeholders as regards its business operation, its activities and its products. The Group has set strict rules and standards for the implementation of communication plans and marketing. Within this context, all promotional activities are legal, ethical, trustworthy and governed by the principles of responsible entrepreneurship. Till this moment, no case of non-compliance has ever occurred that could diminish all or part of our strategy for communication and marketing. Formal policies and codes of both the Group and individual companies are posted on their websites, and are available to the public.

#### Activities in Greece





# **Caring for our People**

GEK TERNA Group views its people as its most valuable asset. The Group currently employs a significant number of employees, covering different sectors and specialisations.

Our people are the driving force in the Group's strategic investment and development plans and there is no doubt that the Group owes a major part of its success to them.

Group has managed to establish a homogeneous environment and to form a corporate culture despite its dispersion and diversity in its operating areas, providing its employees with the proper working conditions for them to grow and create. Their professionalism, competence and dedication have given the Group a competitive advantage and leading position in the markets where it operates, transforming our business vision into a successful business activity.

GEK TERNA Group recognises and rewards everybody's contribution to the objectives and aims not only to maintain but also to strengthen the ties of trust it has built by fostering bidirectional, fruitful dialogue. It is committed to the management of human resources in a responsible manner, creating all the conditions ensuring a balanced and safe working environment. The Group cares for its employees' health and safety, invests in expanding their training, respects and protects their rights, provides promotion prospects, equal employment opportunities and supports diversity.



# **Job Creation**







TOTAL NUMBER OF EMPLOYEES EMPLOYED UNDER INDEFINITE TERM EMPLOYMENT CONTRACTS The largest number of employees works in Greece, Bahrain and Qatar. In its 2015 Report, the Group proceeded to a further analysis of the data and decided to communicate additional details related specifically to TERNA S.A. The presented employees of TERNA S.A. are also included in the overall Group data.

■2012 ■2013 ■ 2014 ■ 2015

	2012	2013	2014	201	15
Employees by Country				GEK TERNA Group	TERNA S.A.
Greece	1,239	1,415	2,806	2,598	1,816
Albania	29	39	2	2	2
Serbia	235	422	390	245	245
Bulgaria	96	190	259	229	229
Romania	0	0	0	2	2
Former Yugoslav Republic of Macedonia	5	3	4	1 1	
Bahrain	913	615	1,320	1,594	1,594
Saudi Arabia	0	0	3	4	4
Qatar	1,176	1,169	931	668	668
United Arab Emirates	599	428	561	473	473
Poland	0	0	8	0	0
United States of America	6	6	6	8	0
TOTAL STAFF	4,298	4,287	6,290	5,824	5,034





#### **GREECE: BREAKDOWN BY GENDER AND YEAR**



TOTAL NUMBER OF EMPLOYEES – GREECE



It is the Group's standard policy in all countries where it operates to strictly adhere and implement the legislation in force. All GEK TERNA Group employees are covered by the regulatory framework of social security provided.

Due to the nature of the Group's activity, its needs in workforce are mainly covered by male employees. However it is the Group's standard policy to include more women in its companies. Therefore, it encourages any effort made to increase the proportion of women to the total number of employees.

#### GREECE: BREAKDOWN BY GENDER AND AGE



Staff (Greece)	2012	2013	2014	2015		
				GEK TERNA GROUP TERNA S.A.		
Men	1,004	1,148	2,409	1,690	1,216	
Women	235	267	397	272	123	
Total Staff, Greece	1,239	1,415	2,806	1,962	1,339	

Staff (Greece)	2012	2013	2014	2015		
		GEK TERNA GROUP TERNA S.				
Men	1,004	1,148	2,409	1,690	1,216	
Women	235	267 397		272	123	
Total Staff, Greece	1,239	1,415	2,806	1,962	1,339	



It is worth noting that the vast majority of employees working at GEK TERNA Group receive salaries that exceed the minimum fees set by the relevant legislation. In particular, the compensation of employees classified as "craftsmen" corresponds on average to a salary that is 25% higher than the average of the collective labour agreement (on average €586.08).

The Group, with a high sense of responsibility and taking into account the cost of living in all the different environments where it operates, offers salaries that extend beyond the minimum fees that are mandatory by law. The Group seeks to meet the needs of its employees, recognising their contributions and ensuring quality of life, both to themselves and to their protected family members.

#### New Employee Hires by Country & Age

Country & Age		GEK TERNA GROUP			TERNA S.A.			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Greece	42	456	129	627	24	285	95	404
Serbia	105	116	50	271	-	-	-	-
Bulgaria	28	45	15	88	-	-	-	-
Bahrain	275	278	5	558	-	-	-	-
Saudi Arabia	1	-	-	1	-	-	-	-
Qatar	12	31	1	44	-	-	-	-
United Arab Emirates	46	34	2	82	-	-	-	-
United States of America	1	5	2	8	-	-	-	-
TOTAL	510	965	204	1,679	24	285	95	404

