

SUSTAINABLE DEVELOPMENT REPORT



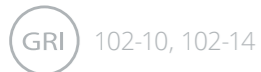
CREATING VALUE TODAY FOR TOMORROW

2018

GEK TERNA S.A.
Sustainable Development Report 2018

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MESSAGE FROM THE CHAIRMAN

Dear Stakeholders,

We are pleased to present you, for the 6th consecutive year, with our Sustainable Development Report for the fiscal year of 2018. Promoting accountability and transparency to our stakeholders, in this report, we aim to include all those elements that define our corporate identity and contribute to the achievement of our goals and vision through the responsible management of all those issues that are material not only for the Sustainable Development of our corporation, but also beyond.

Sustainable Development is an integral part of our corporate philosophy and by extension our business strategy. The Group continued for another year to honor its commitment for implementing international sustainability standards and in particular the 17 Sustainable Development Goals (SDGs), as approved in September 2015 by 193 leaders of UN member states. This report has been prepared in accordance with the GRI standards and the following pages present the Group's path towards Sustainable development and creating value for its stakeholders during the previous year.

Realizing the difficulties of our time and contributing to the recovery of the Greek economy and society, we have developed long term strategies and actions for managing the material economic, environmental and social issues of each period.

Greece's fiscal adaptation period continued and together with the instability of the international environment have created a more volatile environment. Our Group, despite of the current difficulties and given its efficient capital structure, continues its investment program not only in Greece but also abroad. Reporting on our financial and social work, we have invested 2.5 billion euros during the crisis, we have supported the Greek banking system by maintaining all our funds in Greece, creating at the same time a significant number of new jobs through the expansion of our activities. We continue being present to the new era of the Greek economy aiming at the development of our country and tackling unemployment.

The Group focuses on developing operations that create long term value. In this context, through its subsidiary TERNA ENERGY, we signed the agreement for the largest Public-Private Partnership (PPP) project in the country, the project "Integrated waste management in the Peloponnese" between Environmental Peloponnese SA (TERNA ENERGY subsidiary) and the Peloponnese prefecture.

Our medium to long term strategic planning for our development includes the Renewable Energy Sources sector, where we plan the immediate realization of 300 MW

of new investments in Greece and USA, while at the same time we are promoting two very important energy storage projects of outmost significance for a total investment of 800 million euros. This investment includes a hybrid project in Crete combining 93 MW of hydroelectric and 90 MW of wind power, which is going to be the largest hybrid project in Europe, and a second pumped storage hydropower investment in Amfilochia of 680 MW.

We consider a prerequisite for this direction, the formation of an institutional framework for energy storage investments, which are promoted by many Groups in Greece. Energy storage is considered as a European strategic priority and especially in Greece that due to its geomorphology, the pumped storage hydropower projects will contribute not only to the development and creation of new jobs but also to a more efficient operation of the electrical system from an economic perspective. Regarding the new concessions and the PPPs, we aim to participate in international tenders while we continue to participate and monitor closely the developments of the new generation of projects, such as an underwater link of Salamis and the North Road Crete axis (BOAK).

At GEK TERNA Group, we recognize the contribution of our people, that consist our valuable human capital as a fundamental parameter for the achievement of our goals. Based on this framework, we apply the international principles of human rights and respect the national and local contexts at the countries we operate. The Universal Declaration for Human Rights and the high corporate values that our Group of Companies presents, forms a strict operational framework to all our activities. Defending every right that might be violated as a result of our operation, we make sure to apply all the control mechanisms and make decisions that don't relate to any kind of discrimination.

Moreover, environmental protection is an integral part of our strategy and is evident through our policies, strategies and our business actions. Towards this direction, adopting a responsible attitude, we have been active in the RES sector for over 20 years,

achieving the corporate goal of 1000MW of installed capacity in Greece and abroad. In the effort to ensure sustainable cities and societies, we focus on adapting to climate change and reducing our environmental footprint.

For all of us at GEK TERNA Group, the path to Sustainable Development is both a responsibility and a strategy selection. We know we can and should do more, not just within the next 12 months but over time. At GEK TERNA Group we remain committed to our goal towards Sustainable Development.

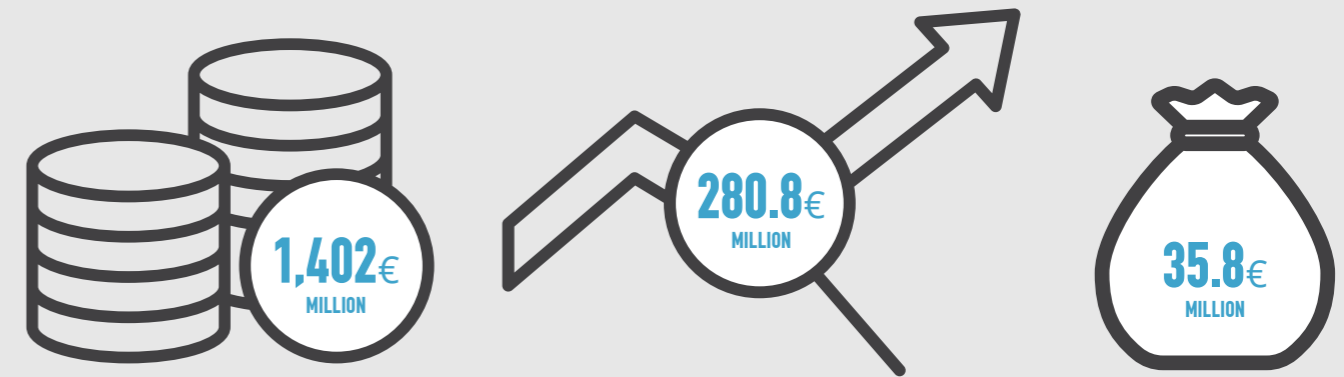
Enjoy your reading,

GEORGE PERISTERIS
CHAIRMAN AND CEO, GEK TERNA GROUP

GRI 102-6, 102-7

2018

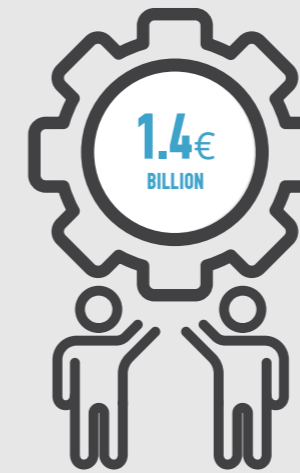
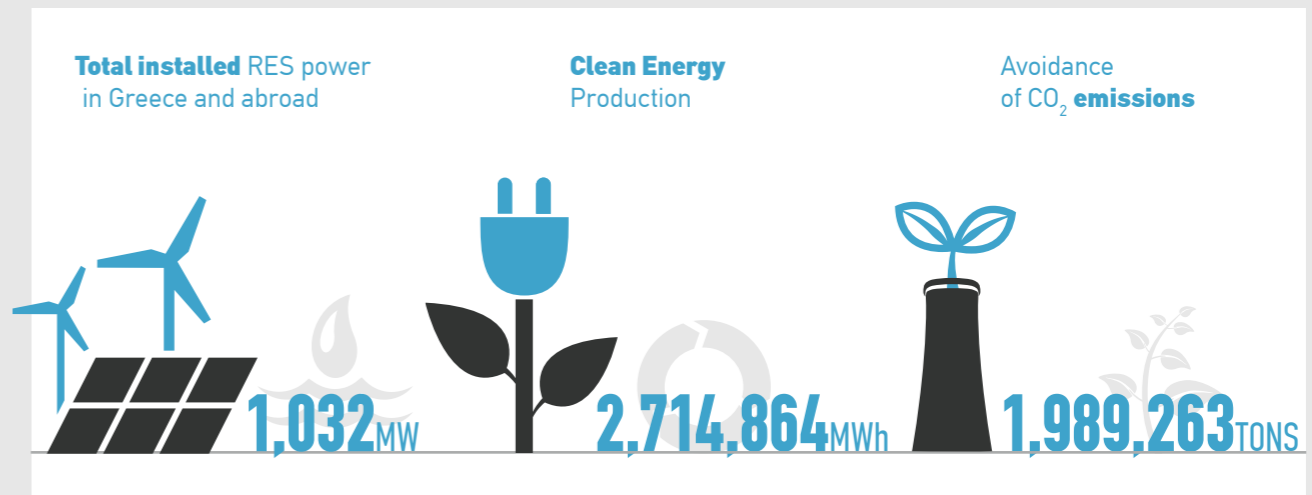
GEK TERNA GROUP AT A GLANCE



REVENUES

ADJUSTED EBITDA

NET EARNINGS

SOCIAL PRODUCT
CONTRIBUTIONSOCIAL INVESTMENT
PRODUCT

1969

GEK is established.

1994

GEK shares are listed on the Athens Stock Exchange.

TERNA shares are listed on the Athens Stock Exchange.

1999

GEK + TERNA

GEK and TERNA join forces, thus forming one of the largest Greek Groups in the construction, energy and real estate sectors.

2000

The Group further expands its activities in the real estate sector through the participation in the share capital of HERMES REAL ESTATE S.A and KEKROPS S.A.

The company HERON is established, signalling the commencement of the Group's activity in the fields of energy production and supply/trade from thermal sources.

www.heron.gr

2008

GEK TERNA

GROUP OF COMPANIES

GEK and TERNA merge into one company, creating GEK TERNA. TERNA, a 100% subsidiary of GEK TERNA, consolidated all the construction activities of the Group.

2016



The first offshore wind park of 73,2 MW, begins to operate on the islet of Saint George.

1997

TERNA ENERGY

GEK TERNA GROUP

TERNA ENERGY is established, signalling the commencement of activity in the field of energy production from Renewable Energy Sources.

www.terna-energy.com

1972

TERNA is established.

2002

The Group's restructuring is completed with the absorption of GEK's construction division by TERNA. GEK becomes a holding company, while TERNA is one of the largest and most powerful construction companies in Greece.

www.terna.gr

2007

Acquisition of VIOMAGN (now TERNA MAG), signalling the commencement of activity in the field of mining.

www.ternamag.com

Listing of TERNA ENERGY shares on the Athens Stock Exchange (ASE)

2013

TERNA MAG

GEK TERNA GROUP

GEK TERNA Group enters the mining and process of magnesia sector through its subsidiary company TERNA MAG SA.

2017



The Ionia Motorway are completed, the Xyniada-Trikala section of the Central Greece and Olympias road motorway, while the control of the concession companies «NEA ODOS» and «KENTRIKI ODOS» is acquired.

THE HISTORY OF THE GROUP

WE INVEST IN GREECE. WE INVEST IN THE FUTURE

GRI 102-1, 102-16

1 THE BUSINESS MODEL OF THE GROUP

GEK TERNA Group of companies is one of the biggest Greek business groups. For half a century GEK TERNA Group has developed a multifaceted activity and has gained considerable experience and expertise throughout its activities. Thus, the organization can successfully complete the most complex and demanding projects.

With a turnover of up to 1.4 billion and a backlog of signed agreements worth more than 2.2 billion, the Group holds today a leading position in the sectors of infrastructure, clean energy, energy production and trading from conventional sources, PPPs, concessions, mining activities, and property development and management.

GEK TERNA Group is defined by extroversion, having established its presence in 16 countries on 4 continents (Europe, Asia, Africa, USA) where it employs more than 5,000 employees. The emphasis placed on international orientation is constantly evidenced by the steadily increasing operations of the Group outside the Greek borders.

For the development of its operations, the Group focuses on the execution of its investment plans. More specifically, in the last years and amidst the unprecedented economic crisis and recession that hit the Greek economy and market, extensive investments have been made, that were totaling 2.5 billion euros, highlighting GEK TERNA Group as one of the most important domestic investors.

Moreover, the Group is a socially responsible entity, whose philosophy and function are based on the principles of corporate social responsibility, focusing on care and actions for the people, environment, and culture. GEK TERNA Group aims to long-term value creation, systematically promotes responsible entrepreneurship and sustainable development at both national and international level and demonstrates that economic success is closely linked to value creation for all stakeholders and the wider social community, without the protection of the environment.

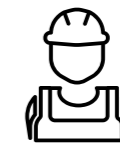
In addition, the Group considers as a matter of significant importance its social and environmental footprint, both through its business ethics and culture, and through targeted actions to support vulnerable populations, contributing to the local communities in which it operates, protecting the environment and creating career opportunities for young people in the field of education and scientific research and training.

Throughout its history, GEK TERNA Group has managed to build a strong reputation and long-term trust relationships with its partners and shareholders through the values and culture that govern its business, as illustrated below:

1. Respect for humans and the natural environment
2. Create value for all Stakeholders
3. Honesty and Reliability
4. Targeted social contribution

GEK TERNA Group remains loyal to its principles that govern its business operation, throughout the execution of its operations and activities.

MORE SPECIFIC:



RESPECTS all its employees and associates, while protecting their labor and human rights and their interests.



ADHERES STRICTLY to the legislation in the field of health and safety in the workplace, respecting in practice the supreme value of human life.



