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Greece

SUSTAINABLE DEVELOPMENT REPORT 2019

www.gekterna.com

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GRI) **102-10, 102-14**

Chairman's Message

Dear Stakeholders,

It is our special honor and pleasure to present to you the seventh Sustainable Development Report of GEK TERNA Group for 2019. This report has been prepared according to the new GRI standards and captures those business processes, policies and activities those business processes, policies and activities which create value for our stakeholders and at the same time contribute to our path towards Sustainable Development.

Meeting the challenges of the time

Following its intense investment activity during the multi-year financial crisis, GEK TERNA Group continued its investment program in Greece for 2019. The Group also maintained its presence in countries abroad, as a significant part of the energy sector's turnover comes from countries of SE Europe and America. The international presence of our Group and the continuation of our investment program led to improved financial performance and installed capacity.

Today, we are facing a dual crisis - public health and economic - the duration and impacts of which are difficult to estimate. On the other hand, the Group's operations, the qualitative financial characteristics of the electricity generation from RES, our international presence and our fundamentals, allow us a cautious optimism. We remain determined to support our Group and the Greek economy with all our might and for this reason, we monitor and evaluate developments regarding the SARS-CoV-2 (COVID-19) pandemic on a daily basis, committed to our goal for the smoothest possible implementation of our investment program.

Fully aware of the difficult circumstances of our times, we, at GEK TERNA Group, have promptly developed long-term strategies and taken actions for managing the most material topics of each respective period with regards to the environment, society and governance. The medium and long-term strategic plan for our Group includes implementing our strategy for continuous expansion in the Greek and international market in the RES, concessions and infrastructure industries. Our goal is to maintain our leading position in the Greek market and to pursue sustainable growth in foreign markets with the aim to spread venture risk and maintain a sufficient return on our capital.

Applying principles of Responsible Corporate Governance

Safeguarding the interests of all stakeholders and cultivating a sense of trust in the Group, presupposes the existence of the necessary internal decision-making, monitoring procedures and the application of corporate governance principles. At the Group we work daily for operating effectively and protecting our shareholders' rights. Committed to promote transparency and accountability, in 2019 we published the Remuneration Policy for the Board of Directors (BoD). Defining remuneration of the members of the Board of Directors and the Group's senior executives, substantially contributes to our successful course and the promotion and maintenance of value in the long run. Furthermore, it demonstrates the existence of meritocracy at all levels and attracts executives who effectively strengthen the Group and help maintain its growth.

Promoting Human values

Employees and local communities in which we operate are key in achieving our goals. In this light, we apply international principles of human rights and we respect national and local operational frameworks in the countries we operate. Throughout its activities, the Group operates within a strict framework which incorporates the Universal Declaration of Human Rights (UDHR) and the Group's own high corporate values. We champion any right that could be violated as a result of our activities, therefore we implement monitoring mechanisms and reach decisions that do not allow any kind of discrimination. In addition, at the Group we realize a multifaceted sponsorship and donation program, aiming at fostering education, knowledge, sports, health care and culture.

Protecting the environment

Environmental protection is an integral part of our strategy and can be perceived in our policies, strat-

egy and business operation. To this end, in 2019 the Group acquired a new wind farm with the total installed capacity of TERNA ENERGY Group in the US now amounting to 648.1 MW. Within the 3rd quarter of 2019, the construction of the 158 MW wind farm in Texas, USA (Fluvanna II) was completed. The total budget of the project amounts to approximately €224 million while the total installed capacity of the Group amounts to 1,386.5 MW in 2019, compared to 1,032 MW in 2018. In addition, in our effort to foster sustainable cities and societies, we focus on adapting to climate change and reducing our environmental footprint.

Thinking of a better tomorrow

For all of us at GEK TERNA Group, the path towards Sustainable Development and the Green Economy is both a responsibility and a strategic choice. We know we can and must do more, not just in the following 12 months but also in the long run. That is why we remain dedicated to putting our Sustainable Development commitments into practice.

Enjoy your reading,

GEORGE PERISTERIS CHAIRMAN AND CEO, GEK TERNA GROUP

GRI 102-6, 102-7

GEK TERNA Group at a glance





GEK TERNA GROUP





GEK TERNA GROUP

1,386.5 MW



3,238,052 MWh **Clean Energy Production**

2,374,323 tons CO₂ emissions avoidance

€1.1_{bi}

Direct economic value to all our stakeholders.



ocial support infrastructure projects)





Board of Directors **Remuneration Policy** disclosure



1,098 MWh

Guarantees of Origin

for electricity from RES



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

Group's presence and activities

INFRASTRUCTURE

Countries: Bulgaria, Serbia, Qatar, Bahrain, Cyprus, Albania, UAE, Saudi Arabia, Iraq, Romania

GEK TERNA Group has been active in the construction sector for almost half a century, through its 100% subsidiary TERNA SA. TERNA (www.terna.gr) was founded in 1972 and is one of the most powerful Greek construction companies, specializing in complex and demanding infrastructure projects, partner of international Groups, with experience inside and outside Greece and significant synergies with the rest of the Group's business activities in concessions and energy.

The company's proven experience in realizing large road, building, port and energy infrastructure projects, as well as its established presence in the markets where it operates renders TERNA one of the most renowned technical companies.

CONCESSIONS - PPPS

Country: Greece

The Group has a strong presence in the construction, management and commercial exploitation of concession projects.

- It controls a 100% stake in "Ionia Odos" and "Central Greece Motorway" road concessions and participates with 17% in the "Olympia Odos" concession.
- It holds a 70% stake in HELLAS SMART TICKET S.A., the Société Anonyme that has undertaken the PPP project for the Integrated Automatic Single Fare Collection System (AFCS) for all Athens Public Transport Organization companies.
- Through a PPP partnership contract, it undertook the construction and since March 2019 operates the Epirus Waste Management Unit with a concession period of 27 years.
- Continues to be active in the management and operation of Car Stations and has already participated in the construction and operation of ten (10) car stations in Greece.

ENERGY PRODUCTION

GEK TERNA Group has been active in energy since the mid-1990s and is a leading player both in Renewable Energy Sources through the TERNA ENERGY Group and in thermal energy through the HERON Group.