#### GEK TERNA GROUP: NEW EMPLOYEE HIRES BY COUNTRY AND AGE





#### GEK TERNA GROUP: NEW EMPLOYEE HIRES BY REGION AND AGE



#### TERNA S.A.: NEW EMPLOYEE HIRES BY REGION AND AGE



#### GREECE: NEW EMPLOYEE HIRES BY GENDER AND AGE



■ <30



#### Employee Turnover by Country & Age

Country 9 Are	GEK TERNA GROUP				TERNA S.A.			
Country & Age	<30	30-50	>50	Total	<30	30-50	>50	Total
Greece	46	472	206	724	25	313	144	482
Serbia	173	169	76	418	-	-	-	-
Bulgaria	32	63	14	109	-	-	-	-
Former Yugoslav Republic of Macedonia	1	-	-	1	-	-	-	-
Bahrain	117	163	4	284	-	-	-	-
Qatar	105	175	23	303	-	-	-	-
United Arab Emirates	29	81	3	113	-	-	-	-
TOTAL	503	1,123	326	1,952	25	313	144	482

GEK TERNA GROUP: EMPLOYEE TURNOVER BY COUNTRY AND AGE



#### TERNA S.A.: EMPLOYEE TURNOVER BY AGE



#### Employee Tu r hy Condor and Ag

Greece: Employee Turnover by G	ender and Ag	6						
Gender & Age	GEK TERNA GROUP				TERNA S.A.			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	39	440	203	682	22	292	142	456
Women	7	32	3	42	3	21	2	26
TOTAL	46	472	206	724	25	313	144	482

#### GREECE: EMPLOYEE TURNOVER BY GENDER AND AGE



#### Greece: Employee Turnover by Region & Age

Region & Age	GEK TERNA GROUP				TERNA S.A.			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Central Greece	40	395	171	606	20	235	110	365
Epirus	-	-	-	-	1	5	-	6
Peloponnese	3	46	15	64	2	44	14	60
Macedonia	-	9	3	12	-	7	3	10
Thessaly	3	18	14	35	2	18	14	34
Aegean Islands	-	4	3	7	-	4	3	7
TOTAL	46	472	206	724	25	313	144	482

#### GREECE: EMPLOYEE TURNOVER BY REGION AND AGE



CENTRAL GREECEEPIRUSPELOPONNESE MACEDONIA THESSALY AEGEAN ISLANDS THRACE IONIAN ISLANDS

CARING FOR OUR PEOPLE | 107



# **Training and Employee Development**

The activities of the Group require continuous development and training of human resources to achieve its strategic plan. The educational needs of the Group vary according to the areas of its business activity, however, the objective to enhance the knowledge and skills of all employees at every level of its organisational structure is a common one.

GEK TERNA Group invests in the education and training of its employees, because it recognises that it is the key to effective management of the challenges related to business activity and its dynamic adaptation to the markets where it operates. Aiming to high performance and professional competence, GEK TERNA Group provides opportunities and tools to all of its employees in order to upgrade their knowledge, develop their personal abilities and advance their skills.

Internal training sessions or training by external bodies are carried out on an annual basis on a range of topics, based on the needs that arise in each case. The nature of the Group's activities is such that requires adaptation to training techniques of experiential nature that take place in actual working conditions ("on the job training") with the active participation of employees. A significant part of the employee training is carried out with this form of training from superiors, colleagues or/and special trainers.

In 2015, a total of 2,140 hours of training were implemented for managers.

			GEK TERN	IA GROUP					TERN	A S.A.		
Position / Total training hour Hierarchy		ours	Average hours of training per rank			Total training hours			Average hours of training per category			
	Men	Women	Total	Men	Women	Total	Men	Total	Total	Men	Women	Total
Administrative Staff	1,052	1,088	2,140	8,09	5,44	6,48	389	576	965	6,17	5,38	5,68

Average hours of Training per Employee Category in Greece

### Number of Participants by Subject



**GEK TERNA GROUP** 







239 3 80

Quality

Accounting

Management

Environment

Other

5,913

Health and Safety

IT Issues





Training Hours by Subject						
Subject (2015)	Total training hours per subject					
	GROUP GEK TERNA	TERNA S.A.				
Quality	40	-				
Accounting	442	118				
IT issues	40	-				
Management	56	-				
Health and Safety	5,406	4,906				
Environment	2,238	2,056				
Other	26	6				
Total hours	8,248	7,086				

Employees may have attended multiple training courses.

Training Hours by Subject



### **Principles of Human Resource Management**

Group Employee Breakdown by Country and Gender (31/12)

					2015		
Gender	Country	2012	2013	2014	GEK TERNA Group	TERNA S.A	
	Greece	1,004	1,148	2,409	2,206	1,595	
	Albania	23	33	1	1	1	
	Serbia	218	399	363	224	224	
	Bulgaria	77	171	238	210	210	
	Romania	0	0	0	0	0	
	Former Yugoslav Republic of Macedonia	1	1	1	1	1	
	Bahrain	859	562	242	1,507	1,507	
	Saudi Arabia	0	0	3	4	4	
	Qatar	1,160	1,154	915	654	654	
	United Arab Emirates	591	420	548	462	462	
	Poland	0	0	6	0	0	
	United States of America	4	4	4	6	0	
	Total Men	3,937	3,892	5,730	5,275	4,658	
	Greece	235	267	397	392	221	
	Albania	6	6	1	1	1	
	Serbia	17	23	27	21	21	
	Bulgaria	19	19	21	19	19	
	Romania	0	0	0	2	2	
	Former Yugoslav Republic of Macedonia	4	2	3	0	0	
Women	Bahrain	54	53	78	87	87	
	Saudi Arabia	0	0	0	0	0	
	Qatar	16	15	16	14	14	
_	United Arab Emirates	8	8	13	11	11	
	Poland	0	0	2	0	0	
	United States of America	2	2	2	2	0	
	Total Women	361	395	560	549	376	
otal Staff		4,298	4,287	6,290	5,824	5,034	