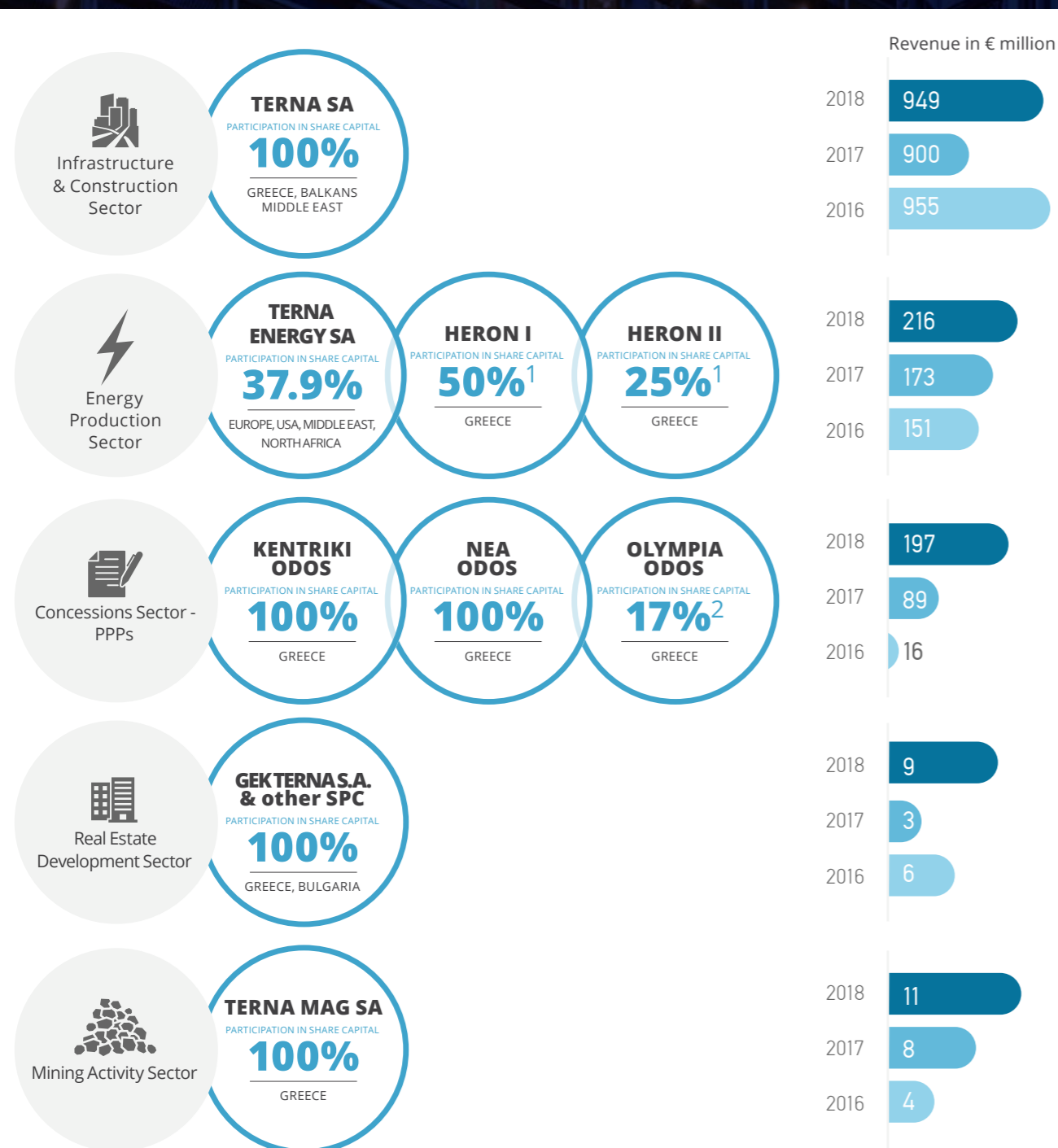
CONTINUOUSLY ENSURES the protection and enhancement of the natural environment, both through strict adherence to all environmental management standards in its projects and through its dominant presence in the field of clean energy production and waste management.



CONTRIBUTES to the community through targeted actions, with material results, that improve the quality of life of vulnerable social groups and local communities that host the activities of the Group.

GRI 102-2, 102-4, 102-5, 102-6, 102-7, 102-45

THE PRESENCE AND ACTIVITIES OF THE GROUP



1. ENGIE owns 50% of HERON I and HERON II. Qatar Petroleum owns 25% of HERON II.
2. Other shareholders: VINCI (29.9%), HOCHTIEF (17%), J&P AVAX (19.1%), AKTOR (17%)

INFRASTRUCTURE

GEK TERNA Group is active in the field of construction for almost half a century, through its 100% subsidiary TERNA SA. TERNA (www.terna.gr) is engaged in a wide range of public and private projects, of large budget and complex expertise, such as road and rail networks, buildings, hospitals, museums, industrial installations, hydroelectric projects, dams, industrial installations, power plants etc.

CONCESSIONS SECTOR - PPPs

The Group also has a strong presence in the financing, management and commercial operation of concessions. The Group controls 100% of the companies NEA ODOS & CENTRAL ODOS, owns a 17% stake in its shared capital Olympia Odos, and is involved in the construction and operation of car stations.

Moreover, the Group participates in projects through PPPs, such as the Epirus Waste Management Unit, whose construction was completed in 2018, is in commercial operation and has an operating horizon of 25 years, the construction and management project also for 25 years. Waste Management Units in the Peloponnese Region and the implementation of the automatic collection system for the urban transport of Athens.

REAL ESTATE DEVELOPMENT AND MANAGEMENT

GEK TERNA Group is also active in property development and management with a wide portfolio in Greece and Bulgaria, which includes shopping centers, logistic centers, industrial parks, leisure parks, residential complexes, shopping malls, hotels, car parks, etc.

CLEAN ENERGY PRODUCTION

In the field of Renewable Energy Sources, GEK TERNA Group operates through TERNA ENERGY SA. (www.ternaenergy.com), providing a strong portfolio of technologies and projects in Europe and the US.

The total installed capacity of the Group is 1,032 MW. The Group has installations of 607 MW in Greece, 293 MW in the USA and 132 MW in Southeast Europe. At the same time, the Group has 280 MW of renewable power plants under construction in Greece and abroad. In total, the company operates, constructs or has fully licensed 1,312 MW of RES plants in Europe and America. The goal of the company is to reach in size the 2GW RES projects in operation in all countries where it operates. TERNA ENERGY is listed on the Athens Stock Exchange (FTSE / Athex Large Cap). GEK TERNA Group is also active in the production of thermal energy through its holding in HERON SA, who's shareholding also includes ENGIE and Qatar Petroleum, two leading international energy players. HERON is active in the fields of electricity production, supply, and trading. It has two thermoelectric power plants with an installed capacity of 147 MW and 435 MW (HERON I & HERON II respectively) in Viotia, Greece.

MINING ACTIVITY

The Group is also active in the extraction and processing of magnesia through TERNA MAG SA (www.ternamag.com) a mining and trading company based in northern Euboea. The investment plan implemented by the Group at TERNA MAG proprietary facilities in Mantoudi, Euboea, amounts to € 100 million.



RESPONSIBLE SUPPLY CHAIN MANAGEMENT

The Group, in its endeavor to create long-term value through its responsible business operation and the establishment of responsible business relationships with its suppliers and associates, seeks to promote and ensure the protection of human rights and the improvement of employment, environmental and other relevant standards of its suppliers. To this end, the Group communicates to its suppliers the minimum relevant requirements and follows a series of practices that ensure the desired result, in every cooperation it concludes.

Towards responsible supply chain management, the Code of Ethics and Conduct of the Group is the key framework of principles and values that suppliers, subcontractors, and partners must adopt, to establish and maintain transparent and accountable business relations with the Group. In the same context, strict adherence to the basic specifications

and full compliance with the Health and Safety Regulatory Framework are the necessary conditions to cooperate with the suppliers and other business partners. In special cases, if deemed necessary by the Group, there is an additional requirement of implementing and maintaining additional certified Environmental Management Systems.

Recognizing at the same time that responsible partnerships require mutual contribution of all the parties, from its part, the Group Responsibly applies:

- the relevant insurance and occupational laws relating to its activities
- the regulatory framework relating to Occupational Health and Safety
- the principles of human rights protection
- its internal policies, processes, standards and management systems

EMPOWERING GREEK SUPPLIERS

The main categories of suppliers of the Group are subcontractors, raw materials suppliers, suppliers and repairers of machinery and vehicles. Although the Group's activity is constantly expanding into new international markets, the Group's commitment to support national products, the Greek economy and the local communities in which it operates is evident through the voluntary choice of working with domestic suppliers. In this way, the Group enhances its direct and indirect impacts throughout the supply chain, creates value beyond its direct activities and contributes to social cohesion, by working with local suppliers and through its social programs implemented in each area of activity.

GEK TERNA Group partnered with Greek suppliers at 68.8% in 2018.

More information on the Group's performance regarding the number of suppliers and the value of purchases made by region is available in the Group Performance section.



PARTICIPATIONS

Promoting Sustainable Development and the need for mutual and collaborative efforts towards this direction, GEK TERNA Group supports and actively participates in renowned national and international bodies and organizations, further contributing to the improvement of the business and investment climate by creating the incentives and responsible partnerships. GEK TERNA Group, directly or through its subsidiaries, participates in the following associations, organizations and bodies:

PARTICIPATIONS



Hellenic Federation of Enterprises



Hellenic American Chamber of Commerce



Greek-Romanian Chamber



Arab-Hellenic Chamber



Sustainable Buildings Council - United Arab Emirates (UAE Green Building Council)



Hellenic Association of Renewable Energy Sources



European Renewable Energy Federation (EREF)



Hellenic Scientific Association of Wind Energy



Greek Association of Independent Electricity Companies



South East European Energy Institute



HELLASTRON
(HELLENIC ASSOCIATION of TOLL ROAD NETWORK)



Foundation for Economic and Industrial Research



Technical Chamber of Greece



The Group's ability to recognize new opportunities, benefit from them and create value through its activities, requires a Corporate Governance framework that responds to the challenges of our time and the current economic, social and business conditions. In this context, the Group has explicitly adopted and implemented the Corporate Governance Code, which covers all the established rules and business practices that are implemented and is the basis for the completion of a corporate governance system that is constantly evolving and adapting to the changing conditions of the economic, social and business environment. The Code guarantees compliance with the principles of transparency, professional ethics and the sound management of all Group resources at all levels of management.

In this regard, corporate governance principles ensure smooth operation within the Group while enhancing its competitiveness by ensuring flexible structures, innovative approaches and a stable operating framework.

The adherence to the corporate governance principles, the effectiveness of the Group's operation and the protection of the rights of all its shareholders are monitored by the Board of Directors, which evaluates the information it receives on a regular basis from the internal audit system and mechanisms, and the Group executives, regarding internal and external factors that may jeopardize the Group's operation and ability to achieve its objectives. More specifically, in the context of transparency and effective risk management of the business activities, the Group promotes regular and effective communication, facilitating the access of management to leadership on a daily basis so that they can have immediate knowledge of the risks and take timely and necessary decisions and/or possible corrective actions.

GOVERNING BODIES

The Board of Directors, which is the supreme governing body, sets out the guidelines and ensures the effective implementation of the Group's strategy.

The Ordinary General Meeting of June 28, 2017 elected a new twelve-member Board of Directors for a four-year term. The composition of the Board of Directors was:

1. Nikolaos Kampas - President, non-executive member

2 Konstantinos Vavaletskos - Vice President, Executive member

3. Michael Gourzis - Vice President, Executive Member

4 Angelos Benopoulos - Vice President, Executive Member

5. Apostolos Tamvakakis - Vice President, Independent Non-Executive Member

6. George Peristeris - Managing Director, Executive Member

7. Dimitrios Antonakos - Executive Member

8. Emmanuel Vrailas - Executive Member

9. Emmanuel Moustakas - Executive Member

10. George Perdikaris - Non-executive member

11. Spyridon Capralos - Independent non-executive member

12. Gagik Apkarian - Independent non-executive member

The Members of the Board of Directors are of Greek citizenship except for Mr. Gagik Apkarian, who is an Australian citizen. The CVs of the BoD Members are available on the Group's website.

On September 1st, 2018, Nikolaos Kampas, the Chairman of the Board of Directors passed away. The Board of Directors, during its meeting on October 31st, 2018, elected Mr. George Peristeris as CEO and as Chairman of the Board of Directors for the remainder of his term in the office.

The Board of Directors held eighteen (18) meetings in 2018.

THE COMMITTEES OF THE BOARD OF DIRECTORS

The Group's Board of Directors is supported by committees, which have an advisory role and special importance in its decision-making. The Committees are as follows:

NOMINATION AND REMUNERATION COMMITTEE

The key role of the three-member Nomination and Remuneration Committee is to research for and nominate suitable candidates for election to the Group's Board of Directors, as well as to propose remuneration policies and systems at all levels within the Group. During 2018 the Committee met eight (8) times.

INVESTMENT COMMITTEE

The Investment Committee is the body that supplies the Board of Directors with the power to formulate and implement the investment strategy, with recommendations on acquisitions, mergers, strategic alliances, high budget investments, asset divestitures and any other strategic action that may affect the capital structure and/or the growth prospects of the Group.

The Committee meets once every quarter and whenever necessary, investment decisions are made by the Board of Directors. Like the other committees of the Company, the Investment Committee's role is to propose rather than decide.

The Investment Committee is a five-member group consisting of three (3) members of the Group's Board of Directors and two (2) executives or advisors of the Group, depending on the subject matter.

AUDIT COMMITTEE

The Audit Committee supports the Board of Directors in fulfilling its task of ensuring compliance of the Group's bodies and actions with the requirements of the legal and regulatory framework and the Corporate Governance Principles that govern its operation. Also, it supports the Board of Directors to ensure the completeness and reliability of the Group's accounting information and management systems and the financial statements and other reports that derive from them, as well as the smooth and effective operation of all the Group's audit mechanisms to timely identify business risks and to deal with them with prudence and efficiency. It meets at least four (4) times a year and whenever necessary.

The Committee consists of four non-executive members of the Board of Directors and by members who are elected by the General Assembly of Shareholders and are not Members of the Board of Directors. As of September 2018, the members of the Audit Committee are three as the late Nikolaos Kampas was not replaced. The Audit Committee met eleven (11) times in 2018.

RISK IDENTIFICATION AND MANAGEMENT

GEK TERNA Group, is, through its activities exposed to numerous financial and non-financial risks. The Group's risk management policy aims at limiting the negative impacts on the financial results but also on the broader strategic prospects of its operations, resulting from both the inability to predict the financial markets and the fluctuations of cost and sales variables but also the inability to predict the evolution of meteorological data. The Group's risk management policy is based on the following process:

1. Assessment of the risks associated with the Group's activities and operations
2. Designing the methodology for resolving / managing the identified potential risks and selecting the appropriate financial products
3. Execution / implementation of the risk management process, in accordance with the designed methodology approved by Management

The Group, through its activities, is subject to various risks and uncertainties, which constitutes the implementation of an integrated and effective risk management system, a strategic commitment of the Group. Macroeconomic uncertainty, market risks (exchange rate fluctuations, interest rates, market prices, etc.), credit risk, liquidity risk, and climate risk because of the ever-increasing volatility of the wind and wider weather conditions are risk factors that can significantly affect the Group's business model and the course of its operations.