CLEAN ENERGY Countries: Greece, USA, Bulgaria, Poland

TERNA ENERGY (www.terna-energy.com), the leader in Clean Energy, is the largest investor in RES in Greece, as well as the largest Greek investor abroad. The company's core business is the development, construction, financing and operation of RES projects. The company has operations in Europe (Greece, Bulgaria, Poland, North Macedonia, Albania, Serbia) and the USA.

At the end of 2019, the company had 1,361.9MW in operation (maximum delivered) and installed capacity 1,386.5MW, in Greece and abroad.

More specifically, it has installed and operates 606.4MW in Greece, 648MW in the US and 132MW in Central and Eastern Europe. In addition, the Group has under construction/ready for construction in Greece, RES facilities with a total capacity of 122 MW.

TERNA ENERGY is listed on the Athens Stock Exchange (FTSE / Athex Large Cap).

• THERMAL ENERGY Country: Greece

GEK TERNA Group operates in electric energy production from natural gas and electric energy trading through its participation in "HERON THERMOELECTRIC S.A" HERON I (with ENGIE) and in "HERON VOIOTIA THERMAL POWER PLANT S.A" HERON II (with ENGIE and QATAR Petroleum). The two power plants are located in Viotia, Greece and their installed capacity is 147 MW and 435 MW (HERON I and HERON II respectively).



REAL ESTATE

Countries: Greece, Bulgaria, Romania

GEK TERNA also engages in real estate development and management with its broad portfolio including business centers, logistic centers, industrial parks, entertainment parks, residential properties, commercial properties, hotels, and more, in Greece, Bulgaria and Romania.

INDUSTRIAL SECTOR

Country: Greece

The Group is also active in mining through TERNA LEFKOLITHOI SA (www.ternamag.com), specializing in the mining of white stone and magnesium products which it almost exclusively exports.

GRI 102-1, 102-16 GRI

The value we create

GEK TERNA is one of the largest business groups in Greece, with a leading position in all industries of infrastructure, production, supply and marketing of electricity from thermal sources and RES, concessions, waste management and real estate development and management, and a presence in Central and Southeastern Europe, the USA and the Middle East.

The Group is listed on the Athens Stock Exchange (FTSE / Athex Large Cap) with a turnover of €1.2 billion and total investments in excess of €2.5 billion. The Group's current outstanding construction balance remains at the high level of €1.7 billion, while the total power of the energy units owned or in which the Group participates, exceeds 2,500 MW. With an emphasis on its international orientation, the Group has established its presence in 16 countries and 4 continents while, following the completion of projects abroad, it employs approximately 4,400 employees.

As a socially responsible Group, it combines its business activity with long-term value creation, giving priority to people, the environment and society. Throughout its history, the Group has built relationships of trust with all its stakeholders, remaining faithful to the values that govern its business operations:

Respect

for humans and the natural environment.

Value creation

for employees, business partners, customers and shareholders.

Honesty and Reliability

in all our business activities

Contribution

to society through targeted actions.



The Group's vision is to continue to be one of the most important Greek companies in the larger region with a strong presence in a wide range of activities while contributing to sustainable development. The Group strives to create value for its customers and suppliers by constructing and operating technologically advanced projects that meet the most demanding international standards in relation to quality, safety and sustainable development.

- Always striving for the highest possible quality in its projects, thus contributing to sustainable development.
- Continuously expanding the business scope.
- · Persistently fostering employee development.
- Providing a safe working environment.
- Creating mutually beneficial relationships with partners and suppliers.
- · Operating in light of sustainability and respect for the environment.
- Taking social action and supporting local communities within the framework of our Corporate Social Responsibility.

Sustainable Development Report 2019

GEK TERNA GROUP

GEK TERNA GROUP

GEN TERNA BUSINESS MODEL

Inputs

Business activities and processes

FINANCIAL CAPITAL

-Equity & debt

HUMAN CAPITAL

-4,376 Employees -Knowledge, skills and abilities -Ethics

NATURAL CAPITAL

-Air -Water -Land use -Raw and other materials

INDUSTRIAL CAPITAL

-Business units

INTELLECTUAL CAPITAL

-Patents -Intellectual Property -Protocols, Procedures

SOCIAL AND RELATIONAL CAPITAL

-6,491 suppliers in 16 countries and 4 continents

OUR VALUES

Respect for humans and the natural environment Value creation for employees, business partners, customers and shareholders. Honesty and Reliability Contribution to society through targeted actions

OUR PROCESSES

- Sustainable Development Strategy
- Code of Conduct
- Corporate Governance Code
- Responsible Supply Chain Management
- Personal Data Policy

OUR BUSINESS ACTIVITIES

- Infrastructure
- Consessions
- Clean Energy
- Thermal Energy
- Waste management
- Mining activity
- Real Estate
- · Other activities

Outputs - The value we create

Impacts on the Economy, Society and the Environment

Creation and Distribution of Economic Value

€1.1 billion of economic value distributed directly to stakeholders

Ensuring Health and Safety at Work

11,381 hours of training to ensure health and safe

Continuous Talent Development and Retention

16,563 hours of training in 2019

Protection of Human and Labour Rights

0 cases of human rights violations

Environmental Compliance

2,013 hours of training in environmental topics for the Group's employees

Responsible Energy Management

Guarantees of Origin for 1,098MWh of electricity produced by RES

Tackling Climate Change

2,374,323 ton. CO₂ emission avoidance

Protecting and Preserving Biodiversity

€20.7 million for natural landscape restoration forecasts

Ensuring Business Ethics and Compliance

0 confirmed cases of corruption

Ensuring Health, Safety and Wellbeing at Work

22 readiness exercises

Engagement with Local Communities and Social Investment

€2 million in social support programs

Our contribution to the Sustainable Development Goals (SDGs)