#### Remuneration and benefits policy

GEK TERNA Group applies a specific policy for employee remuneration and benefits in order to ensure the transparency and meritocracy required. Within this framework, it has set evaluation criteria and evaluation indicators as regards the seniority of the job position, the responsibilities and the tasks arising per job position, educational background, experience, skills, the ability to implement the objectives and performance level of employees. As regards additional benefits -such as a company vehicle, laptop, mobile phone etc. as the case may be- it is specified that these are provided by the Group when specific criteria are met relating mainly to the needs and requirements arising from the job positions.

GEK TERNA Group policy provides for the practical implementation of equal remuneration for men and women at the same job position. Remunerations and benefits do not in any case depend on gender and/or other features of employee diversity.

#### **Equal Opportunities**

A key concern of GEK TERNA Group is to develop a working environment of equal opportunities without discrimination, where every employee will be treated fairly and on merit, based on his/her competences and performance. Within this context, the Group complies with non-discriminatory criteria on all matters relating to human resources management - recruitment, salary, promotions, training, dismissals, etc. In any case the decisions of the Group are not connected to or influenced by any form of discrimination with regard to gender, nationality, language, religion, political beliefs, disability or sexual orientation of the employee.

### **T 1.086** GROUP **EMPLOYEES** HAVE A CORPORATE MOBILE TELEPHONE CONNECTION, OF WHICH 603 BELONG TO TERNA S.A.

**112 GROUP EMPLOYEES** USE A COMPANY CAR, OF WHICH 95 BELONG TO TERNA S.A.

# **23** PEOPLE

(3 MEN AND 20 WOMEN) FROM THE GROUP, HAVE REQUESTED AND RECEIVED MATERNITY AND PATERNITY LEAVES IN 2015. OUT OF THESE, 2 MEN AND 15 WOMEN BELONG TO TERNA S.A.



Greece Breakdown of Employees by Hierarchical Level and Gender

Tier level	(	EK TERNA GROU	Р	TERNA S.A.			
	Men	Women	Total	Men	Women	Total	
Administrative staff	130	200	330	63	107	170	
Technicians	230	29	259	126	11	137	
Craftsmen – other	1,330	43	1,372	1,027	5	1,032	
TOTAL	1,690	272	1,962	1,216	123	1,339	

\* BoD members are not counted in the total workforce

GREECE: BREAKDOWN OF EMPLOYEES By Hierarchical Level and gender





# Human Rights

GEK TERNA Group seeks to apply internationally agreed principles on the protection of human rights as these are defined in the International Declaration of Human Rights. Due to the fact that the Group is spread worldwide, it operates in accordance with national and local authorities and recognises the responsibility proportionate to it. Therefore, GEK TERNA Group applies strict policies of compliance for the protection of human rights and ensures their full implementation throughout the range of its activities.

Particular emphasis is placed by the Group in regard to child and forced labour and it ensures, by implementing appropriate control procedures upon recruitment, that all employees engaged in its activities are of legal age.

It should be noted that till now there has been no incident of human rights violation throughout the operation of the Group in the areas it operates in.



# Health and Safety in the Group

Protecting Health and Safety at work is a fundamental principle and prerequisite integrated in every operational activity of the Group. Ensuring the highest possible level of Health and Safety protection for employees, contractors and partners in general, is an indisputable priority.

GEK TERNA Group continuously improves its strategic plan for Health and Safety and is committed to strengthening its policies and the Health & Safety Management System implemented.

### Health and Safety Strategy

GEK TERNA Group fully complies with the provisions of applicable national, European and international legislation. Within this framework, it implements a particular policy and also a Health and Safety Management System to identify and mainly to minimise risks related to its activities.

The Health and Safety policy applied by the Group is clear and is an organised framework with principles of action that provide guidance and promote Health and Safety at work. The Health and Safety Policy commits the entire Group and all those who, directly or indirectly, relate thereto and to its operation.

In order to strengthen its policy on Health and Safety, the Group implements, monitors, evaluates and intervenes by applying a globally recognised Health and Safety Management System aiming to achieve:

• full compliance with legal and other national, EU and international requirements relating to Health and Safety

• the effective recognition of occupational risks in order to combat them, and the development of a coherent and comprehensive prevention methodology

- prevention of injuries, diseases and adverse Health & Safety incidents
- appropriate, adequate training on Health & Safety issues

• immediate investigation of each accident / incident for the evaluation of factors that led thereto and taking measures to prevent similar incidents in the future

•integration of technologies, best practices and operating procedures that provide the necessary security to employees, contractors and third parties Compliance with all rules and taking all necessary measures to effectively protect Health and Safety at work are top concerns of GEK TERNA Group. The practical commitment of the Group to Health and Safety issues is certified by both the formal Health and Safety Policy and the compliance of the certified Health and Safety Management System in accordance with the requirements of the international OHSAS 18001:2007 standard that is applied and binds TERNA and TERNA ENERGY.