In Infrastructure, the Group's activity is exposed to the trends in the construction market and may be adversely affected by the recession experienced by the construction sector in Greece and abroad, which may continue due to the general economic conditions.

In the field of Real Estate Development and Management, the Group's activities are subject to significant risks because of the current financial crisis. The Group is active in this field both in Greece and Bulgaria. Any changes in the market prices of real estate and rents in each area of operation may directly affect the return on investment of the Group and therefore its broader outlook in the particular area of activity.

In the field of Clean Energy production, the Group is exposed to short-term fluctuations in wind and hydrological data, despite extensive environmental studies before the implementation of the relevant investments that assess the fluctuation history of such data.

Finally, in the mining sector, the Group operating in the production and marketing of magnesia products, recognizes the volatility of mineral prices as a key factor affecting the profitability of its activities, as well as potential changes in the legal and regulatory framework that may affect its mining licensing and concessions framework.



SUSTAINABLE DEVELOPMENT STRATEGY

3

The Group's Sustainable Development Strategy is based on stakeholder engagement and on the identification and assessment of the most significant economic, social and environmental impacts of its activities. At the same time, the strategy aims to enhance positive and reduce negative impacts through best practices, sustainable initiatives and credible partnerships and is constantly expanding and improving for the benefit of shareholders, investors, employees and society at large.

In the context of understanding its most important economic, social and environmental impacts, the GEK TERNA Group operates in line with the UN Sustainable Development Goals (SDGs) and thus becomes an ally for social equality, prosperity and a sustainable natural environment as it has recognized that these 17 global goals are inextricably bound up with the principles of Corporate Governance and Corporate Social Responsibility to which it is committed. Regarding the material issues for 2018, the SDGs per material issue and the Group's contribution through the management approach of each issue are presented within this report.

SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY ISSUES MANAGEMENT

The Corporate Responsibility Team is responsible for effectively managing the issues of sustainable development and corporate responsibility. The team is made up of specialized executives from all key Group Departments. The Department of Communication, Marketing and Corporate Social Responsibility has taken on the task of coordination.

The Corporate Social Responsibility team:

- Has jurisdiction over sustainable development issues
- Is responsible for collecting the data needed to issue the Annual Sustainability Report
- Is responsible for the accuracy of the content of the Report
- Is in constant communication with employees regarding the implementation of initiatives that fall under the management of Corporate Social Responsibility issues
- Provides regular and effective information to the Group's top management.
- Defines policies and procedures and coordinates environmental, social and work programs.



GRI 102-40, 102-42, 102-43, 102-44

DIALOGUE WITH STAKEHOLDERS

The Group invests in fruitful dialogue, the two-way and systematic communication to build trust and value-creating partnerships. The Group seeks to contribute to the adoption of a sound development model that fosters innovation and invests in stakeholder communication best practices. To this end, each year it strengthens and expands the process of consulting its stakeholders.

HOW WE COMMUNICATE
WITH OUR
STAKEHOLDERS?

”

Stakeholders	Communication Channels / Engagement Method	Frequency	Main Topics of Interest
Employees	Regular meetings and updates	When Appropriate	• Ensuring Health, Safety and Wellbeing at Work • Continuous Talent Development and Retention • Creation and Distribution of Economic Value • Protection of Human and Labor Rights
	Bulletin boards	Daily	
	Group Website	When required	
Clients	Project management	Daily	• Creation and Distribution of Economic Value • Anti-competitive behavior • Promoting innovation • Responsible Energy Management.
	Conferences, bodies and business associations	When Appropriate	
	Group website	Daily	
	Sustainable Development Report	Annually	
Investors, Shareholders & Capital Providers	Annual General Meeting of Shareholders	Annually	• Creation and Distribution of Economic Value • Anti-competitive behavior • Ensuring Business Ethics and Compliance • Addressing Climate Change
	Shareholders Department	When required	
	Annual presentation to analysts	Annually	
	Financial Report		
	Sustainable Development Report		
	Coprorate website	Daily	
Local Communities, Authorities & Institutions	Personal communication with local authorities, local institutions and associations	Daily	• Engagement with Local Communities and Social Investment • Emergency Preparedness • Creation and Distribution of Economic Value • Protecting and preserving Biodiversity
	Open dialogue events	When required	
	Conferences and consultation events	When appropriate	
	Studies and corporate reports		
	Sustainable Development Report	Annually	
Suppliers & Partners	Procurement department	Daily	• Creation and Distribution of Economic Value • Anti-competitive behavior • Ensuring Business Ethics and Compliance • Ensuring Health, Safety and Wellbeing at Work
	Regular contacts / visits with / to suppliers and partners	When required	
	Inspections	When Appropriate	
Governmental Agencies, Governmental & Institutional Agencies	Consultation with state and institutional representatives at national and / or regional level	When required	• Anti-competitive behavior • Creation and Distribution of Economic Value • Ensuring Business Ethics and Compliance • Addressing Climate Change
	Conferences and events	When appropriate	
	Corporate publications and articles		
	Financial Report	Annually	
	Sustainable Development report		

MATERIALITY ANALYSIS

As part of its Sustainable Development Strategy, the Group recognizes as material and focuses on those issues that significantly influence the assessment and decisions of its stakeholders and those that are directly related to its significant economic, social and environmental impacts.

In accordance the requirements of the GRI Standards, the Group carried out a materiality analysis with the involvement of internal stakeholders as well as external stakeholders.



THE MATERIALITY ANALYSIS WAS CONDUCTED THROUGH THE FOLLOWING THREE PHASES:

PHASE 1

IDENTIFICATION OF RELEVANT SUSTAINABLE DEVELOPMENT ISSUES

To identify relevant Sustainable Development issues, the Group has taken the following actions, taking into account the Stakeholder Engagement and Sustainability Context principles:

- Documenting the most important stakeholder groups and relevant issues of interest for those groups emerging from existing engagement structures.
- Media review for the year 2018, on issues related to the activities of the Group and the expectations of the Group's stakeholders.
- Review of Sustainable Development issues relevant to the sectors of operation, through international and sector publications and related standards such as G4 Sector Disclosures "Construction and Real Estate" and "Electric Utilities", GRI "Sustainability topics for sectors: Electric Utilities and Independent Power Producers and Energy Traders", the SASB standard, the RobecoSAM Sustainability Yearbook, and the UN Sustainable Development Goals. (UN SDGs).
- Review of publicly available sustainability reports of peers in Greece and abroad.
- Review of existing regulatory frameworks in relation to the Group's activities.
- Overview of previous corporate responsibility reports of the Group.

PHASE 2

PRIORITIZATION OF THE IDENTIFIED SUSTAINABLE DEVELOPMENT ISSUES

The result of phase 1 was to identify a list of 16 Sustainable Development issues. By applying the Principle of Materiality and Stakeholder Inclusiveness, during the second phase, these issues were prioritized against the following criteria:

1. The impact of these issues on the assessment and decisions of stakeholders.
2. The significance of these issues for the Group's contribution to Sustainable Development (taking into account the significance of the issues for the business model, the reputation and objectives of the Group as well as the importance of these issues for Sustainable Development).

To prioritize the issues against the first criterion, a survey was conducted with the participation of the Group's executives who are responsible for the relations with each stakeholder group. To prioritize the issues under the second criterion, the identified issues were assessed against their appearance in the relevant sectoral and international standards, the press, the sustainability reports of peers, and their contribution to the Ten Principles of the Global Compact and the UN Sustainable Development Goals.

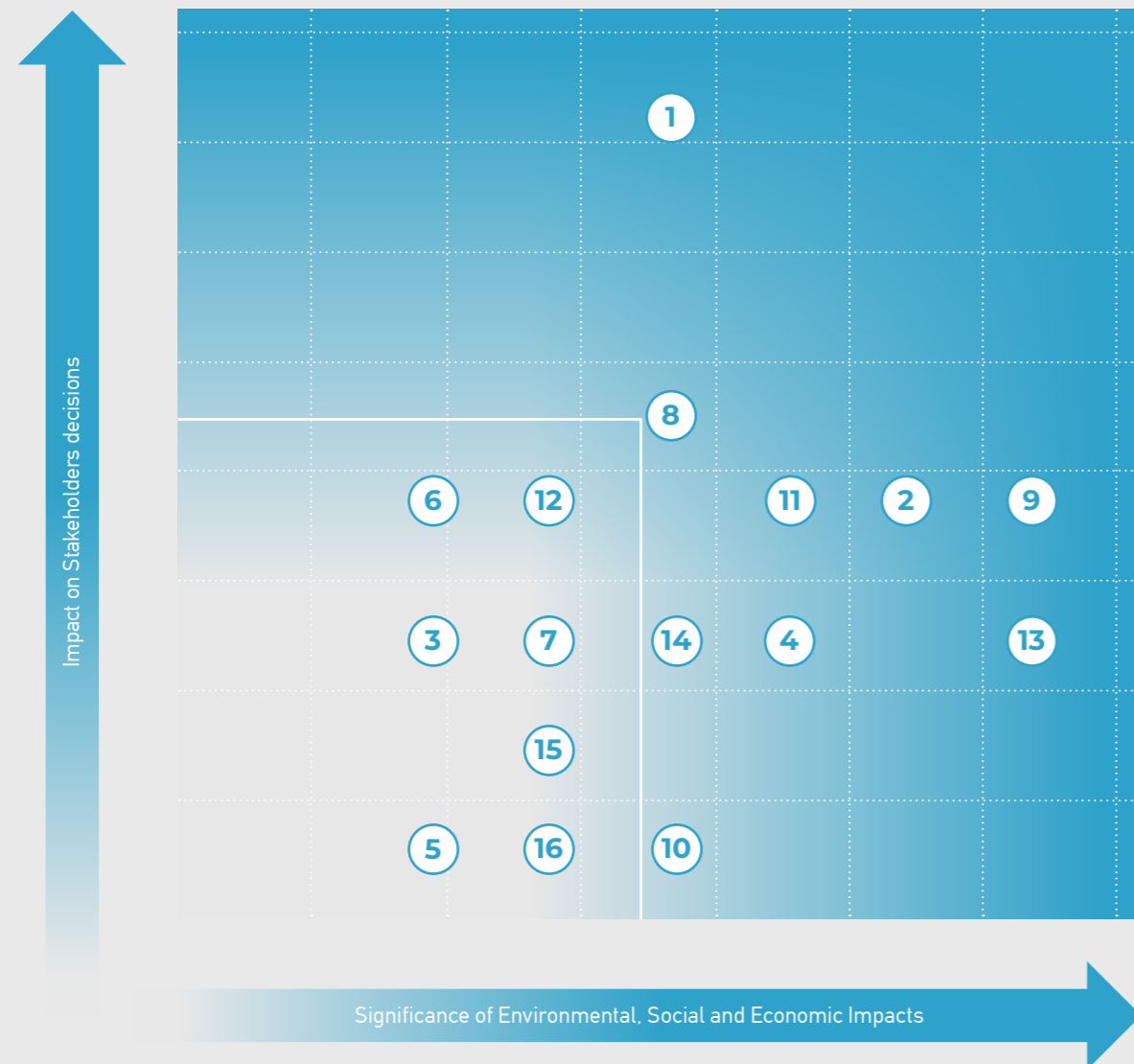
PHASE 3

VALIDATION OF RESULTS

In the last stage, the validation of the results of the second phase was carried out by members of the Corporate Social Responsibility Team. The Principle of Completeness and Stakeholder Inclusiveness was considered during the process. The product of this analysis was the selection of 9 material issues to be published in the 2018 Sustainability Report, as illustrated in the Materiality Matrix below:



MATERIALITY MATRIX



- | | |
|--|---|
| 1. Creation and Distribution of Economic Value | 9. Ensuring Health, Safety and Wellbeing at Work |
| 2. Ensuring Business Ethics and Compliance | 10. Engagement with Local Communities and Social Investment |
| 3. Anti-competitive Behaviour | 11. Emergency Preparedness |
| 4. Tackling Climate Change | 12. Environmental Compliance |
| 5. Responsible Supply chain Management | 13. Responsible Energy Management |
| 6. Promoting Innovation | 14. Protecting and Preserving Biodiversity |
| 7. Protection of Human and Labour Rights | 15. Responsible Waste Management |
| 8. Continuous Talent Development and Retention | 16. Responsible Water Management |

Material issues

Most Significant Effects

In the context of the Sustainable Development Goals





WHY ARE THESE ISSUES MATERIAL TO THE GROUP'S SUSTAINABLE DEVELOPMENT?

CREATION AND DISTRIBUTION OF ECONOMIC VALUE

The creation and distribution of economic value is the most material issue for GEK TERNA Group based on both criteria used for the assessment, mainly because of its ability to continue to generate value for all its stakeholders and to ensure its business continuity. The Group creates and distributes income to its stakeholders through the payment of salaries to its employees, payments to its suppliers and affiliates, through direct and indirect payments of taxes to the countries of activity, the distribution of dividends to shareholders as well as from its investment in local communities. These financial flows are subject to multiple risks and uncertainties, such as market risk (exchange rate fluctuations) and regulatory and environmental risks. These risks, financial and non-financial, may, in turn, affect the Group's cash flow, financial position, and business continuity and/or investor confidence, as well as adversely affect the value it generates and therefore distributes to its stakeholders.

ENSURING HEALTH, SAFETY AND WELLBEING AT WORK

The Group's focus on creating value for its People

is also expressed by ensuring the health, safety and wellbeing of its employees, which is a material issue for the Group both in ensuring its business continuity and maintaining its reputation as a responsible employer and business partner while contributing to the promotion of decent work and the wellbeing of its employees. The high quality of work is primarily based on the capabilities and performance of the Group's workforce, which is why it is a priority to provide a safe working environment. Possible risks related to this issue, such as accidents at work, incidents of lost time and other health and safety risks, can occur throughout the Group's range of activities, both at employee level as well as at suppliers and associates, affecting both the operations (e.g. disruption) and also having financial impacts (e.g. fines, damages, and other penalties). As a result, the Group maintains and operates an integrated and rigorous Health and Safety Management System for all people employed in its facilities and/or affected by its corporate activities.