/	2 ZERO HINNER SSS	7 AHORDARLE AND CLEM BERRY	8 ECENT WORK AND ECONOMIC GROWTH	9 BEUSTIR, SNOWLION AND INFRASTRUCTURE		
ety.	3 GOOD HEALTH AND MELL-BEING 	8 DECENT WORK AND ECONOMIC GROWTH				
	4 quality Education	5 EQUALITY	8 BEENT HORK AND ECONOMIC GROWTH			
		8 BEENT WORK AND ECONOMIC GROWTH	11 SUSTAINABLE CITIES	16 PRACE, IUSTICIE INSTITUTIONS INSTITUTIONS		
	4 CUALITY EDUCATION	13 CINATE	7 ATOMOMEL AND CLAM DEBOY	6 CLEAN WATER AND SAMITATION	14 LIFE BELOW HATER	15 UFF.
		8 BEEDIT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTEN		
	3 GOOD HEALTH AND WELL BEING	12 RESPONSIBIL DORSIMPTION AND PRODUCTION	13 CLIMATE ACTION	15 UFE ON LAND		
	6 CLEAN WATER AND SAMITATION	14 LIFE BELOW WATER	15 UFF ON LAND			
	5 ERNER FROMUTY	8 BEEST WORK AND ECONOMIC GROWTH	16 PEACE JUSTICE AND STRONG INSTITUTIONS			
	8 весент имек амо есономис влоити	9 BELSTIR, BHOWLIDH AND NERSTRUCTURE				
	2 ZERO HOUNCER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	11 SUSTAINABLE CITIES AND COMMUNITIES	17 PARTNERSHIPS FOR THE GOALS	

GRI 102-10, 102-18, 102-26

Corporate Governance and Governing Bodies

Responsible Corporate Governance

The Group has laid down and implements without exceptions the Corporate Governance Code, which features all current rules and business practices, with the aim to ensure the duration and effectiveness of its operation for the benefit of its stakeholders. The Corporate Governance Code is posted on the Company's website https://www.gekterna.com/ en/the-group/corporate-governance/

The Code ensures that principles of transparency, professional ethics and the sound management of all the Group's resources are applied at all management levels. In this regard, the principles of corporate governance ensure smooth operations within the Group and enhance its competitiveness, as they set flexible structures, innovative approaches and a stable operating framework.

The Board of Directors monitors compliance with corporate governance principles, efficiency of the operation of the Group and the protection of all stakeholders' rights, while evaluating information regularly received from the system and internal control mechanisms, as well as the Group's executives regarding internal or external factors that may put the Group's operation and ability to achieve its objectives at risk.

The company's thematic regulations and operating instructions are:

- · Company's Internal Rules and Regulations. It includes all measures, rules and instructions the Management has introduced, over and above to the mandatory provisions and/or regulations imposed by the competent institutions and authorities.
- Code of Conduct
- Audit Committee Charter
- Internal Audit Activity Charter
- General Data Protection Regulation
- Anti-bribery management system.

In particular, to bolster transparency and effective risk management throughout its operations, regular and effective communication is promoted, facilitating executives' access to the top management and vice versa on a daily basis, so that the latter acquires immediate knowledge of the risks and may therefore take prompt and informed decisions and potential corrective measures.

The Management of the Group

GEK TERNA GROUP

As the supreme governing body, the Board of Directors lays down the corporate guidelines and ensures the effective implementation of the Group's strategy, aiming at safeguarding and promoting the long-term interests of all Shareholders, with terms and methods that consolidate the company's reliability in the wider social, economic and business environment, ensuring, at the same time, respect for and by any business-related person.

The Board of Directors may consist of three (3) to twelve (12) members appointed by the General Meeting of Shareholders and dividable into executive and non-executive. At least 1/3 of the Board members are non-executive and among these at least two (2) are independent.

Following the proposal of the Nomination and Remuneration Committee, the Board of Directors submits a comprehensive proposal for its composition to the General Meeting of Shareholders, which enjoys the legal right to select and elect its members. With its proposal, the BoD ensures that its composition represents and safeguards the interests of the Shareholders to the maximum extent, meets the requirements of the company and its business environment, and ensures a smooth succession of its members, aiming at the company's seamless and long-term operation.

The new Board of Directors

The Ordinary General Meeting of June 28, 2017, elected a new twelve-member Board of Directors to manage the Group for a four-year term, of which 7 were executive, 5 non-executive and 3 independent non-executive members.

On September 1, 2018, the Chairman of the Board, Nikolaos Kampas, suddenly passed away. At the meeting of October 31, 2018, the Board of Directors elected Managing Director, George Peristeris, as the Chairman of the Board for the remainder of its term.

On June 26th, 2019, following the proposal of the Nomination and Remuneration Committee, the Ordinary General Meeting of the Company decided to expand the Board of Directors aiming at achieving fullness and balance of knowledge, experience and management ability at the top of the Company. Specifically, it decided to increase the minimum number for the members of the Board from three (3) to seven (7), and the maximum from twelve (12) to thirteen (13). The Extraordinary General Meeting of December 9th, 2019, elected Mrs. Penelope Lazaridou of Sophocles as a new executive member, and as well as Mr. Athanasios Skordas of Ioannis, as a new independent non-executive member of the Board of Directors, with a term similar to the other members' and following the Nomination and Remuneration Committee's proposal.

Therefore, the current Board of Directors comprises 13 members, i.e. eight (8) executive, five (5) nonexecutive, and four (4) independent non-executive. In its constituent meeting of December 18th, 2019, the Board of Directors of the Company was set up as follows:

COMPOSITION OF THE BOARD OF DIRECTORS

FULL NAME	POSITION
Georgios Peristeris, father's name-Theodoros	Chairman and Chief Executive Officer, executive member
Konstantinos Vavaletskos , father's name- Theodosios	Vice Chairman, executive member
Michael Gourzis, father's name- Alexandros	Vice Chairman, executive member
Angelos Benopoulos, father's name- Ioannis	Vice Chairman, executive member
Apostolos Tamvakakis, father's name- Stavros	Vice Chairman, independent non-executive member
Dimitrios Antonakos, father's name- Georgios	Executive member
Emmanuel Vrailas, father's name- Nikolaos	Executive member
Penelope Lazaridou, father's name- Sophocles	Executive member
Emmanuel Moustakas, father's name- Michail	Executive member
Goerge Perdikaris, father's name- Gerasimos	Non-executive
Spyridon Capralos, father's name- loannis	Independent non-executive member
Athanasios Skordas, father's name- Ioannis	Independent non-executive member
Gagik Apkarian, father's name- Serop	Independent non-executive member

The Members of the BoD are of Hellenic citizenship, except for Mr. Gagik Apkarian who is an Australian citizen. Their resumes are available on the Group's website.