### Health & Safety is Integrated in our Operation

The Group recognises that the integration of Health and Safety principles and absolute commitment to their implementation, can guarantee the safeguarding of human life itself. Within this context, it becomes clear that effective protection of Health and Safety at work is achieved only with the participation of all parties involved. Both management teams and employees and other stakeholder groups involved in its operational activity must actively participate and be actively committed to the Group's Health and Safety Principles.

The Group's approach is analysed in five pillars, aiming to achieve full integration of the Health and Safety Principle throughout its operational activity. More specifically:

- 1. Active Role of the Management
- 2. Employee involvement
- 3. Partnerships based on Health and Safety
- 4. Actions that promote Health and Safety
- 5. Inspections for compliance check

#### 1st Pillar - Active Role of the Management

The management teams of The Group have taken an active role in managing Health and Safety issues and contribute to achieving the objectives and the strategic plan set by the Group. They work in a concentrated, systematic and coordinated manner for this purpose, focusing particularly on the awareness of employees, subcontractors and other stakeholders, in order to change attitudes and to establish a corporate culture on Health and Safety.

In particular, the Group's management teams are committed to the principles of Health and Safety and they focus daily on the prevention and protection from risks for all their activities. They guide employees and all those who are involved in their operational activities, as regards the integration of Health and Safety principles at every stage of their work. They encourage their involvement in activities relating to Health and Safety. They reward responsible behaviour, good practices and safe initiatives. They intervene immediately and effectively in case of non-compliance. They continuously evaluate the systems and measures relating to Health and Safety at work and proceed directly to the

necessary actions in order to improve and/or support, where appropriate.

#### 2nd Pillar - Employee Involvement

In order to ensure a high level in the management of Health and Safety issues in each company of The Group, there are Health and Safety Committees, where the Management and the employees are commonly represented. The percentage of employees represented in these committees exceeds 75%, which strengthens the Group's belief in the success of the strategic plan and of the objectives set for Health and Safety.

#### 3rd Pillar - Partnerships based on Health and Safety

True to the Responsible entrepreneurship principles it serves and driven by its professional conscience, GEK TERNA Group sets as a prerequisite for cooperating with any contractor that all necessary regulations for Health and Safety are applied and that the respective regulations of the Group are in full compliance with. It should be clarified that compliance with Health and Safety regulations is mandatory and binding for all personnel employed by contractors and also for partners used for carrying out the Group's work.

#### 4th Pillar - Actions that Promote Health and Safety

GEK TERNA Group discloses its commitments to the promotion of Health and Safety to employees, suppliers, contractors, clients, public services and the general public. It undertakes and implements a range of initiatives aimed at raising awareness of stakeholders on Health and Safety issues. It regularly invests in pioneering technologies, best practices and proven methods to enhance its performance and efficiency in these issues. It provides the necessary resources and means to all those employed by the Group aiming to get them actively involved in the common effort to prevent and avoid accidents.

#### 5th Pillar - Compliance Control Inspections

Inspections are carried out annually, both at the operational activities and at the Group's facilities. Inspections are carried out by the competent Department, but also by external bodies. The aim of these inspections is to ensure compliance

with legislation and other regulations, and to evaluate the level of compliance and continuous improvement.

During 2015, a total of 32 internal inspections were carried out on Health and Safety issues at TERNA ENERGY and 30 inspections at TERNA.

#### Occupational Health and Safety

The people of GEK TERNA Group are the Group's most valuable asset, which is why their Health and Safety is a non-negotiable principle. Within this context, the Group systematically works on prevention and protection measures to minimise accidents and occupational diseases.

GEK TERNA Group has prepared Occupational Risk Assessment Studies for all of its operational activities and for every operation. Therefore, through a documented and scientifically sound methodology, it has identified hazard sources relating to its operation. Then has estimated the effects on the Health and Safety of its Employees and has introduced the appropriate risk-based recruitment procedures and protection measures necessary, where appropriate, for safeguarding its employees.

Furthermore, especially for every project it undertakes, it installs a Health and Safety System (SAS) and a Health and Safety File (HSF) at every worksite, according to national legislation. These studies relate to procedures and protocols that ensure a high level of prevention and protection against risks during work and bind all stakeholders, employees, partners and suppliers. The total lost workdays due to incidents amounted to 740 (508 days in Greece; 232 days abroad) for TERNA. For TERNA ENERGY, the total lost workdays due to accidents were 3 and all concerned subcontractors. All incidents related to male employees in active sites of the company, the most important of which are: Apion Kleos, Ionian Odos, the Stavros Niarchos Foundation Cultural Centre, E65, Megalopolis, Serres - Promachonas. The Health & Safety indicators include also employees of subcontractors carrying out work at the company's worksites.