RESPONSIBLE ENERGY MANAGEMENT

GEK TERNA Group identifies responsible energy management as a material issue for its operation, as it can affect both the Group's energy footprint and its environmental behavior through its energy

management practices and measures as well as its business model, through the impact that this issue can have on the operating cost of the Group's activities. The responsible management of the energy needs of the Group's activities, concerns and is affected by the Group itself and its employees, as well as by its suppliers and partners throughout its supply chain. The Group, through its responsible energy practices, continually reduces its energy footprint and the greenhouse gas emissions, reduces operating costs from its presence and operations, while ensuring its license to operate and business continuity, maintaining its ability to create value for its stakeholders.

ENSURING BUSINESS ETHICS AND COMPLIANCE

Continuous promotion of business ethics and compliance are a critical pillar of the Group's operations as they spread throughout its operations and affect the professional behavior of its people.

Recognizing the benefits of applying Business Ethics principles, the Group operates with the most stringent regulatory compliance standards, with the aim of fostering a climate of trust and value with its employees and partners, maintaining and enhancing customer and supplier relationship, protecting and maintaining its corporate reputation as well as ensuring shareholder credibility by ensuring its business continuity and growth and thus its ability to create value. A possible deviation from the applicable laws and regulations and / or failure to do so, may adversely affect the Group's reputation and its social license to operate in the country or region of operation and may disrupt existing and future relationships with suppliers and partners.

EMERGENCY PREPAREDNESS

Emergency Preparedness is another material issue for the Group and for the safety of its employees, associates

and suppliers and for the protection of the environment which is up to the Group's ability to detect and manage timely emergencies. The demonstration of emergency preparedness by the Group is achieved through a series of measures and procedures for the prevention and detection of related incidents, the management and the continuous improvement of the safety of procedures, the establishment of procedures for the identification and response to potential accidents as a result of the Group activities, as well as the development of a safety culture, both within (employees) and outside the Group (partners, suppliers). Ensuring appropriate levels of preparedness, minimizing the likelihood of accidents at the Group's premises and throughout its supply chain, it also reduces the potential environmental and financial costs of dealing with such incidents, while enhancing the confidence of stakeholders and their stakeholders.

CONTINUOUS TALENT DEVELOPMENT AND RETENTION

The development and establishment of GEK TERNA Group, as one of the largest business groups in the country, is mainly due to the ability of its people to plan and implement its business activities. The Group's human capital is its core strength in its ability to create value, which is why the Group ensures the continued development and retention of the talents it employs and collaborates with.

The Group seeks to carry out continuing education and training programs aimed at upgrading employees' skills and competencies, improving their productivity, reducing employee mobility and creating executives capable of implementing the Group's strategy. The issue of continuous development and retention of talent also has an impact on the spreading of expertise to partners and suppliers through the business relationships developed by the Group, as well as on the broadening of the workforce of countries and regions.

TACKLING CLIMATE CHANGE

Climate Change Management and the management of the associated risks and opportunities are material issues for the Group, both for its responsible and efficient business continuity and development as well as for all stakeholders involved in the value chain.

The impacts of Climate Change are a matter of concern for all the activities of the Group, its business strategy and its ability to create value in the future. At the same time, due to the nature and scale of the activities, Climate Change can affect the whole supply chain of the Group. The Group promotes the transition to a less depended fossil fuel business model, also promotes alternative energy generation and storage technologies, develops climate change adaptation plans and integrates related risks into its business model that lead to the adoption of new technologies and thus enhance the competitive advantage of the Group. Thus, the Group strengthens its ability to continue to create value for its stakeholders and to contribute to adhering the effects of climate change.

PROTECTING AND PRESERVING BIODIVERSITY

The protection and preservation of biodiversity and the ecosystems surrounding the Group's activities are a material issue for the responsible and effective implementation of the Group's business model and for the implementation of the principles of Sustainable Development with a view to protect the environment.

The Group, through the implementation of responsible environmental practices and the adoption of a preventive approach to the impact of its activities on biodiversity, manages to ensure the business continuity of its operations and at the same time minimize its environmental footprint. Potential impacts on biodiversity can be caused by all the activities of the Group as well as its partners and suppliers. For this reason, the Group implements those measures that will ensure the protection and preservation of the biological

wealth of the area of activity, will lead to the avoidance of possible regulatory and regulatory sanctions, protect the reputation of the Group and ensure its social license to operate.

ENGAGEMENT WITH LOCAL COMMUNITIES AND SOCIAL INVESTMENT

Building relationships of trust with the local communities where the Group operates and the Group's social investments, are a priority and a material issue for the Group's path to Sustainable Development.

GEK TERNA Group, through the adoption of responsible practices aimed at creating shared value for all stakeholders, can manage potential risks and take advantage of the opportunities presented in an ever-changing economic, institutional and social environment. This material issue concerns the Group's areas of operation and includes the impacts on local communities of both the Group's activities and those of its suppliers and partners. Potential risks can affect the Group's reputation, disrupt the established and long-term relationships with local communities and result in losing the social license to operate while, at the local community level, they can cause negative financial and environmental (e.g. noise and dust to the site of the activities) impacts. For these reasons, GEK TERNA Group is committed on supporting the development of the local communities in which it operates and interacts with, through ongoing consultation and efforts to identify and address the real social needs presented at any time.





4 PROTECTING THE ENVIRONMENT

ENVIRONMENTAL STRATEGY

The Group's environmental strategy includes provisions for:

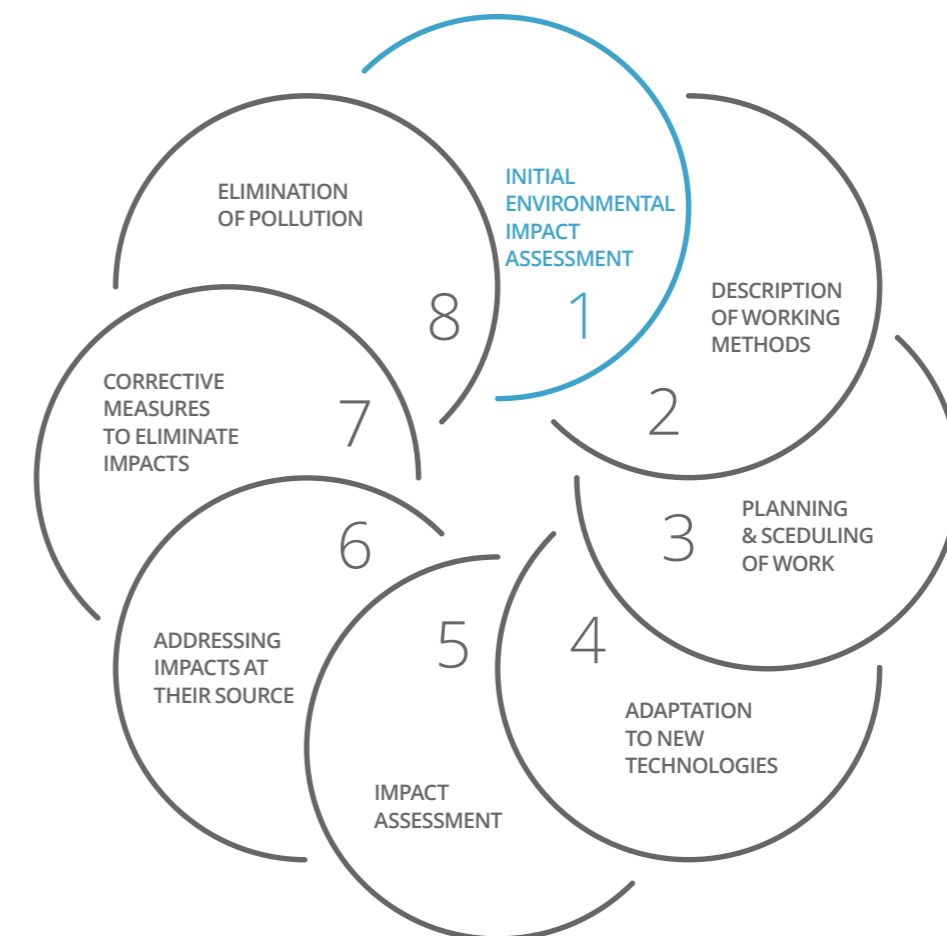
- the compliance with legal and other regulatory requirements
- the implementation and upgrade of the Environmental Management System
- the prevention of environmental impacts and the utilization of new technologies
- the training of employees on environmental issues and the engagement with stakeholders
- the integrated management of the environmental footprint (natural resources, energy, materials use, waste) for all of the Group's its activities
- the synergies to combat climate change and foster an environmental culture

As a result, the Group acts in a targeted manner, adopting measures that evidently lead to the mitigation of its overall environmental footprint. Applying an up to date integrated Environmental Management System, the Group monitors the environmental impacts of its activities and is able to take the necessary measures in a timely manner, to mitigate its environmental footprint and to constantly improve its performance.



The Group identifies and prioritizes the environmental risks associated with its activities which may cause negative impacts both on the Group's stakeholders (e.g. local communities) as well as on the wider natural environment.

The strategy of mitigating the environmental impacts is based on the following cycle:



In addition, the Group identifies the risks related to Climate Change, which to some extent determines the Group's business strategy, through the strategic development of renewable energy projects and the adoption of mitigation measures of its environmental footprint. Such risks may considerably affect the Group's business model (e.g. need for immediate independence from conventional energy sources, increased operating costs to adopt new environment friendly technologies, regulatory sanctions due to increased requirements).

GRI 103-2, 103-3



RESPONSIBLE ENERGY MANAGEMENT

OUR MANAGEMENT APPROACH

Responsible energy management is becoming more and more significant as it positively contributes not only to climate protection but also to economic activity, the natural environment and generally to the quality of life. The Group, through the very nature of its activities and particularly in the field of infrastructure, seeks to optimize its energy efficiency through the implementation of low energy footprint infrastructures.

The Group's activities, focusing on energy production from RES and the creation of a decentralized system of power plant units, ensure the access to clean energy, improve the security of energy supply and efficiency, and therefore reduce the adverse impacts of fossil fuel combustion to the environment. With regard to its operation, the Group recognizes that being able to assess its energy demand and mitigate its energy consumption of its operations presupposes the systematic recording and monitoring of energy consumption throughout its operations.

The Group's goal for 2019 is to continue integrating even more operational units and companies in the process of data collection, while further expanding its methodological approach on data collection.

ENERGY EFFICIENCY OF INFRASTRUCTURE AND EQUIPMENT

The development of infrastructure with low energy footprint is a priority for the Group. To this end, the Group implements projects with bioclimatic design and is certified by systems which assure that its buildings have been designed and constructed based on environmentally friendly energy saving practices. A prime example of a LEED Platinum certification project is the Stavros Niarchos Foundation Cultural Center (SNFCC), which has been awarded the Leadership in Energy and Environmental Design Platinum certification as a Green Building, which is the highest possible award for environmental and sustainable use of buildings internationally.

GEK TERNA Group recognizes that the equipment used may adversely affect the environment. For this reason, it invests in the refurbishment and maintenance of its machinery, aiming to improve energy efficiency and increase their lifespan.

ENVIRONMENTAL TRAINING OF EMPLOYEES

The cultivation of a broader corporate culture in energy efficiency is a prerequisite for the implementation of energy saving measures and the improvement of the overall energy footprint of the Group. To this end, the Group plans training programs on an annual basis to inform and train its employees systematically and properly. The department responsible for the delivery of the trainings is the Environmental Management Department. These trainings are based on both the needs and requirements of the projects as well as the roles and tasks of the employees.

More information on the Group's performance on this topic is available in the Group Performance section.

GRI 103-2, 103-3



TACKLING CLIMATE CHANGE

OUR MANAGEMENT APPROACH

Addressing climate change is a priority for the Group, which focuses on moving to a less fossil-fuel dependent economy and ensuring the well-being of its stakeholders through the creation of sustainable cities and societies. The Group has the expertise and the operational capability to identify opportunities and to mitigate the risks associated with climate change for the benefit of Sustainable Development. Although climate change affects the business continuity of the Group, the business opportunities created can contribute to both its economic growth and to mitigate the negative effects of the phenomenon.

The Group's activity in the production of clean energy is directly related to the reduction of greenhouse gas emissions. In particular, through the construction of pumped storage projects that will safeguard the country's energy system, the storage of clean energy, the creation of waste treatment plants that utilize cutting-edge technologies for sound waste management and biogas production, the development of innovative infrastructure projects that minimize their energy footprint and the construction of new highways of international standards, the Group responds to the challenges of climate change and creates indirect and induced value from its operation.

This is achieved through a series of projects implemented and investments planned, such as:

- Development of hydro-pumped storage projects that will support the penetration of variable renewables (solar, wind) and will offer flexibility and security of supply by storing excess of RES energy
- Create waste treatment plants utilizing state-of-the-art technologies for the proper management of waste but also biogas production.
- Development of innovative infrastructure projects that minimize their energy footprint.
- Construction of new highways of international standards.

IDENTIFYING BUSINESS RISKS AND OPPORTUNITIES

Climate change affects almost all areas of activity of the Group, both in terms of supply and demand. Specifically, in supply, there is an increase in the frequency of adverse weather events that may affect the Group's operations, causing potential disruption of operations and consequently increased construction costs and/or operational costs due to manufacturing and/or operational difficulty associated with the inability of employees to perform their duties.

Adverse weather conditions, because of climate change, can affect both the operating costs of project development and the operational and maintenance costs of its projects and for that associated risks are considered when designing projects. At the same time, the variability of wind data can have a significant impact on the business planning of wind power projects and consequently the associated risks and potential opportunities are taken into consideration during the project design phase through in-depth scientific studies that aim at mitigating the impact of the risks involved and identifying and exploiting potential business opportunities.

Regarding demand, the Group recognizes the need to build new infrastructure that respond to the effects of climate change. The effects that climate change might have on the materials used in our projects is taken into account from the early stages of infrastructure design, to accurately predict the energy needs of infrastructure projects and consequently reduce the operational costs of the projects. Moreover, in the field of energy production, the Group recognizes the increase in electricity demand, mainly for air conditioning and heating purposes respectively, and therefore adapts its business model to the production and storage of clean energy.