The Board of Directors *met fourteen (14) times* in 2019.



The new BoD Remuneration Policy

During the reporting period, the Group published its Remuneration Policy for the members of the Board of Directors which was prepared by the competent Nomination and Remuneration Committee of the Company "GEK TEPNA S.A.". Guidelines governing the policy are reflected in the chart below:

More specifically, the current Policy:

- them.
- Defines the conditions under which remuneration will be provided in the future to existing or new members appointed while the policy is in effect, taking into account employees' working and salary conditions.
- Presents in a transparent way and with clarity the structure of every kind of remuneration paid.
- Contributes to spreading and reinforcing the principles of meritocracy, justice, and proportionality in determining the remuneration framework vertically in the organization (top-down approach), also factoring in the kind and level of each remuneration together with the importance and the weight of the responsibility of each position and each executive's performance.
- Provides the Company and the Group with the discretion to create competitive remuneration packages, that are based on market practices and may attract and retain capable and distinguished executives.
- Stipulates a reasonable and fair remuneration that aims to create added value not only in the long run but also through achieving short-term goals, in view of preventing high-risk business decisions on one hand and sustaining viability and profitability of the Company and the Group, on the other.
- · Reflects particularities of the Company's operations and the occasional responsibilities undertaken by each recipient.
- Accommodates appropriate and efficient risk management.
- Introduces the basic guidelines for managing and paying remunerations of the BoD members, the Managing Director and the General Director/s, according to the Organization Chart.
- Identifies different components for determining fixed and variable remuneration of every kind and ensures their proper implementation.
- Prevents situations that would potentially lead to conflict of interest.

In preparing the policy, salary and working conditions of the Company's and Group's employees were also taken into consideration; these are totally in line with the principle of paying remuneration based on the reasonable and fair measure towards the people that are selected as the most appropriate and better performing, taking into account the requirements and nature of each position or operational role coupled to the corporate interest.

Sustainable Development Report 2019



• Defines the rights of the Board members and the General Managers and the Company's obligations towards

GEK TERNA GROUP

Board of Directors Committees

The Board of Directors is supported by Committees, which may hold an advisory role, but whose opinion weighs heavily in the Boards' decisions . The Committees are as follows:



Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of four (4) Members of the Board; one of them is executive; two of the remaining three non-executive are independent. The Chairman of the Committee is an independent, non-executive member. The Committee's primary role is to search for and nominate suitable candidates to be appointed to the Group's Board of Directors, and propose remuneration policies and systems at all levels within the Group.

During 2019 the Committee met seven (7) times.

Investment Committee

The Investment Committee (I.C) comprises five members, of which three (3) from the BoD and two (2) senior executives or advisors, depending on the issue to be discussed. The Chairman and the Chief Executive Officer can be members of the I.C.



The Investment Committee is the body that recommends to the Board of Directors which is in charge of mapping out and implementing the investment strategy, potential acquisitions, mergers, strategic alliances, large-scale investments, divestments and any other strategic action that may affect the Group's capital structure or growth prospects. The Committee meets once every quarter or whenever investment decisions need to be taken by the Board of Directors. Like the other corporate board committees, its role is to recommend rather than decide.

eleven (11) times *during 2019.*

The Audit Committee met

Regulatory Compliance Committee

The Committee consists of three (3) members, two members of the Board and a lawyer. It is responsible for recognizing the Company's regulatory compliance framework and adapting it to corporate procedures and policies in cooperation with the commanding officers. At the same time, the Committee ensures that new regulatory compliance requirements are timely identified through an appropriate methodology (e.g., by registering in databases), and that regulatory obligations, corporate values and principles of the Code of Conduct are communicated to the relevant executives. It advises both these executives and the management. Furthermore, the Committee monitors the implementation of the applicable procedures and is responsible for their update.

Strategic Planning Committee

The Strategic Planning Committee was established following the decision of the Company's Board of Directors on April 27th, 2018 and comprises seven (7) members, of which three (3) executive, three (3) non-executive and one (1) is a top financial officer depending on the domain or issue at hand.



The Committee consists of at least three (3) members. These can include non-executive members of the BoD as well as members elected by the General Assembly of Shareholders and do not participate in the BoD.

The committee supports the BoD in ensuring that all corporate bodies and actions comply with the legal and regulatory framework and the Corporate Governance Principles that govern its operation. It also supports the BoD in safeguarding completeness and reliability or accounting, IT and administrative systems used to prepare financial statements and reports. Lastly, it fosters smooth and effective operation of all monitoring systems, which help to promptly identify business risks and handle them effectively. The Audit Committee meets at least four times a year and whenever else it deems necessary.

Risk management at GEK TERNA Group

Sustainable Development Pillars	Identified risks	Mitigation Policies
Governance	Incidents of corruption, bribery, extortion.	 Implements Code of Conduct. Monitors the proper implementation of the Code of Condu Organizes pertinent trainings and briefings on the Code of Facilitates possible reporting of any concern or discrepancy Assesses any deviation and takes all necessary legal actions
	Suppliers violating international standards or legislation.	
	Suppliers not complying by the Group's principles and values.	Adapte and implements internal policies, procedures, star
	Partners and suppliers not abiding by environmental conditions.	 Adopts and implements internal policies, procedures, stand Implements Code of Conduct.
	Climate change and natural hazards.	 Implements and communicates the environmental and soc Consistently chooses local suppliers.
	Water pollution.	Implements the Environmental Management System.Promotes a responsible energy management.
Environment	Air pollution.	Addresses Climate Change.Protects and preserves biodiversity.
	Threats to ecosystems.	
	Unsustainable energy, materials, water and waste management.	
Society	Human and labour rights violations by business partners and suppliers (e.g., uninsured workers, child labor).	
	Inability to support local and domestic suppliers.	Adopts and implements all insurance and labour laws.Adopts and implements all H&S regulations.
	Incidents of human rights violations (e.g., discrimination, privacy breaches).	 Implements international standards and principles of hum Engages with local communities on human rights issues.
	Non-compliance with current regulatory framework on human rights.	 Implements monitoring mechanisms through the Human F Increases its socio-economic footprint.
	Employment reduction.	Enhances diversity.Implements Payroll and Benefits Policy.
	Increasing inequalities in the workplace (e.g., wages).	Provides equal opportunities for training and education.Implements the Health and Safety Policy.
	Social risk (health and safety, prosperity of local communities).	 Supports local communities in infrastructure, employment education, arts and sports.
	Incidents of accidents and diseases.	