To ensure the health of its employees, the Group carries out measurements of natural factors at a regular basis in all those facilities and projects, where risks associated with natural factors have been identified. These measurements are based on the Occupational Risk Assessment Studies that have been prepared.

Especially for the prevention and protection of the employees health, the Group collaborates with Occupational Health Medical Practitioners who closely monitor the health of employees. Especially during the scheduled monthly visits to all Group facilities, the Occupational Health Medical Practitioners clinically examine the employees, give their opinion on issues relating to their health, consult and monitor the state of their health by accordingly updating their personal health records.

In addition, for the protection of employees' health, GEK TERNA Group schedules medical examinations in accordance with the legal framework and the specificity-risk of the project (vaccination programs, musculoskeletal and eye examination, blood tests, spirometry, audiograms).

TERNA S.A.

© 29,487,611 TOTAL WORKED WORK HOURS

**5,920** TOTAL LOST WORK HOURS

#### Health and Safety Programs

Particular emphasis is placed by the Group on the area of training and development of human resources. Aiming to understand and actively engage all employees, the Group provides systematic training on Health and Safety issues. Especially for employees that work in projects, a specific training plan has been designed with enriched content that aims to efficiently prepare them, to further develop their skills and enhance their technical proficiency.

The trainings are conducted by both the Health and Safety Management and by security officers or even external bodies according to the level and the subject. Basic training subjects include: first aid, fire safety, road safety, safe use of explosives, work at height, general safety rules, use of personal protective equipment, emergency issues

#### LOST WORKDAYS – GREEK WORKSITES



LOST WORKDAYS – WORKSITES ABROAD – TERNA S.
---



#### NUMBER OF ACCIDENTS – WORKSITES ABROAD



Health and Safety Indicators	TERNA S.A.	TERNA ENERGY S.A.
Lost Workdays Due to Accident	740	3
Incidents Without Absence Days	0	0
Fatalities	2	0
Near Misses	5	3
Total Accidents with Absence Days	39	1
Small Scale Accidents (absence from work up to 3 days)	8	1
Serious Accidents (absence from work for more than 3 days)	31	0
Number of Occupational Diseases	0	0
Absence Days	0	0
Injury Rate	1.323	0.319 (3.194)
Injuries Severity Rate	2.51	0.0096 (9.58)
Injury Rate (IR)	0.265	0.639
Occupational Diseases Rate (ODR)	0	0
Lost Day Rate (LDR)	5.01	1.916
Absence Rate (AR)	0	0











<b>Investments in Health and Safety</b>	Total (in €)
Application – Upgrading of Personal Protective Equipment	193,092,18
Upgrade of Mechanical Equipment and Vehicle Purchase	174,780,77
Certification for Lifting and Other Machinery	57,480,31
Safety marking (cones, fencing mesh, flashing lights, worksite signs)	44,670
Reorganisation/ Maintenance of the Fire Prevention System	27,763,55
Expenses of OHS Management (education, OHS system certification, etc.)	12,584,65
Other	6,843,90
Upgrading of Working Area	4,734,12
Project Insurance	4,290
Employee Medical Coverage Program	1,600
External Certification of Management Systems	5,300
TOTAL	533,139,48

It includes investments made by TERNA S.A., TERNA ENERGY S.A., Heron and GEK Services

Training on Occupational Health and Safety Issues	TERNA S.A.	TERNA ENERGY S.A.	<b>GEK Services</b>
Number of Participants	5,903	67	10
Total Training Hours	4,906	464	23

### HEALTH AND SAFETY INDICATORS OF SUBCONTRACTORS - HERON

**73,814** 





# **Supporting Local Communities**

### **Social Product**

The Group's dynamic role in the Greek economic reality means that it contributes to social development to ensure effective progress. The Group's responsibility towards society and especially towards local communities is deeply rooted in its philosophy and is now expressed with established strategies and policies. The social benefits of projects are always taken into consideration and are counted in the decision making process in order to increase positive social impact to the maximum.

The construction of infrastructure projects immediately creates jobs and demand for products and services mainly at the local level. During the operational phase, the cost of transporting goods is reduced, entrepreneurship and labour market mobility are facilitated, the cultural convergence is enhanced and air pollutant emissions are reduced. The propagating benefit of construction infrastructure projects is very high, because they enhance employment and demand for construction materials at a local level. The incorporation of new technologies increases labour productivity and efficiency in covering consumer needs. The development and operation of Wind Parks and Hydroelectric Power Projects for power production, equally reduce the needs for power production from thermal sources and emissions of pollutants produced. Moreover, through the taxation of business profits, the state acquires resources to meet social needs. At the same time, the self-financing of projects with the Partnership of the Public-Private Sector Partnerships, is extended in time and gives additional benefits to the financial sector of the economy as well.

The Group's contribution to social development, the "Social Product", for 2015 amounted to approximately  $\in$  1,131m.