ENVIRONMENTAL PROTECTION INSPECTIONS

To tackle climate change, it is necessary to take measures for the reduction of greenhouse gas emissions. For that purpose and in order to reduce the environmental footprint and to continuously improve its performance, the Group implements a modern and integrated Environmental Management System. In this way, the Group identifies and records the impacts on the full range of the Group activities, which then can take all necessary measures. To this end, the Group applies a certified Environmental Management System in accordance with the international standard ISO 14001 for the companies TERNA, TERNA S.A. ABU DHABI, TERNA ENERGY, TERNA MAG, NEA ODOS, KENTRIKI

ODOS, HERON, GEK Services, HELIOCHORA. In addition, through the annual inspections that are carried out in all its activities, as part of the implementation of the System, the Group is able to assess more fully and efficiently the risks and opportunities associated with climate change.

MITIGATION OF GREENHOUSE GAS EMISSIONS

The Group's business model is strategically oriented to the mitigation of greenhouse gas emissions and tackling climate change, mainly through the development of clean energy production and waste management projects. GEK TERNA Group, mainly through its subsidiary TERNA ENERGY, contributes significantly to the prevention of carbon dioxide emissions into the atmosphere through the production of RES energy, as well as other gas emissions, such as methane which is properly managed in the waste management units it operates.

The Group documents and communicates the impact of its activities, through its electronic and printed media (Sustainability Report, website, press releases, etc.), to all its stakeholders.

More information on the Group's performance on this topic is available in the Group Performance section.

GRI 103-2, 103-3, 304-2



PROTECTING AND PRESERVING BIODIVERSITY

OUR MANAGEMENT APPROACH

Many of the Group's activities, such as infrastructure development and highway construction, wind farms and hydroelectric projects, take place within areas of high biological value. The adoption of a broader culture of protection and preservation of biodiversity by all employees is a prerequisite for responsible environmental performance, regulatory compliance of the Group with relevant environmental legislation, mitigation of its impact on biodiversity and safeguarding the Group's business continuity. To achieve this, the Group implements certified systems, conducts trainings on biodiversity conservation to its employees and the visitors of construction sites, takes initiatives to promote and protect local ecosystems and continuously operates in accordance with and beyond the standard environmental legislation framework, by using mechanisms to monitor and record its effects on biodiversity and the wider natural environment.

To protect and preserve biodiversity, the Group, in collaboration with scientific experts and bodies, conducts special ecological assessment studies, ornithological studies and case-specific studies while it implements monitoring programs both during construction and operation of the projects so as to gather and utilise all necessary information that will ensure the protection of local ecosystems, by taking the right protective and restorative measures.

RESTORATION OF AREAS AND WORK SURFACES

The Group recognizes that each of its activities creates an environmental footprint in the area where the project is being carried out. Therefore, aiming at minimizing its footprint, the Group conducts environmental studies on all projects it undertakes as well as rehabilitation studies for the surrounding environment and specific action plans for the responsible and integrated management of the projects' life cycle. The restoration works consider the existing biological wealth of the adjacent ecosystems or those that pass through the projects, in order to ensure the preservation of the ecosystems at the end of its operations and secure its social license to operate.

Specifically, regarding the restoration of the natural landscape, in the case of wind energy projects, the Group makes special provisions for the wind turbines' decommissioning and the restoration of the surrounding area. The provisions are part of a broader and more comprehensive rehabilitation design, which incorporates the recovery operations of significant quantities of raw materials and materials for reuse in other identified needs among the Group's various activities.

TERNA ENERGY

The Dafnozonara Hydroelectric Project is the first to be built on the main flow of a large river in Greece, and for its implementation the Group received all the necessary measures to protect the local ecosystem. The watershed of the river Acheloos at the location of the dam has an area of 1350 km² and average annual runoff of 1630 hm. In particular, to protect the fish fauna, the Group built a fish road in the form of a fish ladder and implemented, for the first time in Greece, the method of hydraulic flushing with the purpose of handling materials and securing the sediment yield downstream of the project.

In wind farms located in areas with sensitive bird fauna, the company implements a monitoring program in order to determine possible impacts and taking any required protection measures. In particular, in the wind park located in the Derveni area, a specialized monitoring program of the birds was installed through the program Life, and uses a technology that prevents the birds from colliding with the wind turbines. The program generates warning sounds in order to divert the course of birds and to protect them from possible impact. If these actions are not able to prevent the collision of the birds, this technology causes immediate deceleration and / or and immobilization of wind turbines.

TERNA MAG

To protect biodiversity, the company continuously ensures that the areas surrounding its activities are restored. Towards this end, the company proceeded with tree plantings with saplings and shrubs in inactive surface mines, which were based in approved plant-technical studies. In addition, the company performs frequent analyses not only for checking the quality of water of the underground and surface mines but also to monitor the resulting waste from its mining operations. Moreover, the company, in accordance with the applicable legislative framework, and in compliance with existing environmental standards, proceeded to the construction of fire preventing zones and forest roads for protection of the ecosystems of the wider areas that surround her activities.

RESPONSIBLE ENVIRONMENTAL BEHAVIOR AND CIRCULAR ECONOMY

The Group ensures the protection and preservation of the natural ecosystems that surround its activities, through the responsible management of the waste that all its operations and activities generate. Through the systematic monitoring of waste by category (hazardous - non-hazardous), by kind (solid-liquid waste) and by type (lubricants, lamps, timber, paper, municipal waste, etc.), the Group is able to evaluate and apply the best waste management methods. To this end, it collaborates with licensed bodies and special partners to collect - recover, process, reuse and / or dispose of its waste, reducing its environmental footprint, lighten landfills and protecting local ecosystems and biodiversity areas in which it operates.

The adoption of the principles of the circular economy, under the context of responsible environmental operation but above all in reducing the impact on biodiversity, allows the Group to reuse significant quantities of generated waste (e.g. excavation, construction and demolition waste) to meet other needs between the Group companies and the different points of operation. During the reporting period, 33,939 tons of waste were reused for the restoration of Temploni and Lefkimi landfills in Corfu.

Regarding the management of hazardous waste, the Group's activities often produce waste with high concentrations of toxic substances, that makes them hazardous to the environment and public health.

In this regard, the Group shall design and take all necessary measures to eliminate the risk of potential contamination of the natural environment, for example using UN-certified barrels, to ensure the transport of hazardous waste and more specifically for the collection and storage of lubricating oils used for its equipment.

Additionally, all office buildings and Group workplaces implement a complete recycling system for paper,

electronic and electrical equipment and lamps and batteries, using special collection bins and in collaboration with specialist partners to further dispose and reuse recyclables.

MATERIALS AND RAW MATERIALS

The Group, from the planning phase of its projects, is making sure to select those materials that will have a long-life span as well as the lowest possible energy and environmental footprint so they can adapt to climate change. More specifically, in projects which have a life span of several decades, the right choice of materials capable of operating at rising temperatures, severe weather and extreme changes, is critical to the durability of the infrastructure and their long-term sustainability.

Moreover, The Group, is taking into account the principles of Circular Economy, ensures the most efficient use of the raw materials and materials selected,

by adopting materials' recovery and reuse practices between the different activities and companies of the Group, aiming to responsibly managing and conserving natural resources.

More information on the Group's performance on this topic are available in the Group Performance section.

5

PROMOTING
HUMAN VALUE

GRI 103-2, 103-3

ENSURING
HEALTH,
SAFETY AND
WELLBEING
AT WORK

OUR MANAGEMENT APPROACH

GEK TERNA Group's strategy incorporates the non-negotiable principle of ensuring occupational health and safety. This principle is a prerequisite for any action of the Group and applies equally to employees, subcontractors and its partners.

HEALTH AND SAFETY POLICY
OBJECTIVES

Safeguarding Health and Safety is a priority for the Group, which constantly improves the strategic

framework within which issues related to the protection of Health and Safety of all stakeholders are managed. The Group complies with the provisions of applicable national, European and international law and through a rigorous Health and Safety Management System that adheres to in time identification and minimization of risks related to all its activities. The Health and Safety Policy applies to the whole Group and all those who, directly or indirectly, are related to its operations.

Strengthening Health and Safety Policy and ensuring zero accidents are a function of objectives related to:

- implementation of an internationally certified Health and Safety Management System
- full compliance with the laws and other national, Community and international conventions, directives and provisions relating to Health and Safety
- implementation, monitoring, evaluation and improving health and safety actions
- the identification of occupational risks and developing an integrated prevention methodology
- identifying occupational risks and developing an integrated prevention methodology
- prevention of injuries, diseases and of adverse health and safety incidents
- the provision of appropriate, adequate training in health and safety issues
- immediate investigation of any accident / incident to assess the factors that led to it and to take preventive measures
- the integration of technologies, good practices and operating procedures that guarantee safety conditions for employees, subcontractors and third parties.

The Group's active commitment to Health and Safety is demonstrated by the implementation of the Certified Health and Safety Management System, in accordance with the requirements of the international standard OHSAS 18001:2007 and the new international standard ISO 45001:2018.

OCCUPATIONAL HEALTH AND SAFETY FRAMEWORK

Since Health and Safety is a primary concern for GEK TERNA Group, education and corporate culture on these issues serve to adopt a responsible attitude. The Group systematically informs its staff, subcontractors and visitors about the general principles regarding occupational hazards and their prevention, protection of health and safety of all.

In addition to education, the inclusion of basic Health and Safety principles in the work environment contributes to the elimination of accidents at work and occupational diseases, which makes reinforcing this culture a priority for the Group.

PARTNERSHIPS WITH HEALTH AND SAFETY ADVISERS

Ensuring an accident-free work environment requires compliance with the policies and management systems of all parties involved. Contractors and partners, suppliers and stakeholders must fully comply with the requirements set by the Group for Health and Safety.

More information on the Group's performance on this topic is available in the Group Performance section.

GRI 103-2, 103-3



CONTINUOUS TALENT DEVELOPMENT AND RETENTION

OUR ADMINISTRATIVE APPROACH

Contributing to talent development and retention is one of the key pillars of the Group's operational framework, constituting a strategic choice on its path to Sustainable Development. Within this framework, the Group continuously develops, implements, monitors / revises and improves employee competence processes and programs, as well as those initiatives that enhance the degree of em-

ployee integration within the Group's companies and create conditions for the retention of talents within the organization. By providing the necessary resources, the Group ensures the continuous improvement of the skills of its employees, the protection of their rights, their access to equal opportunities and the support of diversity between them. Maintaining the Group's reputation in Greece and consolidating its position abroad are based on the skills and expertise of its executives and employees.

TRAINING AND EDUCATION OF HUMAN RESOURCES

The Group recognizes the contribution of human resources to the achievement of its goals as a decisive factor and therefore ensures its continuous education and training. The high level of professionalism of the employees, the scientific and technical knowledge they possess and the dedication they show in the performance of their duties create added value to the projects developed by the Group and thus enhances their business prospects.

The Group implements specialized education and training programs related to the subject matter of the position, its strategic planning and the needs of the human resources. Internal training is provided on a yearly basis by supervisors, specialized partners and specialized external trainers.

The specific training topics, whether they are health and safety issues or environmental and regulatory compliance issues and the implementation of the Code of Conduct and Ethics, are in line with the needs of the projects undertaken individually by the companies of the Group and respond effectively to the roles and duties of the employees. Information is also provided to site visitors for the protection of their health and safety, while keeping a detailed record of training in each workplace. During the reporting period, the Group provided 5,985 hours of training to 807 employees.

ENHANCING YOUTH EMPLOYMENT

The Group recognizes that unemployment is a major challenge for the economy and the social cohesion of the country. By investing in a better tomorrow, the Group places particular emphasis on boosting youth employment and creating career prospects by implementing programs aimed at supporting their integration into the labor market. In this context, it systematically finances top postgraduate students, and each year provides the opportunity for internships

within the Group's companies, bringing students closer to the job market and the actual practice of their scientific subject.

EMPLOYEE REMUNERATION AND BENEFITS

Employees' pay and benefits are determined by a specific internal policy that guarantees transparency and meritocracy. The Nominations and Remunerations Committee of each company is responsible for proposing remuneration policies and systems at all hierarchical levels. In this context, the Group uses evaluation criteria and indicators regarding the importance of the job, the responsibilities of each position, the educational background, the experience, the skills, the ability to achieve the goals and the level of employee performance.

By assessing the cost of living in the countries in which it operates, the Group offers remuneration that exceeds the thresholds set by the respective legal framework. The majority of the Group's employees is paid salaries that are over the minimum statutory remuneration. In Greece, the remuneration of workers in the category of "craftsmen" is on average 25% higher than the remuneration provided for in the national collective agreement. The Group offers additional benefits, such as a corporate vehicle, a laptop, a corporate mobile connection, etc., depending on the needs and requirements of the job.

The objective of the Group through its employee pay and benefits policy is to create a fair and rewarding working environment that will enhance employee satisfaction, improve productivity and ensure that goals are met.

EQUAL OPPORTUNITIES AND HUMAN RIGHTS AT WORK

The Group believes that retaining talent within the organization is directly linked to the provision of equal opportunities and safeguarding human and labor



+25 %

rights at work, which allow for a fair work environment, governed by a healthy corporate culture and beneficial labor relations.

While respecting the right for education and freedom of speech, the Group applies control procedures to ensure that no fundamental human rights are violated as a result of its activities.

Moreover, the Group ensures that every employee is treated fairly and judiciously based on their abilities and performance. The decisions made by the Group are not related to any kind of discrimination regarding gender, ethnicity, language, religion, political beliefs, disability, sexual orientation or other elements of diversity.

ENHANCING DIVERSITY

Due to the nature of the Group's activities, the workforce is composed mainly of male employees. However, the Group's consistent policy is to increase the representation of women in its companies. One step in this direction is the recording and monitoring of the distribution of women by geographical area of activity, by age and by occupational level. This aims to increase the proportion of women in the total number of employees.

The Group provides a balanced and safe work environment that rewards innovation, facilitates the implementation of its vision, expands its international outlook and contributes to its business success and excellence. The Group has developed a work environment that focuses on the employee, follows clear procedures for their development and continuously ensures that their talents are maintained through the provision of professional development opportunities.

More information on the Group's performance on this topic is available in the Group Performance section.



6 STRENGTHENING OUR SOCIAL FOOTPRINT



**SOCIAL PRODUCT
CONTRIBUTION**

€1.4^{BILLION}

The Group's modern infrastructure and energy projects promote Sustainable Development by contributing to the social prosperity and positive image of Greece internationally.