nduct on a daily basis. e of Conduct for all employees. ancy in the Code's implementation. ions.

tandards and Management Systems.

social terms of cooperation with suppliers.

uman rights. 5. an Resources Department (e.g., Recruitment Policy).

ent and through sponsorships and donations in

Risks and Uncertainties

Through its diverse activities GEK TERNA is exposed to multiple financial and non-financial risks. Therefore, implementing an integrated and effective risk management system is a strategic obligation. For this reason, a senior management executive has been appointed as Corporate Risk Officer and is responsible for drawing up an annual Risk assessment report

The most critical financial risks for the Group are persistent macroeconomic uncertainty, market risks (fluctuations in exchange rates, interest rates, market prices, etc.), credit and liquidity risk.

The Group has distinguished non-financial risks into three categories depicted in the above table: these are the recognized risks related to Governance, Environment and Society. To address non-financial risks, the Group adopts mitigation policies analyzed in the following pages.

Furthermore, the Group acknowledges uncertainty arising from the recent extraordinary events related to COVID-19 and may have a prolonged and unforeseen duration. To deal with its impacts, the Group implements a series of measures focusing on protecting the Group's human capital and minimizing financial consequences of the precautionary measures taken by the Greek State.

More specifically, the Group's infrastructure activity is exposed to the construction market trends, may therefore be negatively affected by the recession of the construction industry in Greece and abroad, which may continue due to the general economic conditions.

The financial crisis has a significant impact on the Real Estate sector, therefore the Group's relevant activities are subject to corresponding risks. The Group is active both in Greece and in the wider Balkans. Any changes in the purchasing or renting

prices of properties in a region where the Group operates, may directly affect return of investment and, therefore, the Group's perspectives in the industry.

In the Clean Energy sector, the Group is exposed to short-term fluctuations of wind and hydrological data, despite the fact that the implementation of the relevant investments is preceded by extensive environmental studies considering the history of the said fluctuations.

Lastly, regarding its industrial sector activities, the Group is active in the production and trading of white stone and magnesium products. It therefore regards the variability of mineral prices as a key factor that influences the profitability of its activities.

Internal Audit

The Board is responsible for establishing a dedicated internal auditing unit that is independent and supervised by the Audit Committee. The internal audit unit is thus evaluated for its adequacy, efficiency and the extent to which the Board deploys its reports, in order to continuously improve operations at all levels and effectively address business risks. At the same time, the Audit Committee directly and regularly communicates with external auditors, in order to reliably appreciate whether the operation of the Group's internal audit and risk management systems remain adequate and reliable, and the financial reporting is accurate and credible.

The internal control system is a set of rules and procedures, aiming at the proactive and reactive audit of operations and processes at all levels of the corporate hierarchy and structure, to ensure the legality and security of operation and transactions, the accuracy and credibility of financial statements and any other financial disclosure, as well as the effectiveness of the Company's operational systems and activities. The Board employs the internal audit

system to protect the Company's assets, estimate obvious risks from its operations and provide accurate and complete information to shareholders regarding the Company's actual status and prospects, as well as how detected risks are handled.

Risk management policy

The risk management policy aims at reducing the negative impact of potential inability to predict financial markets, possible fluctuation of cost and sales variables, and unexpected weather developments on the Group's financial results and the broader strategic perspective of its operation.

The risk management policy for each business activity features the following procedure:

- 1. Assessing the risks associated with the Group's activities and operations
- appropriate financial products
- Management.

2. Designing a methodology for avoiding or managing the identified potential risks and selecting the

3. Stimulating the risk management process, as per the planned methodology approved by the

GRI) **102-9, 102-10**

The Group's supply chain

Supply chain optimization and risk management

The Group believes that an optimal supply chain management relies on managing the risks arising from upstream stakeholders (suppliers of raw materials, machinery and means of transport, and subcontractors) but also downstream ones (end users, the State) across the supply chain, intending to deliver maximum value at the lowest cost.

The Group cooperates daily with suppliers and subcontractors for a large part of its business activities. In the infrastructure sector, most of the Group's expenditure relates to the supply of materials, construction and transport equipment. This dependent relationship between the Group and its upstream stakeholders may adversely affect its downstream stakeholders, should social or environmental incidents arise and hinder its sustainable supply operation.

Regarding social risks, the Group prevents the occurrence of corruption incidents and human and labour rights violations in its supply chain (e.g., child and forced labor, suppliers' health & safety practices). The occurrence of such incidents throughout the supply chain may have significant negative impact on the Group at a financial (e.g., levied fines, declining profits), operational (e.g., terminating cooperation with suppliers, long-term strategic partnerships, or projects) and non-financial level (e.g., impacting Group's reputation).

Regarding environmental risks, the Group acknowledges that extreme weather events may

adversely affect its suppliers' production units and distribution centers and, as a result, the supply of materials and machinery, a necessary condition for a complete and timely delivery of its projects. For the reasons mentioned above, supply chain management optimization begins with managing risks arising from the upstream stakeholders.

Concerning the broader economic impact on the local community, the Group identifies potential risks stemming from a lack of support to local and domestic suppliers. Such risks entail a loss of social cohesion, absence of social/local support and consequently economic decline and prosperity slow-down.

The Group's business activities throughout the supply chain spectrum are carried out when the above potential environmental, social and economic impact has been assessed, with the aim to maximize a positive outcome. To address the new challenges arising in relation to the supply chain, the Group seeks to incorporate new criteria into its management processes, such as new terms of cooperation with suppliers and the preference it gives to domestic suppliers.