"Social product"	2014	2015			
(in thousands of euros)	2014	GEK TERNA GROUP	TERNA S.A.		
Payments to Suppliers*	865,391	810,075	622,125		
Wages, Contributions and Employee Benefits	124,090	129,757	86,771		
Total Taxes Paid	73,010	126,042	80,819		
Payments to Capital Providers	53,051	67,172	22,144		
Donations/Grants to Local Communities	241	190	116		
Investments/Sponsorships in the form of infrastructure (buildings, schools, parks, vehicles, roads, hospitals etc.)	Has not been calculated	33	33		
TOTAL	1,115,783	1,131,008	812,008		

€1,131 MILLION SOCIAL PRODUCT GROUP'S CONTRIBUTION TO SOCIAL DEVELOPMENT FOR 2015

# Local Communities and Social Contribution

In 2015, the Group sought and managed to create significant value through a wide range of collaborations and new projects. The close and mutually beneficial relationships it has been creating for years now with partners at the international and local levels, help the Group grow and create new jobs, employment and training opportunities. Just like the construction of the Stavros Niarchos Foundation Cultural Centre released hundreds of indirect employment positions, similarly, all Group's projects have a positive impact on local communities.

The contribution at a Group level and at the individual company level is significant and stable. GEK TERNA Group focuses on the following areas

- creating infrastructure
- providing employment
- cooperating with local suppliers
- in-kind support, financial support and donations

#### Infrastructure

As part of empowering the local communities where it operates, the Group carries out a series of actions relating to free reconstructions of buildings, schools and hospitals, road construction, renovation of parks, cleaning streams, repair of damages caused by natural disasters, immediate intervention and support in emergencies.

In 2015 the Group invested €33,000 to support infrastructure in Greek local communities. Examples of such interventions are the earthworks in the Tomb Caste in Amphipolis and the fencing structures within the framework of the construction of the Ionian Road.

#### Provision of Employment and Professional Growth

The Group provides opportunities to young people especially through training programs as well as through enhancing scientific research. The internship programs empower young people and support them in their smooth integration in the labour market. The Group regularly provides internship positions for young students in fields related to their studies and according to company needs.

#### Support of Local Suppliers

The Group is oriented towards supporting suppliers and small businesses in regions where it develops its business. Out of a total of 2,907 suppliers of the Group, 82.5% are local suppliers and the value of transactions with local suppliers reaches €340.567,000 which represents the 65% of total supplier transa ctions.

IN 2015





#### In-Kind Support, Financial Support and Donations

The Group also makes donations to support goals related to education, sports, the arts and to provide opportunities for young people in provincial areas of Greece. Through a wide range of actions, it supports vulnerable social groups and carries out social work where state structures are lacking. The purpose of solidarity actions is to substantially improve the quality of life, the daily life, but most of all the prospects of residents.

GEK TERNA Group has actively contributed to the prosperity of Greek society by supporting beneficial activities of social, sports and cultural associations. In 2015, it completed a major sponsorship program that reached the amount of €190,000. The main fields of donations were:

- 1. Sports & culture
- 2. Environment
- 3. Schools, youth clubs & associations
- 4. Municipalities, social structures & institutions

More specifically, in 2015 the Group supported in-kind or financially:

- football clubs, sports associations and clubs
- sailing clubs in Mandra, Aghia Varvara, Messolonghi
- cultural and conservation associations, music initiatives and conservatories in Aliveri, Antirrio and Nafpaktia
- esheele and youth alube in Dethymenen, or
- schools and youth clubs in Rethymnon, and Aegio
- initiatives and immediate municipal needs such as to Dervenochoria, Gortyna, Karystos, Alexandroupoli, Messolonghi
- social structures like the Athens Municipal Nursery
- vulnerable groups through the "Schedia" magazine

#### Support to the Athens Municipal Nursery

In 2015, the Group increased its support to the Athens Municipal Nursery and the food program for vulnerable groups of the Municipality of Athens. In recent years pupils from schools of the City of Athens were added to vulnerable groups (mainly primary and nursery schools), as not all parents were able to provide their daily meal. The Athens Municipal Nursery produces, on a daily basis, food servings for all children in all 76 kindergartens of the Nursery, about 1,400 servings for kindergarten and primary school pupils in the Municipality of Athens, but also for children who are hosted in hostels, foundations, and other structures associated with children care. Overall, the Athens Municipal Nursery finances and ensures the preparation and distribution of about 7,000 servings of food for children per day. The support by the Group and the employees was of particular importance in order for the Athens Municipal Nursery to continue its important social work.