The multiple benefits of the Group's business activity are translated into thousands of jobs, benefits and insurance contributions, partnerships with thousands of suppliers for the purchase of products and services as well as taxes and investments. The indirect positive impacts of the Group's activities are associated with transportation safety, upgrading of the urban infrastructures, access to places of art and culture, improvement of citizens' quality of life and the preservation and protection of the natural environment.

Recognizing the social risk inherent in carrying out its activities in local communities, the Group conducts social impact assessment prior to the commencement of any new work, including the assessment of potential impacts on human rights, health of residents, and consultation with local community and stakeholders on issues that could potentially degrade the quality of life of residents. In 2018, the Group contributed to social development, with its "Social Product" amounting to almost € 1.4 billion.

GRI 103-2, 103-3



ENGAGEMENT WITH LOCAL COMMUNITIES AND SOCIAL INVESTMENT

OUR MANAGEMENT APPROACH

The Group's activities are designed and implemented aiming at contributing to social prosperity. Establishing long-term relationships with local communities is achieved through responsible engagement and partnership efforts, with the aim of building trust relationships with all stakeholders and maximizing the social benefits of the Group's activities. The presence and the role of the Group in the local communities and the transparent and responsible attitude maintained towards them are the minimum conditions for securing the social license to operate and consequently business continuity, as well as for the effective implementation of the Group's business model.

The Group engages with the local authorities of the areas of activity, prior to the commencement of any project, in order to inform stakeholders and ensure the creation of mutual socio-economic benefits, through the development of the project. By engaging with local authorities and the local community, local needs are identified, and actions are designed to promote the sustainable development of local communities.

In addition, the contribution of the Group's activities to the implementation of social policy is made directly through the taxes and fees paid by the Group companies in the country of operation and indirectly through the taxes and fees paid by the Group's suppliers and affiliates in each area.

DIRECT AND INDIRECT SOCIAL IMPACTS

The Group's strategy and the business model it implements, contribute towards the continuous improvement of their direct and indirect socio-economic impacts. The type and magnitude of the impact varies according to the nature and particular characteristics of the project, but every project creates shared value to all stakeholders.

In particular, the development of infrastructure projects directly creates jobs and demand for products and services (including subcontracts) locally, the initial construction phase.

In the case of concessions (e.g. toll stations, highway maintenance, etc.) Social impacts expand over time and more jobs are created,. Additionally, the multiplier benefit of infrastructure construction is one of the highest for the national economy. According to the International Monetary Fund, investment in transport infrastructure, has the highest multiplier in terms of impacts of all other forms of fiscal intervention, adding for every euro invested, three euros in the country's GDP.

The Group's projects in the field of infrastructure and real estate, boost local employment directly and indirectly (through subcontractors), as well as by creating demand for building materials and other raw materials locally. Moreover, the adoption of new innovative technologies, increases the productivity of the workforce and creates expert employees and associates, which is in turn diffused within and outside the Group's activities.

Furthermore, the development and operation of wind farms and hydroelectric projects for electricity electricity reduces both the need for conventional electricity production and the associated greenhouse gas emissions. In addition, the transport infrastructure projects undertaken by the Group create direct and indirect social impacts, enhance local employment and demand for local products and raw materials, improve the daily lives of local communities and facilitate the economic and cultural convergence of the local regions.

Moreover, the construction and operation of waste treatment plants contributes to the upgrade of the ground (lakes, rivers, seas and air) and underground (aquifers) natural environments as well as to the improvement of hygiene conditions in local communities, while at the same time enhances local employment and social sensitivity of citizens to environmental risks.

CREATION OF INFRASTRUCTURE FOR THE BENEFIT OF SOCIETY AND SOCIAL INVESTMENT

The prosperity of local communities where the Group operates is a priority and commitment and to this end, the Group plans and implements a range of activities that have a direct and visible social benefit. During 2018, the Group undertook the implementation of infrastructure projects aiming to the improvement of the daily lives of residents in areas affected by extreme weather events, totaling 540,000 €. Specifically, in 2018, the Group, among other things, carried out free demolition works, collection, removal and alternative management of demolition waste of dangerous buildings in the areas of Agioi Theodoroi and Kinetta, which were affected by the devastating fires in July 2018. In addition, responding to the Mandra-Idyllia Municipality's request, it undertook to repair the damages caused to the 1st Kindergarten of Mandra by the flood on 15.11.2017. Also, in September 2018 during the continuous rainfall in Mantoudi, Evia, our people assisted the authorities in the area.

In the context of creating infrastructures which create a social benefit, road excavation projects for the installation of wind turbines operated by the Group are also included and respond to emergencies more effectively (e.g. fire fight) in adjacent forest areas, contributing to the preservation of the local settlements that surround them, enhancing social security and protecting local ecosystems and the natural wealth of the areas where the Group operates.

PARTNERSHIPS WITH LOCAL SUPPLIERS

Supporting local suppliers is a strategic direction of the business model and is included in the planning of the Group's projects, aiming to the stimulation of the local market and national economy, enhancing our social license to operate by creating relationships based on trust and optimizing the operational costs of each project.

During the reported period, the number of Greek partners was approximately 4,350, while the corresponding value of purchases made for all Group activities was approximately € 549 million. More information on the value, type and number of suppliers is provided at section "Group Performance" of this Report.

COUNTERVAILING BENEFITS

The Group's activity in the development of RES projects creates additional social benefits both directly and indirectly, in the form of deductions from the local community's current accounts. In this context, the operation of each RES project contributes 3% of its gross annual revenue to local communities. 3% either directly (in the form of contributions) or indirectly (in the form of discounts on electricity bills, construction of infrastructure projects, etc.). Specifically, during the reporting period, € 4.274.114 was distributed from the operation of RES projects to the municipalities hosting the RES projects.

DISTRIBUTION OF ECONOMIC VALUE TO LOCAL COMMUNITIES

The Group's sponsorships and donations focus primarily on training, education, arts and sports programs in Greece. The main motivations of the Group to support solidarity actions are the improvement of the quality of life and the creation of new opportunities.

In 2018, the Group's companies implemented a large program of social support and financial value distribution that exceeded € 1.5 million through sponsorships, donations and infrastructure projects.

The GROUP 's 2018 Social investment included:

- Free construction of infrastructure and interventions to improve the day-to-day lives of residents in the areas of activity
- Targeted actions in schools, as well as sponsorship programs for sports and cultural clubs in local communities
- Programs to support youth entrepreneurship and scholarships for young people, support for scientific research programs, conferences etc.
- Financial support of NGOs and government agencies focusing on improving the quality of life of vulnerable social groups (ELIZA, Doctors Without Borders) as well as donations to the Greek Police and Fire Service
- Supporting cultural activities.



GEK TERNA Group, in the framework of its responsible business operation, consults with the local community and local authorities throughout its activities to inform stakeholders, identify any concerns and implement its projects in a framework of transparency and dialogue, ensuring its social license to operate and therefore the business continuity and sustainability of its projects.

In this regard, the Group implements environmental impact studies for each project as well as continuous monitoring of the environmental footprint of its projects, conducts consultations and public outreach programs where required during project implementation and annually publishes non-financial performance indicators of environmental and social footprint of its work in the context of the Financial Statements and the Sustainable Development Report.



EMERGENCY PREPAREDNESS

OUR MANAGEMENT APPROACH

Emergency Preparedness is a key factor for ensuring the Group's business continuity and for preventing and responding to health and safety related incidents. For this reason, it constitutes the main pillar of the operational framework and the control mechanisms applied by the Group activity. Employee engagement and the active role of management in identifying, monitoring and eliminating the risks of emergencies, continuous training of the Group's people and compliance inspections, as well as any health-related collaborations and safety, are crucial in preventing and responding to critical incidents.

EMERGENCY MANAGEMENT PLAN

The Group has determined that any potential fire, explosion, heatwave, flood, earthquake, terrorist activity, uncontrolled leakage and failure of materials and / or equipment is a matter of urgency that requires immediate, integrated and effective management. To prevent and respond to critical situations in a timely manner, the Group prepares, within each project, a detailed contingency management plan to ensure the protection of both its people and all its stakeholders and the environment. In particular, the Emergency Management Plan describes the needs of human resources and protection equipment, the roles and responsibilities of the teams responsible for responding to emergencies (e.g. fire protection / First Aid team), emergency response instructions for all

employees, including successive steps to be taken in the event of an emergency, and foreseen communication on critical incidents.

READINESS EXERCISES

The Group is committed on ensuring the levels of preparedness of its employees and their associates (subcontractors) in emergency situations and for this reason regularly implements emergency contingency plans through the conduct of critical incident simulations (fire, earthquake, etc.) that relate to the timely and effective response of people present on incident sites regarding events that would be harmful to health, safety and the environment.

In this regard, it is given as an example that an exercise took place in November 2018, at the Group's headquarters, with the participation of all the employees present at the time (more than 250 employees), regarding the immediate and coordinated evacuation of the premises and gathering of all at a nearby safe place. Moreover, at the construction site of Kipi of Evros, in the context of the development of the TAP gas pipeline, an evacuation and implementation of the rescue-escape plan was successfully carried out with the participation of all TERNA staff and its subcontractors. In addition, a rescue and first aid simulation exercise took place in Ptolemaida in December 2018, in a turbine house, with virtual employee trapping and immediate and effective

rescue.

EMPLOYEES TRAINING

Employees' active involvement in emergency response matters is an important prerequisite for preventing and avoiding related incidents. Recognizing the importance of the human factor in effectively responding to critical situations, the Group ensures continuous information and training of its employees on relevant issues, in order to be able to protect themselves, their colleagues and associates and the environment by recognizing, recording/communicating and limiting possible causes of accidents.

To this end, the Group provides systematic training and prepares specific plans tailored to the specifications and needs of each project. Each program is designed to enhance employee's preparedness levels, further develop their skills and enhance their technical

competence, with the goal of protecting themselves and the environment in which they work. It is significant to incorporate events that occurred in the past and how they were dealt with, in the content of training programs, in order to provide training events and to analyze ways to improve response to similar occurrences. In addition, where required, depending on the nature and characteristics of a project, training is provided not only for employees but also for visitors. Trainings are conducted by the competent Department of Health and Safety, safety technicians and specialized external training providers.

More information on employee training in the implementation of Emergency Plans is provided in the Group

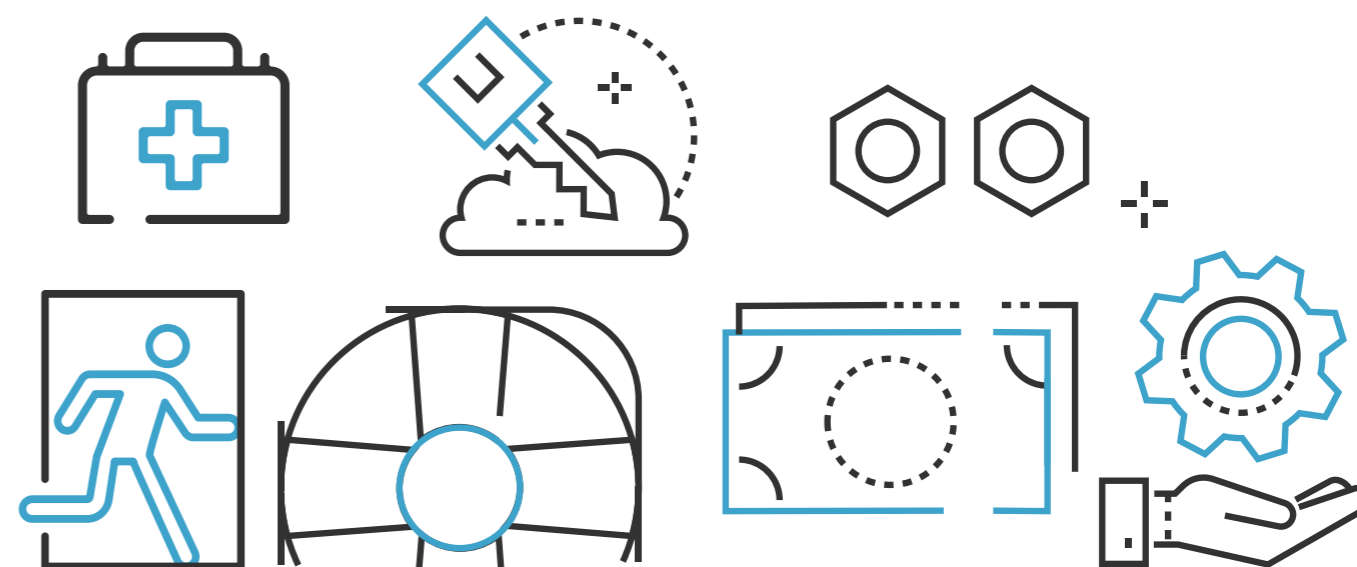


PERFORMANCE SECTION. COMPLIANCE AUDITS

Timely and effective response to critical situations requires the active involvement of all parties involved and their compliance with relevant policies, safety regulations and emergency management plans. In addition to employees, all contractors, partners, suppliers and any other stakeholders must fully comply with the requirements set by the Group for responsible business action. To ensure these conditions, the Group applies an annual plan of inspections to all of its operating activities and facilities. The plan of inspections is formulated in accordance with the findings of previous inspections, as recorded in relevant inspections and prior evaluations.

Internal inspections are carried out by the Health and Safety Department, while additional inspections are performed by an external auditor (Independent Engineer), external certification bodies and, in the case of concessions, by expert consultants designated by the Concession Consortium. The purpose of inspections is to identify the levels of preparedness at the time and possibly improve the way and the management systems that ensure safe and responsible business practices and protect the health of people and the environment in which they live and work.

More information on the Group's performance on this topic is available in the Group Performance section.



7

SHAPING A RESPONSIBLE MARKET



GRI 103-2, 103-3



CREATION AND DISTRIBUTION OF ECONOMIC VALUE

OUR MANAGEMENT APPROACH

GEKTERNA Group has at the core of its business strategy the creation of financial value for its shareholders and its distribution to all business related stakeholders.