First and foremost, a proper supply chain management presupposes the responsible attitude of the Group towards all its stakeholders, which in turn adopts and follows all necessary policies and actions:

- The relevant insurance and labour laws.
- The regulatory framework related to Health and Safety at work.
- The principles of protection of human rights, and
- · Internal policies, procedures, standards and

Management Systems. Terms of cooperation with suppliers

Responsible supply chain management is at the center of the Group's effort to create long-term value through its business operations but also the conclusion of reliable business relationships with its suppliers and partners. The Group believes that the responsible supply chain management presupposes trustworthy collaborations with mutual contribution and dialogue among all contracting parties.

To this end, the Group communicates its minimum cooperation requirements and ensures that its chosen suppliers comply with its environmental and social criteria. Full compliance with the regulatory framework for Health and Safety and compliance with the Group's Code of Conduct are necessary conditions for cooperation with any supplier.

The Code of Conduct is the basic framework of principles and values that must characterize, among others, suppliers, subcontractors and associates of the Group to foster transparent and responsible business relations.

Further information on the Group's performance regarding the number of suppliers and the value of purchases based on scope is available in "The Group's Performance" chapter. **GEK TERNA GROUP**

GRI 102-12, 102-13

Recognition and Participation

During 2019, TERNA S.A. won seven awards in the «Concrete Awards 2019» organization, intending to highlight excellence in the construction industry.

The awarded projects stood out for their high expertise, innovation and use of advanced technologies, confirming the credibility that characterizes TERNA S.A. for half a century. Specifically:

To promote Sustainable Development but also the need for collaborating on it, GEK TERNA Group supports and actively participates in recognized national and international bodies and organizations, further contributing to the improvement of the business and investment environment through the creation of incentives and responsible collaborations. GEK TERNA Group participates directly or through its subsidiaries in the following associations, organizations and bodies:

RECOGNITION

As a member of the TERNA - Salini Impregilo consortium, was presented with the top «Platinum» award for the project «Stavros Niarchos Foundation Cultural Center» (SNFCC) by the Concrete Awards 2019.

Gold award in the category «Hospitality and Cultural Projects - Cultural Sites» for the project «Stavros Niarchos Foundation Cultural Foundation» (SNFCC) by the Concrete Awards 2019.

Gold award in the category «Innovation in concrete composition, structure, form or technology» for the project « Stavros Niarchos Foundation Cultural Center « (SNFCC) by the Concrete Awards 2019.

Gold award in the category «Transportation and Ground Engineering Projects, Power Supply and Distribution Network» for the Cooling Tower of Unit V of Ptolemaida Power Plant by the Concrete Awards 2019.

Gold award in the category «Transportation and Ground Engineering Projects, Roads, Bridges and Tunnels» for the Tsakonas Bridge by the Concrete Awards 2019.

Silver award in the category «Hospitality and Cultural Projects - Recreation Centers» for the project «Golf Clubhouse Navarino Bay» in P.O.T.A. Pylos (Costa Navarino) by the Concrete Awards 2019.

Bronze award in the category «Transportation and Ground Engineering Projects - Coastal and Marine Structures «for the work of the Marina of Ayia Napa in Cyprus by the Concrete Awards 2019.

Traveler's Choice Award 2019 by TripAdvisor for the Borovets Euphoria Club Hotel & Spa from the Concrete Awards 2019.

Honorary distinction for TERNA ENERGY regarding the promotion of green business in PPP projects by the third annual investment forum of A-Energy.

Upgrade of the creditworthiness of GEK TERNA SA from BB to A by the company ICAP Group A.E.

Two Gold Awards of Industrial Excellence for TERNA MAG, in the fields of Investments and Strategy, as «Significant Productive Investment» and as «New Manufacturing Company», for the revival of the mining activity of white stone in North Evia.

Bronze award of Industrial Excellence for TERNA MAG at the «Made in Greece» awards by the Hellenic Academy of Marketing.

PARTICIPATIONS





Hellenic Federation of Enterprises

Hellenic American Chamber of Commerce

Greek-Romanian Chamber of Commerce





Greek Association of Renewable Energy Producers

European Renewable Energy Federation

Association





HELLASTRON (HELLENIC ASSOCIATION of TOLL ROAD NETWORK)

Foundation for Economic and Industrial Research





Arab-Hellenic Chamber of Commerce



Greek-Albanian Chamber of Commerce



Hellenic Wind Energy



Hellenic Association of Independent Power Producers



South East European Energy Institute





Technical Chamber of Greece















GEK TERNA GROUP



Sustainable Development Strategy

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

In the context of understanding its most important economic, social and environmental impact, the Group acts under the United Nations Sustainable Development Goals (SDGs) and thus becomes an ally in the fight for social equality, prosperity and a sustainable natural environment. The Group has identified that the seventeen (17) SDG's are inextricably linked to the Corporate Governance and Corporate Social Responsibility principles to which it is committed.

The representation of GEK TERNA's business model on p. 12-13 depicts the Group's contribution, through its administrative and management approach to the SDG's per material topic.

Additionally, in the social contribution sectors analysis on p. 63, the SDGs to which the Group contributes through its donations and sponsorships are also presented.



Managing sustainable development and corporate social responsibility matters

The corporate responsibility team is responsible for effectively managing sustainable development and corporate responsibility matters. The team consists of specialized executives from all key divisions of the Group. Coordination has been assigned to the Communication, Marketing and Corporate Social Responsibility Department.

The Corporate Social Responsibility team:

- Has the power to act on sustainable development issues.
- Collects necessary data for the Annual Sustainability Report.
- Is responsible for the accuracy of the Report's content
- · Is in constant communication with employees regarding the implementation of Corporate Social Responsibility initiatives
- Regularly provides substantial 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**

Stakeholder engagement

On a daily basis, the Group strengthens and expands the engagement process with its stakeholders to build trust and enhance transparency. The Group identifies and prioritizes its stakeholders according to their impact and influence on the Group's operations and vice versa. The table below summarizes the main stakeholder groups, the channels, methods and frequency of engagement with them, as well as the main topics of interest that emerged for the reporting year 2019.