#### Sports & culture

41%

- Environment
- Schools, youth clubs & associations
- Municipalities, social structures & institution

1%

16%

Other

FUNDS ALLOCATION



# Boundaries of material issues

	Limit											
Material aspects	Within GEK TERNA GROUP	Outside GEK TERNA GROUP	Limitations	Stakeholders								
Financial Performance				•								
Indirect Economic Effects											۰	
Procurement Practices												
Materials used												
Energy				•								
Water												
Biodiversity												
Emissions											۰	
Liquid effluents and waste											۰	
Products and services												
Compliance											۰	
Employment												
Occupational Health and Safety											۰	
Training and Education												
Local Communities												
Combating Corruption												
Public Policy											۰	
User Health and Safety												

- Investors, Shareholders, Capital Providers
- CustomersEmployees
- Local Communities, Authorities, Institutions
  - Governmental, State & Institutional Bodies

Suppliers and Partners

orities, Institutions stitutional Bodies NGOs/Non-Profit Organisations

Media

Business Community

# **About this Report**

The Corporate Responsibility Report of GEK TERNA GROUP for 2015 is concrete proof of our commitment to the principles of Sustainable Development. The purpose of this Report is to present clearly the Group strategy, the policies and the outcomes of the activitites implemented during the reporting period. This Report is the third consecutive annual Corporate Responsibility Report of the Group and refers to 2015, from 1/1 / 2015-31 / 12/2015. The Report was written according to the guidelines of the Global Reporting Initiative (GRI), version GRI-G4 and meets the requirements of the core application level ("In accordance" option Core).

The Group continues to focus on the important sustainability issues which has already identified. These issues determine the strategy adopted for Corporate Social Responsibility, the relations with stakeholders, the initiatives implemented and affect all Group activities. In addition, these issues have determined the content and structure of the Report. The content of the report is defines by the approach of Group for Corporate Governance, and covers the risks, opportunities and impacts on four key pillars:

- Market and Economy
- Employees
- Environment
- Local communities

For the current Corporate Responsibility Report, the Group had set a clear goal to deepen the collection of information and enrich the data communicated, by incorporating additional business entities. In 2015 we developed an internal communication system which allowed us to collect in a timely manner all the necessary data from of construction sites and offices and to capture more holistically the results of our Corporate Responsibility actions. In the 2015 Report, we have clearly distinguished between the data related to the Group and to TERNA S.A. References are made to other companies and business units of the Group. In some cases we we present data from previous years in order to present a more complete picture of the Group journey.

In accordance with International Financial Reporting Standards, the Group comprises of the parent company, its subsidiaries and its joint operations, including the construction ventures in Greece and abroad. Joint ventures and associated companies are incorporated in the Group according to the equity

method, ie. the Group's interest in their net assets is shown in the respective accounts of the Group's financial statements, while all of the Group's interest in the net position is shown in the respective accounts of the Group's financial statements. Exceptions are those of the associates and joint ventures are negative (debit) equity. The construction consortia are almost all joint ventures. Participation in the results of joint ventures and associates is done in two lines in the total income. All data presented refer to the group as defined here, unless stated differently

In 2015 the Group has decided not to proceed with external verification of the Report content.

#### **Project Team**

A group with representatives from all key departments/functions has been formed in order to support the development of the report. Coordinators: Konstantinos Lamprou, Danae Kalantidi Department/function Representatives-Content contributors: Filippos Tepaskoualos, Andreas Tsaprazis, Panayiotis Avgoustinos, Kiriakos Klavariotis, Christos Zaribas.

The development of the Corporate Responsibility Report was supported by Sustainability Company Knowledge Group www.sustainabilityknowledgegroup.com

#### Contact Us

Danae Kalantidi Corporate Communication & CSR **GEK TERNA Group** 85, Mesogeion Avenue, Athens, 11526, Greece Tel.: 2106968000, Fax: 2106968098-99 E-mail: sustainability@gekterna.com www.gekterna.com

# **GRI Content Index**

The Corporate Responsibility Report of GEK TERNA GROUP for 2015 is developed according to GRI G4 and meets the requirements of the GRI Content Index for the "In Accordance" - Core Option.

GENERAL STANDARD DISCLOSURES	PAGE	EXTERNAL ASSURANCE
G4-1	4	-
64-2	24-27, 29-32, 44-45	-
64-3	6-9	-
64-4	6-9, 12-21	-
64-5	138-139	-
64-6	6-9, 12-21	-
64-7	6-9, 24-27	-
64-8	12-21	-
64-9	6-9	-
G4-10	100-107	-
G4-11	100-101	-
G4-12	94-97	-
G4-13	6-9, 24-27	-
G4-14	29-31, 58-61, 120-125,	-
G4-15	44-45, 116	-
G4-16	32	-
G4-17	12-21	-
G4-18	53-55	-
G4-19	54-55	-
G4-20	137	-
G4-21	137	-
G4-22	24-27, 131, 138-139	-
G4-23	138-139	-
G4-24	47-51	-
G4-25	47-51	-
G4-26	42-43	-
G4-27	47-51	-
G4-28	47-51	-
G4-29	138-139	-
G4-30	138-139	-
G4-31	138-139	-
G4-32	138-139	-
G4-33	138-139	-
G4-34	138-139	-
64-56	34-36, 40-41, 38-40, 93, 97	-