The strong business model, the ability to identify new opportunities and avoid business risks, develop strategies for new technologies and new markets, capable human resources that combine long-term experience, and proven ability to execute the projects it undertakes, as well as the business philosophy, values and business ethics displayed in every aspect of the Group's operations are the main reasons why the Group is able to create and distribute economic value. At the same time, the Group's financial performance is directly linked to its sustainable development and its ability to generate social and environmental benefits through its activities and responsible operation.

2018 was another positive year for the Group's performance, in all areas of activity, with the undertaking and development of new projects and the completion of existing ones, which strengthened the Group's market position and allowed it to generate benefits not only financially, but also environmentally and socially through its projects.

Specifically, the Group continued its investment program in Greece with capital loans in the field of RES energy production, in the area of PPPs and in

the Mining activity, since its capital structure remains satisfying. The Group continues its presence in countries outside Greece, as a significant portion of its turnover in the construction and energy operating sectors comes from SE countries. Europe, the Middle East and the US.

Indicatively, some of the most important data for the past year, by sector, are listed below:

INFRASTRUCTURE SECTOR

A contract has been signed for the construction of two towers that will house luxury apartments, a residential complex, as well as a shopping mall with luxury retail shops, dining and entertainment, parking and a total area of 8,000 sqm, as part of Ayia Napa Marina development with a total budget of € 163.4 million.

A construction contract has been signed for the construction of the "New Belgrade Airport (Nikola Tesla)" with a 49% stake in the 5-year project and a budget of € 262 million.

The Modification and Completion of the Design and Construction Contract for the project "Central Greece E-65 Motorway" was signed, with the assignment of the implementation of the PATHE - Xyniada Halfway Section, with a budget of € 305.7 million and a duration of 36 months.

CONCESSIONS SECTOR – PPP

The Group acquired the remaining 21.5% and 33.34% of shares of NEA ODOS and KENTRIKI ODOS respectively. the Group now owns 100% of these subsidiaries.

WASTE MANAGEMENT SECTOR

The PPP project contract “Integrated Waste Management of the Peloponnese Region” was signed between Environmental Peloponnese SA, a subsidiary of TERNA ENERGY and the Region of Peloponnese, which is the largest PPP waste management project in the country worth up to 168 million, of which € 66 million come from ESPA subsidies.

The construction of a waste treatment plant in the region of Epirus, from the subsidiary of AEIFORIKI Epirus Group, was completed. The investment amounted to € 52.6 million, while the value added approached 70%, creating 290 new jobs the plant is the first in Greece to produce biogas from solid waste and subsequently electricity, which will be fed into the country's electricity grid.

ENERGY PRODUCTION SECTOR

The Group has a total installed capacity of 1,032 MW. The Group has installations of 607 MW in Greece, 293 MW in the USA and 132 MW in Southeast Europe. The Group's strategy for development in the field of RES energy generation is also expressed by the fact that, during the last five years, the Group investments in this sector were approximately an average of € 120 million annually.

Sales from RES generated € 216.3 million, compared to € 173 million in 2017, up 25%. TERNA ENERGY Group's investments amounted to € 108 million in 2018. The continued investment activity of the Group creates the conditions for achieving a steadily increasing income and profitability long-term.

Correspondingly, in the area of thermal power

generation, the 435 MW Thermal Power Plant as well as the smaller 147 MW Power Plant in Boeotia continued to operate during the reference period. The electricity sales turnover generated revenue of € 19.7 million versus € 13.6 million in the corresponding period of 2017 achieving an increase up to 45%.

REAL ESTATE DEVELOPMENT AND MANAGEMENT SECTOR

The adverse economic conditions in the real estate market that have continued since 2010 have led to a hold on investment activity in the domestic real estate market over the reference period. In this context, the turnover of the Real Estate sector amounted to € 9.2 million, compared to € 2.7 million. in the corresponding period of 2017. The increase in Turnover is due to the increase in the rent of the Sofia shopping center, which was fully operational in 2018.

MINING ACTIVITY SECTOR

The Group Management, anticipating that demand for magnesium products will be high in the coming years, has already implemented most of its investment project, totaling € 100 million, at its privately-owned facilities in Mantoudi, Evia, for the extraction and processing of magnesia, the production of CCM caustic magnesia, dual magnesium (DBM) and magnesium hydroxide (MDH) products. Under the investment program for equipment and new facilities, investments totaling approximately € 42 million were implemented in 2018. The remaining investments for equipment are expected to be realized in 2019.

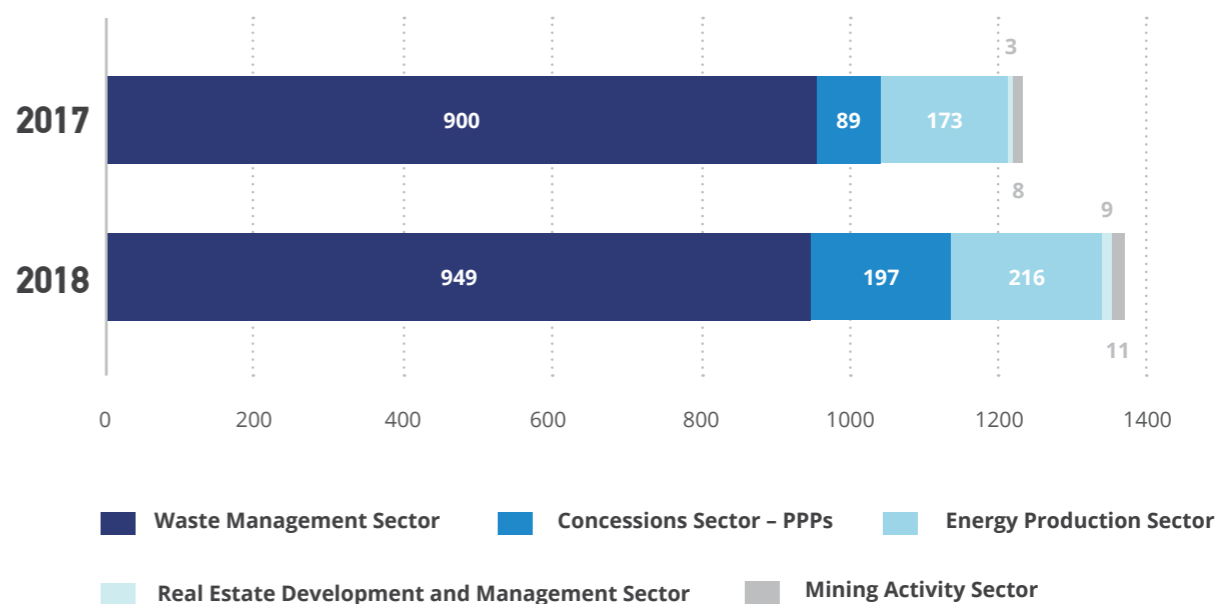
ECONOMIC VALUE FOR SOCIETY

Through its business operation and activity, the Group constantly aims to creating social value. The Group's sponsorships and donations focus on education, training, arts and sports programs in Greece. Improving the quality of life of citizens and creating opportunities for social inclusion and job opportunities in the local

communities in which they operate are the Group's main motivations for supporting solidarity actions. During 2018, GEK TERNA Group companies implemented a

large social investment program through sponsorships, donations and infrastructure projects that exceeded €1.5 million in 2018.

REVENUE PER OPERATING SECTOR (€ MILLION)



Indicatively, the Group in 2018 developed the following initiatives for society's benefit:

- Pro bono construction of infrastructure and interventions for improving the daily lives of residents in the areas where the Group operates.
- Targeted actions in schools, as well as sponsorship programs aimed at sports and culture clubs in areas of activity both in Greece and abroad.
- Programs to support youth entrepreneurship and provision of scholarships to young people, support of scientific research programs and conferences.
- Financial support of Non-Governmental Organizations (NGOs) and Government Bodies that focus on improving the quality of life of vulnerable social groups (ELIZA, Doctors Without Borders) and targeted donations to the Greek Police and Fire Brigade.
- Support actions aimed at promoting culture.

GRI 103-2, 103-3



ENSURING BUSINESS ETHICS AND COMPLIANCE

OUR ADMINISTRATIVE APPROACH

GEK TERNA Group believes that business ethics express the organization's operating culture and disseminates through its business practices, both internally and externally. At the same time, ensuring compliance with all applicable laws and regulations that govern all the Group's activities is a prerequisite for ensuring business continuity and social licensing, as well as for the Group's ability to create value for its stakeholders.

To this end, the Code of Conduct is the basic framework of the Group's operation, which characterizes the professional conduct of all its people. The Code of Conduct ensures the creation of a work environment based on a value system that promotes mutual trust, transparency in all functions and activities, good cooperation, recognition of efforts, integrity of actions, equal opportunities and incentives development for employees. At the same time, this value system distinguishes and highlights each person's skills and personality traits, contributes to overcoming personal and interpersonal difficulties, promotes innovation of thoughts and actions, and contributes to the creation of a work environment of meritocracy and business ethics.

THE IMPLEMENTATION OF THE CODE OF ETHICS AND CONDUCT

The Code is a reference point for all people working in and / or for the Group, as it indicates how the professional duties are carried out, sets out the rules and rules of conduct, serves as a guide to questions that arise during executing the work and initiating the foundation of principles and corporate culture.

The content of the Code applies to all subsidiaries and areas of activity of the Group, in each country in which it is present and at the same time is taken into account in all partnerships and joint ventures in which it participates. The Code sets out the minimum requirements to be met and supplemented by Policies, Procedures and other internal documents, such as the Regulations and Directives of the respective company of the Group, which apply to all its stakeholders.

MONITORING THE IMPLEMENTATION OF THE CODE AND CONTINUOUS UPDATE

Implementation of the Code is monitored by the Compliance Officer. The implementation of the Code is supported by the Rules of Procedure and other official corporate documents describing the monitoring and control mechanisms of the Code. Monitoring mechanisms include inspections across the Group's range of activities, reporting of divergences or questions to the Group, investigating the above reports at senior management level, measuring and monitoring indicators or compliance measures and also official reports and reports for issues concerning the Code at the administrative level.

The Group ensures the continuous education and training of its employees through the implementation of targeted programs and tools. Employees are informed of the contents of the Code upon recruitment and initiation of their cooperation with the Group. The formal acceptance of the Code by its stakeholders is validated by the signing of the respective employment contract, which includes an official reference.

SUBMITTING COMPLAINTS AND RESPONSIBLE MANAGEMENT

All employees of the Group have the opportunity and obligation to inform the Compliance Officer for any divergences or concerns regarding the application of the Code, through a signed and printed letter. At the same time, authorized persons from Management investigate and evaluate any complaints received and subsequently determine, where appropriate, corrective actions within the framework of applicable Group laws and policies. In addition, Management shall take all necessary measures to ensure the anonymity and confidentiality of the personal data of any employee making such reports, as well as to protect him/her against retaliation, such as threats, intimidation, exclusions, and malicious comments.

DEVIATIONS FROM THE IMPLEMENTATION OF THE CODE OF ETHICS AND CONDUCT

The Group assesses any deviations identified and reported in relation to the application of the Code and takes all legal actions provided for by the applicable institutional framework and the Labor Code, such as termination of cooperation, imposition of a fine and / or penalty to the activation of civil and criminal proceedings. Failure to inform the Director and the Compliance Officer of potential Compliance Divergences constitutes a significant breach of the duties and responsibilities of each employee and penalizes them.

The Group continuously strives to safeguard its business ethics and the compliance of all of its operations and activities, with the priority of identifying and combating potential corruption incidents that will damage its reputation and affect its operating license. By signing responsible contracts with its partners and suppliers, demonstrating the integrity and transparency of its services' transactions and pricing policies, and providing a fair and transparent work environment for

its employees, the Group ensures its robust operation, strengthens the relationships of trust that it establishes and creates value by contributing to the meritocratic functioning of institutions and the defense of justice.

GRI 406-1

During the years of operation of GEK TERNA Group, no cases of human rights abuses and / or violations have been reported and no cases of discrimination on the grounds of race, religion, sex, age, disability, nationality, political beliefs etc., including incidents of abuse to all its activities.

GRI 205-3

In 2018, there were no confirmed corruption incidents that came to the attention of the Group's management, either through complaints or through the audits performed by the Group itself in the context of preventing and combating any corruption incidents.



8 GROUP PERFORMANCE

PROTECTING THE ENVIRONMENT



RESPONSIBLE ENERGY MANAGEMENT

GRI 302-1: Energy consumption within the Organization

Source	Consumption	
	2018	2017
Electricity	58,607,525 kWh	76,514,875 kWh
Diesel Fuel (Cars + Project Machinery)	228,463 GJ	658,177 GJ

TACKLING CLIMATE CHANGE

GRI 305-1: Direct (Scope 1) GHG emissions

Direct (Scope 1) GHG emissions (t CO ₂)	2018	2017
Total	610,967 t CO ₂	490,960 t CO ₂

PROTECTING HUMAN VALUE



GRI 102-8: Information of employees and other workers

GREECE

Number of employees by employment contract	2018			2017		
	♂	♀	Total	♂	♀	Total
Permanent	1,996	724	2,720	2,352	680	3,032
Temporary	42	33	75	9	4	13
Freelancers	436	98	534	466	113	579
Total	2,474	855	3,329	2,827	797	3,624

Number of employees by employment type	2018			2017		
	♂	♀	Total	♂	♀	Total
Full-time	2,019	713	2,732	2,352	671	3,023
Part-time	19	44	63	9	13	22
Total	2,038	757	2,795	2,361	684	3,045

ABROAD*

Number of employees by employment contract	2018			2017		
	♂	♀	Total	♂	♀	Total
Full Time	1,641	127	1,768	1,810	126	1,936
Part Time	8	2	10	11	10	21
Total	1,649	129	1,778	1,821	136	1,957

Number of employees by employment type	2018			2017		
	♂	♀	Total	♂	♀	Total
Full-time	1,646	125	1,771	1,818	133	1,951
Part-time	3	4	7	3	3	6
Total	1,649	129	1,778	1,821	136	1,957

* Includes the following countries of operation: Cyprus, Albania, Serbia, Bulgaria, Romania, North Macedonia, Bahrain, Saudi Arabia, Qatar, United Arab Emirates, Iraq and USA.