STAKEHOLDERS	COMMUNICATION CHANNELS ENGAGEMENT METHOD	FREQUENCY	MAIN TOPICS OF INTEREST 2019		
Employees	Regular meetings and updates	When Appropriate	 Ensuring Health and Safety at Work Continuous Talent Development and 		
	Regular meetings and updates	Daily	Retention Engagement with Local Communities and Social Investment 		
	Group Website When required		Protection of Human and Labour Rights		
Clients	Project management	Daily			
	Conferences, bodies and business associations	When Appropriate	 Creation and Distribution of Economic Value Anti-competitive behavior 		
	Group website	Daily	Promoting innovationResponsible Energy Management.		
	Sustainable Development Report	Annually			
	Annual General Meeting of Shareholders	Annually			
	Shareholders Department	When required	Addressing Climate Change		
lnvestors, Shareholders	Annual presentation to analysts		 Addressing Climate Change Creation and Distribution of Economic Value Protection of Human and Labour Rights Protecting and Preserving Biodiversity 		
& Capital Providers	Financial Report	Annually			
	Sustainable Development Report				
	Corrorate website	Daily			
	Personal communication with local authorities, local institutions and associations	Daily			
Local Communities,	Open dialogue events	When required	 Engagement with Local Communities and Social Investment 		
Authorities & Institutions	Conferences and consultation events	When	Emergency PreparednessCreation and Distribution of Economic		
	Studies and corporate reports	appropriate	Value Protecting and Preserving Biodiversity 		
	Sustainable Development Report	Annually			
Suppliers & Partners	Procurement department	Daily	Anti-competitive behavior		
	Regular contacts / visits with / to suppliers and partners	When required	Ensuring Business Ethics and ComplianceResponsible Supply chain Management		
	Inspections	When Appro- priate	• Creation and Distribution of Economic Value		
Governmental Agencies, Governmental & Institutional Agencies	Consultation with state and institutional represen- tatives at national and / or regional level	When required			
	Conferences and events	When Appro-	 Anti-competitive behavior Creation and Distribution of Economic Value Ensuring Business Ethics and Compliance Addressing Climate Change 		
	Corporate publications and articles	priate			
	Financial Report	Annually			
	Sustainable Development report	. an idony			

Sustainable Development Report 2019

102-46, 102-47, 102-49

Materiality Analysis

GRI

GEK TERNA GROUP

reporting period (2018) which was realized in three phases:

Identification of the

following actions:

- Mapping the most critical stakeholder groups and relevant topics of interest through stakeholder engagement.
- 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", "Sustainability topics for sectors: Construction and Engineering", "Ground Transportation - Highways and Railtracks", "Solid Waste Management Utilities", "Sustainability topics for sectors: Real Estate", the SASB standard, the RobecoSAM Sustainability Yearbook, and the 17 UN Sustainable Development Goals (SDGs).
- and abroad to identify relevant issues.

This process led to the compilation of a list of sixteen (16) Sustainable Development topics, which the Group prioritized against stakeholders' needs and expectations for matters of sustainable development during the second phase, and evaluated based on whether fulfilling these needs and expectations creates an impact in the Greek economy, society and the environment.

relevant sustainable development topics

Strengthening our social footprint



Shaping a responsible market

The topics that emerged as material ones are presented under the above mentioned thematic areas in the following pages.

Validation of results

B

Prioritization of the identified sustainable

development topics

the results of the 2019 materiality analysis.



stakeholders and itself.



Environmental protection



have the most significant economic, social and environmental impact.

Results of this review were grouped into these four thematic areas:



As part of its Sustainable Development Strategy, the Group focuses on issues that relate to and impact both its

Based on the International Sustainable Development Reporting Standards (GRI Standards 2016) and its Reporting

Principles for defining report content (Stakeholder Inclusiveness, Sustainability Context, Materiality and Complete-

ness), the Group conducted a review on the materiality analysis performed in 2018 in order to prioritize issues that



In particular, to prepare this year's Sustainability Report we reviewed the materiality analysis of the previous

To identify the relevant Sustainable Development topics, the Group has taken the

· Media review on topics related to the Group's activities and expectations of its

- Review of publicly available Sustainability Reports of peer companies in Greece
- Review of existing regulatory framework governing the Group's activities.
- Overview of the Group's previous corporate responsibility reports.

Lastly, members of the Corporate Social Responsibility Team validated the results. The analysis led to the selection of 11 material topics to be published in the Sustainable Development Report 2018. The Materiality Matrix that follows, presents **GEK TERNA GROUP**

Materiality matrix



Significance of Environmental, Social and Economic Impacts

- 1. Creation and Distribution of Economic Value
- 2. Ensuring Business Ethics and Compliance
- 3. Anti-competitive Behavior
- 4. Tackling Climate Change
- 5. Responsible Supply chain Management
- 6. Promoting Innovation
- 7. Protection of Human and Labour Rights
- 8. Continuous Talent Development and Retention

- 9. Ensuring Health, Safety and Wellbeing at Work
- 10. Engagement with Local Communities and Social Investment
- 11. Emergency Preparedness
- 12. Environmental Compliance
- 13. Responsible Energy Management
- 14. Protecting and Preserving Biodiversity
- 15. Responsible Waste Management
- 16. Responsible Water Management



ict on

(GRI) **103-1**

Why are these topics material to the Group's sustainable development?

Creation and distribution of economic value

The creation and distribution of economic value is a material topic mainly for the number of stakeholders it impacts and influences. The Group's economic value not only impacts its employees and shareholders but also extends to the local community, residents, unions and local suppliers with whom it cooperates. Due to the large number of stakeholders involved, this issue may impact the Group's smooth operation and consequently its business continuity.

The Group creates and distributes economic value for its stakeholders through payment of wages; payments to its suppliers and partners; direct and indirect taxation in countries it operates; distribution of dividends to shareholders; and investing in local communities. In this way, the Group indirectly helps to increase consumers' purchasing power, stimulate the economy and raise inhabitants' living standards.

These financial flows are subject to multiple threats and uncertainties, such as market ones (exchange rate fluctuations) and regulatory and environmental ones. Financial or not, these threats may affect the Group's cash flows, financial position and business continuity, investors' trust, and adversely affect the value the Group generates and distributes to its stakeholders.

This material topic impacts the entire value chain.

ENSURING HEALTH AND SAFETY AT WORK

Group employees are one of its most important priorities since they are the agents of the Group's constant growth and business continuity. Therefore, the Group's commitment to ensuring employee health and safety constitutes one of the most important material issues. Since this issue is extended to our business partners and those visiting our premises GEK TERNA Group manages all potential risks that may arise in an ever-changing working environment.