Material Aspects Specific standard disclosures		Page number/link Omissions		<b>External assurance</b>		
CATEGORY: FINANCE	1	l _ l l l _ l l _ l l _ l l _ l l _ l l _ l l _ l l _ l l _ l l _ l l _ l l _ l l _ l l _ l l _				
	G4-DMA	24-27, 30, 42-43, 53-55, 130-135	-	-		
	G4-EC1	24-27, 71, 87, 128, 130-135	-	-		
Economic Performance	G4-EC2	62	-	-		
	G4-EC3	24-27, 100-107, 112	-	-		
	G4-EC4	130-135	-	-		
	G4-DMA	12, 91-97, 100-101, 130-135	-	-		
Indirect Economic Impacts	G4-EC7	12, 91-97, 130-135	-	-		
	G4-EC8	74-89, 91-97, 130-135	-	-		
	G4-DMA	44-45, 94-97, 130-135	-	-		
Procurement Practices	G4-EC9	94-97, 130-135	-	-		
CATEGORY: ENVIRONMENT						
	G4-DMA	58-63, 93	-	-		
Materials	G4-EN1	63, 94-97	-	-		
	G4-EN2	63, 74-89	-	-		
	G4-DMA	44-45, 58-67, 74-89, 130-135	-	-		
_	G4-EN3	67, 80-85	-	-		
Energy	G4-EN6	62, 67, 80-85, 74-89	-	-		
	G4-EN7	67, 74-89	-	-		
	G4-DMA	58-59, 62-64, 68, 44-45, 74-89	-	-		
	G4-EN8	68, 74-89	-	-		
Water	G4-EN9	68, 74-89	-	-		
	G4-EN10	68, 74-89	-	-		
	G4-DMA	44-45, 58-61, 69	-	-		
Biodiversit y	G4-EN11	69, 74-89	-	-		
	G4-EN12	69, 74-89	-	-		
	G4-DMA	58-63, 67, 91, 130-135	-	-		
- · ·	G4-EN15	67	-	-		
Emissions	G4-EN16	67	-	-		
	G4-EN19	67, 74-89	-	-		
	G4-DMA	44-45, 58-66, 74-85	-	-		
	G4-EN22	64-66, 68, 74-85	-	-		
	G4-EN23	64-66, 74-85	-	-		
Effluents and Waste	G4-EN24	60-61	-	-		
	G4-EN25	64-66, 74-89	-	-		
	G4-EN26	61, 64-66, 69	_	-		

	G4-DMA	58-61	-	-
Products and Services	G4-EN27	30-31, 74-89, 74-89, 93	-	-
	G4-EN28		-	-
0l'ana	G4-DMA	57-61	-	-
Compliance	G4-EN29	58-59	-	-
CATEGORY: SOCIETY				
SUB-CATEGORY: LABOR PRACTIC				
	G4-DMA	30, 99–117	-	-
Employment -	G4-LA1	104-107	-	-
	G4-LA2	112	-	-
	G4-LA3	112	-	-
	G4-DMA	119-128	-	-
	G4-LA5	124-125	-	-
Occupational Health and Safety	G4-LA6	82-83, 124-125	-	-
	G4-LA7	124-125	-	-
	G4-LA8	120-125	-	-
	G4-DMA	30, 60, 109-112, 126-128	-	-
Training and Education	G4-LA9	82-83, 109-111	-	-
	G4-LA10	60-61, 109-111, 126-128	-	-
SUB-CATEGORY: SOCIETY				
	G4-DMA	42-45, 47-51, 92, 96-97, 130-135	-	-
Local Communities	G4-S01	47-51, 69, 92, 122-125	-	-
	G4-S02	69, 91-92	-	-
	G4-DMA	38-40, 145	-	-
Anti-corruption	G4-SO3	38-39, 145	-	-
	G4-SO4	38-39, 94-97	-	-
D.L.C. L	G4-DMA	32, 130-135, 74-89	-	-
Public policy	G4-S06		-	
SUB-CATEGORY :PRODUCT RES	PONSIBILITY			
Customer	G4-DMA	31, 91, 93, 119-128	-	-
Health and Safety	G4-PR1	93		



# Goals for 2016

N	lo Fatal Accidents
S	Strict Compliance with the Laws
	Ipdate on Health and Safety
	Irafting a Printed Guide for Health and Safety in Several Languages
J	oin the United Nations Global Compact (UNGC)
A	ctions against Corruption
A	chieving the LEED Platinum recognition for the Stavros Niarchos
F	oundation Cultural Centre
	liochora Certification according to ISO 14001
8	nd OHSAS 18001 standards
	Certification of the branch at the United Arab Emirates
	TERNA S.A. Abu Dhabi Branch) by OHSAS 18001:2007 S014001:2004 & ISO 9001:2008
	nternational Recognition of the Group's Health and Safety performand

2015 performance	<b>Objectives for 2016</b>
2	No Fatal Accidents
No non-compliance	No non-compliance by External Bodies concerning the Observance of Laws (Zero Compliance Rate)
New target	Distribution and Training with the Use of the Handbook
New target	Assessment regarding joining the network of the United Nations Global Compact
New target	Anticorruption policy to be included in the Corporate Code of Conduct
New target	Stavros Niarchos Foundation Cultural Centre to become the first LEED Platinum public building in Greece
New target	Environmental Management and Health and Safety certification
New target	Environmental Management and Health and Safety certification
New target	International Recognition on Health and Safety



85, MESOGEION AVENUE ATHENS, 11526, GREECE T: +30 210 6968000 F: +30 210 6968098-99 INFO@GEKTERNA.COM