GRI 102-41: Collective bargaining agreements

GREECE

	2018			2017		
	♂	♀	Total	♂	♀	Total
Number of employees covered by collective bargaining agreements	2,038	757	2,795	2,361	684	3,045
Number of employees not covered by collective bargaining agreements	0	0	0	0	0	0
Percentage of employees covered by collective bargaining agreements	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

ENSURING HEALTH, SAFETY AND WELLBEING AT WORK

GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

GEK TERNA GROUP - GREECE AND ABROAD*

	2018						2017					
	Employees			Other workers			Employees			Other workers		
	♂	♀	Total	♂	♀	Total	♂	♀	Total	♂	♀	Total
Total number of injuries during the reporting period	8	1	9	15	0	15	35	0	35	42	0	42
Total number of lost days during the reporting period	249	30	279	n/a			844	0	844	n/a		
Total number of work-related fatalities	0	0	0	1	0	1	0	0	0	0	0	0

Minor (first-aid level) injuries are not included in the injury calculations.

In the calculation of lost days, "days" means "scheduled work days". Lost day count begins the day after the incident. The information contained in the table above has been restated, since there was no data consolidation on the Group level during previous reporting periods.

* TERNA Energy is not included in the calculations. The respective rates of the indicators presented in the table are not available for the reporting period. We will examine the possibility of disclosing them in future reports.

CONTINUOUS TALENT DEVELOPMENT AND RETENTION

GRI 401-1: New employee hires and employee turnover

GREECE*

Number of new hires	<30 years old			30-50 years old			>50 years old		
	♂	♀	Total	♂	♀	Total	♂	♀	Total
2018	83	32	115	226	60	286	82	9	91
2017	102	28	130	254	61	315	59	5	64

ABROAD**

	2018								
	<30 years old			30-50 years old			>50 years old		
	♂	♀	Total	♂	♀	Total	♂	♀	Total
Number of new hires	18	2	20	376	16	392	37	5	42
Total number of employees	270	24	294	1,242	95	1,337	137	10	147
Rate of new hires	7%	8%	7%	30%	17%	29%	27%	50%	29%

	2017								
	<30 years old			30-50 years old			>50 years old		
	♂	♀	Total	♂	♀	Total	♂	♀	Total
Number of new hires	25	1	26	64	2	66	11	1	12
Total number of employees	389	30	419	1,278	98	1,376	154	8	162
Rate of new hires	6%	3%	6%	5%	2%	5%	7%	13%	7%

* For Greece only the absolute number of new hires and employee turnover is disclosed.

** Includes the following countries of operation: Cyprus, Albania, Serbia, Bulgaria, Romania, North Macedonia, Bahrain, Saudi Arabia, Qatar, United Arab Emirates, Iraq and USA.

GREECE

Employee turnover	<30 years old			30-50 years old			>50 years old		
	♂	♀	Total	♂	♀	Total	♂	♀	Total
2018	64	10	74	278	33	311	147	6	153
2017	78	19	97	398	42	440	270	5	275

ABROAD*

	2018								
	<30 years old			30-50 years old			>50 years old		
	♂	♀	Total	♂	♀	Total	♂	♀	Total
Employee turnover	140	2	142	410	19	429	53	3	56
Total number of employees	270	24	294	1,242	95	1,337	137	10	147
Turnover rate (%)	52%	8%	48%	33%	20%	32%	39%	30%	38%

	2017								
	<30 years old			30-50 years old			>50 years old		
	♂	♀	Total	♂	♀	Total	♂	♀	Total
Employee turnover	358	3	361	676	8	684	41	2	43
Total number of employees	389	30	419	1,278	98	1,376	154	8	162
Turnover rate (%)	92%	10%	86%	53%	8%	50%	27%	25%	27%

* Includes the following countries of operation: Cyprus, Albania, Serbia, Bulgaria, Romania, North Macedonia, Bahrain, Saudi Arabia, Qatar, United Arab Emirates, Iraq and USA.

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

GREECE

Function	2018			2017		
	♂	♀	Total	♂	♀	Total
Managers	9.4	5.6	7.2	9.9	3.4	6.1
Technicians	10.8	0.0	10.6	10.2	0.0	10.1
Workers - rest	6.2	0.0	6.2	19.8	0.0	19.8
TOTAL	8.9	5.6	7.4	12.6	3.4	8.4

ABROAD*

Employee category	2018			2017		
	♂	♀	Total	♂	♀	Total
Upper management	0.8	0.0	0.8	0.0	0.0	0.0
Middle management	4.7	10.5	5.0	3.3	0.0	3.3
Rest	2.1	1.2	2.0	1.7	0.7	1.6
TOTAL	2.1	1.4	2.1	1.7	0.7	1.6

By Function	2018			2017		
	♂	♀	Total	♂	♀	Total
Managers	2.4	2.6	2.4	1.6	1.4	1.5
Technicians	1.9	0.0	1.9	1.9	0.0	1.9
Workers - rest	2.3	0.9	2.1	1.7	0.6	1.6
TOTAL	2.2	1.4	2.1	1.7	0.7	1.6

* Includes the following countries of operation: Cyprus, Albania, Serbia, Bulgaria, Romania, North Macedonia, Bahrain, Saudi Arabia, Qatar, Iraq and USA. The average hours of training was calculated by taking into account the employees who participated in the trainings and not the total number of employees.

STRENGTHENING OUR SOCIAL FOOTPRINT



EMERGENCY PREPAREDNESS

Employee training on the application of emergency response plans

Year	2018	2017
Number of employees	680	411
Total hours of training	680	411

CONSULTATION WITH LOCAL COMMUNITIES AND SOCIAL INVESTMENT

413-1: Operations with local community engagement, impact assessments, and development programs

The Group develops relevant environmental impact assessment studies for each project and continuously monitors the environmental footprint of its projects, conducts public engagement and public outreach programs where required during project lifetime. The Groups also discloses, on an annual basis, non-financial indicators of its projects' environmental and social performance in the context of the Financial Statements and the Sustainable Development Report.

SHAPING A RESPONSIBLE MARKET



CREATION AND DISTRIBUTION OF ECONOMIC VALUE

GRI 201-1: Direct economic value generated and distributed

Direct economic value generated	2018 (Amounts in '000 €)	2017 (Amounts in '000 €)
Revenues	1,419,222	1,207,860
Direct economic value distributed	2018 (Amounts in '000 €)	2017 (Amounts in '000 €)
Operating costs	1,078,228	853,449
Employee wages and benefits	135,892	130,987
Payments to providers of capital	126,599	101,598
Payments to government by country	34,604	38,996
Greece	27,237	35,198
Cyprus	729	485
North Macedonia	48	14
Albania	760	178
Bulgaria	265	280
Romania	1	1
Serbia	78	97
United Arab Emirates	56	75
Qatar	35	0
Iraq	88	1,188
Saudi Arabia	228	109
Bahrain	8	12
Poland	2,521	1,175
Usa	2,550	184
Community Investments	265	356
Total	1,375,588	1,125,386
Economic value retained	2018 (Amounts in '000 €)	2017 (Amounts in '000 €)
Direct Economic Value Generated - Economic Value Distributed	43,634	82,474

ENSURING BUSINESS ETHICS AND COMPLIANCE

GRI 406-1: Incidents of discrimination and corrective actions taken

GRI 205-3: Confirmed incidents of corruption and actions taken

During 2018, there were no confirmed corruption incidents that came to the attention of the Group's Management, either via complaints or via audits that the Group performs in the context of preventing and eliminating any corruption incidents.

0

Cases
of human
rights and/or
discrimination
abuses and / or
violations

SUPPLY CHAIN

GRI 102-9

Classification of suppliers by geographical scope*

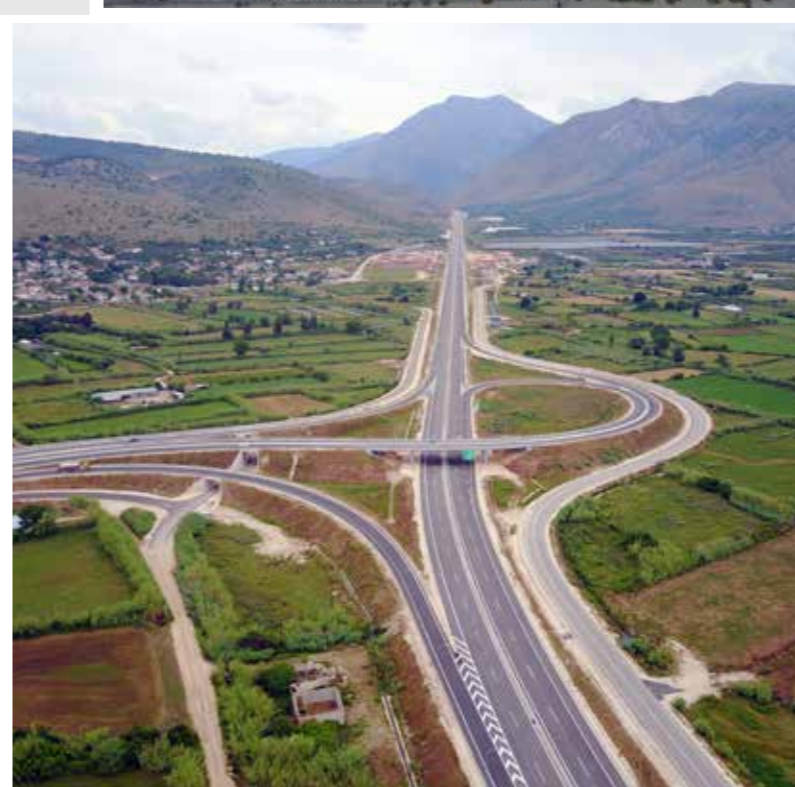
	Value of purchases	Percentage of total	Number of suppliers	Percentage of total
National suppliers	697,837	61%	5,675	90%
International suppliers	432,510	38%	603	10%
Affiliated companies	11,118	1%	25	0%
TOTAL	1,141,465	100%	6,303	100%

* The displayed amounts are presented in thousands of €.

Categorization of suppliers of companies operating in Greece, by geographical scope *

	Value of purchases	Percentage of total	Number of suppliers	Percentage of total
National Suppliers	498,424	55%	4,187	89%
International Suppliers	391,135	43%	493	10%
Affiliated companies	11,118	1%	25	1%
TOTAL	900,677	100%	4,705	100%

* The displayed amounts are presented in thousands of €.



GRI 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56

ABOUT THE SUSTAINABLE DEVELOPMENT REPORT

GEK TERNA Group's Sustainable Development Report presents information related to the Group's economic, social and environmental performance, covering the reporting period from 1 January 2018 to 31 December 2018. It is the 6th, annual, Sustainable Development Report issued by the Group and is available in electronic form at the site

<http://www.gekterna.com/el/sustainable-development/corporate-responsibility-reports/>.

The Group's previous Report was published in 2018 and covered the financial year 2017.

This report has been prepared in accordance with the GRI Standards: Core option. It aims to meet the needs and expectations of stakeholders and highlight the Group's contribution to Sustainable Development. Specifically, during the process of determining the Report's content, the Group conducted internally a Materiality Analysis.

This Sustainable Development Report has been prepared with the support of EY Greece Climate Change and Sustainability Services (CCaSS).

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



Scan with your mobile camera to visit the site.



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

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Quality**

Procurement

Financial

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

**ART DIRECTOR
George Charitos**

GRI 102-55 **ANNEXES GRI CONTENT INDEX**

GRI Standard	Disclosures	Page(s)	Omission(s)
GENERAL DISCLOSURES			
Gri 102: General Disclosures 2016	Organizational profile		
	102-1 Name of the organization	10	
	102-2 Activities, brands, products, and services	12	
	102-3 Location of headquarters	1, 82	
	102-4 Location of operations	12-13	
	102-5 Ownership and legal form	12-13	
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	102-10 Significant changes to the organization and its supply chain	4-5, 17	
	102-11 Precautionary principle	36-37	
	102-12 External initiatives	15	
	102-13 Membership of associations	15	
	Strategy		
	102-14 Statement from the senior decision-maker	4-5	
	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behavior	10-11	
	Governance		
	102-18 Governance structure	17-19	
	Stakeholder engagement		
	102-40 List of stakeholder groups	24-25	
	102-41 Collective bargaining agreements	68	
	102-42 Identifying and selecting stakeholders	24-25	
	102-43 Approach to stakeholder engagement	24-25	
	102-44 Key topics and concerns raised	24-25	
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	12-13	
	102-46 Defining report content and topic Boundaries	26-27	
	102-47 List of material topics	26-27	
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	102-51 Date of most recent report	76	
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Creation and Distribution of Economic Value			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its Boundary	30	
	103-2 The management approach and its components	59-61	
	103-3 Evaluation of the management approach	59-61	
GRI 201: ECONOMIC PERFORMANCE 2016	201-1 Direct economic value generated and distributed	73	
Ensuring Health, Safety and Wellbeing at Work			
Gri 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30	
	103-2 The management approach and its components	45-46	
	103-3 Evaluation of the management approach	45-46	
Gri 403: Occupational Health And Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	68	
Responsible Energy Management			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31	
	103-2 The management approach and its components	38-39	
	103-3 Evaluation of the management approach	38-39	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	66	
Ensuring Business Ethics and Compliance			
Gri 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31	
	103-2 The management approach and its components	62-63	
	103-3 Evaluation of the management approach	62-63	
Gri 205: Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	63, 74	
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	63, 74	

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GRI Standard	Disclosures	Page(s)	Omission(s)
Emergency Preparedness			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31	
	103-2 The management approach and its components	55-57	
	103-3 Evaluation of the management approach	55-57	
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Continuous Talent Development and Retention			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32	
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GRI 401: Employment 2016	401-1 New employee hires and employee turnover	69-70	
GRI 404: Training And Education 2016	404-1 Average hours of training per year per employee	71	
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32	
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	103-3 Evaluation of the management approach	39-41	
GRI 306: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	66	
Protecting and Preserving biodiversity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32	
	103-2 The management approach and its components	41-43	
	103-3 Evaluation of the management approach	41-43	
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products, and services on biodiversity	42	
Engagement with Local Communities and Social Investment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	33	
	103-2 The management approach and its components	52-54	
	103-3 Evaluation of the management approach	52-54	
Gri 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs		

SUSTAINABLE DEVELOPMENT REPORT 2018

THANK YOU

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