An occupational accident could have adverse effects both in operations (e.g., work recess and loss of social authorization) and on a financial level (e.g., fines, compensation and other sanctions). Therefore, the Group maintains and implements a complete and strict Health and Safety Management System for all people employed in its facilities or affected by its corporate activities.

This material topic impacts the entire value chain.

ENVIRONMENTAL COMPLIANCE

The nature of GEK TERNA's activities, primarily regarding RES, makes compliance with environmental laws and regulations in all countries it is present imperative. Implementation of environmental laws and regulations pertains to and affects not only the Group but also all suppliers and business partners. Having adopted a certified Environmental Management system and following the general regulatory framework concerning the environment is a necessary condition for cooperating with the latter. This material topic impacts the entire value chain. For instance, violation of international standards or legislation related to the environment may cause environmental and quality of life degradation or even business suspension.

RESPONSIBLE ENERGY MANAGEMENT

GEK TERNA Group recognizes its obligation for responsible energy management, not only because it is essential for its efficient operation but primarily for the protection of the environment and the well-being of its people. The topic is also crucial since the Group contributes daily to the decisions of the international community and predominately to the UN SDGs through its executive approach.

By applying responsible energy practices, the Group continuously reduces its energy footprint and the induced greenhouse gas emissions, lowers its operational costs while ensuring its license to operate and business continuity, creating value for its stakeholders.

Responsible energy management impacts the entire supply chain spectrum. For instance, energy is consumed not only during the execution of the Group's activities, but also during the supply of its raw materials and machinery by its business partners.

ENSURING BUSINESS ETHICS AND COMPLIANCE

In an ever-changing regulatory and business context (international, European, national), the continuous promotion of business ethics and regulatory compliance is a critical pillar of the Group's operation, as these elements diffuse across a range of activities and influence its people's professional behavior.

The Group recognizes the benefits arising from adopting Business Ethics principles, therefore operates with the strictest regulatory compliance standards, to cultivate a climate of trust and meritocracy with its employees and business partners, foster and strengthen relationships with customers and suppliers, maintain its corporate reputation and ensure the credibility of shareholders, business continuity and growth and therefore the ability to create value. Deviating from laws and regulations could adversely affect the Group's reputation and its social license to operate in the respective country and area of operation, while it may disrupt existing and future relationships with suppliers and business partners.

This material topic impacts all stages of the Group's value chain. For instance, violations of international standards or legislation on the part of suppliers, who would not comply with international standards and sustainable development practices and would not share policies and values with the Group, could cease raw materials and machinery supply to the Group and consequently cause suspension of its activities.

EMERGENCY PREPAREDNESS

GEK TERNA acknowledges that its activities may pose severe threats to the health and safety of its employees, visitors and anyone located at its premises and construction sites. Therefore, preparedness in dealing with emergencies is a priority and a material topic for the Group.

Manifestation of the Group's readiness in emergencies is evident in a series of measures and procedures for preventing and detecting such incidents, the management and continuous improvement of safety processes, the establishment of procedures for effectively recognizing and responding to potential accidents generated by the Group's activities, and the development of a safety culture, both inside (employees) and outside of (partners, suppliers) the Group. Ensuring preparedness minimizes the possibility of accidents at the Group's facilities and throughout its supply chain, reduces the potential environmental and financial cost of addressing such incidents, while bolstering stakeholder's trust and the Group's reputation as a responsible and efficient operator.

This material topic impacts all stages of the Group's value chain. Apart from employees, all suppliers, subcontractors and visitors entering the Group's premises and construction sites should be able to respond to potential emergencies, primarily to protect human lives and secondarily for the Group's business continuity, from the uninterrupted supply of raw materials and machinery to the end users of its projects, e.g., passengers of infrastructure works.

CONTINUOUS TALENT DEVELOPMENT AND RETENTION

GEK TERNA's growth and establishment as one of the largest business groups in the country are mainly due to its people's ability to plan and implement its corporate mission. The Group's human capital constitutes the driving force actively contributing to the achievement of its vision, values and culture. Therefore, the Group recognizes this effort and fosters continuous talent development and retention.

The Group provides continuous training programs to upgrade its employees' skills and abilities, improve their productivity, reduce employee turnover and create executives capable of implementing the Group's strategy. The Group consistently invests in its people through external and internal training on professional and personal skills development, based on a structured methodology and personalized material to meet specific needs, thus contributing to effective operation. The topic also affects passing on expertise to business partners and suppliers through business relationships the Group develops, and reinforcing the broader workforce of the countries and areas in which it operates.

Through continuous development, the Group's human capital formulates and implements its business strategy, contributes to the advancement of the business model with innovative ideas and proposals and improves the quality of the delivered projects.

PROTECTION OF HUMAN AND LA-BOUR RIGHTS

The protection of Human and Labour Rights is vital for the Group and the communities within which it operates. Potential discrimination incidents, breaching its employees' privacy and child labour could result in fine or penalty levying and damaging relations with its employees.

This material topic impacts all stages of the Group's value chain. As a responsible corporate citizen, the Group recognizes that the violation of human rights could directly affect society, the environment and the economy in which it operates. By adopting and applying human rights principles in the workplace, the Group contributes to the promotion of the rule of law and the improvement of the legal systems, which are the basis for entering into any business contract.

TACKLING CLIMATE CHANGE

Addressing Climate Change is the Group's most genuine commitment to the current environmental regulatory framework. In addition to being a legal obligation, the Group believes it is its moral obligation to actively contribute to the efforts of the International Community and our country to fight Climate Change (e.g., through the Paris Agreement, SDGs, Green Paper, the European Green Deal and the National Adaptation Strategy). Specifically, risk management but also exploiting business opportunities arising from climate change, are essential elements for responsible and effective business continuity and development of the Group and all stakeholders.

The Group promotes transition to a business model that depends less on fossil fuels; it also supports alter-

native energy production and storage technologies, devising plans for adapting to climate change and integrating relevant risks in its business model, leading to the adoption of new technologies and therefore enhance the Group's competitive advantage. In this way, the Group strengthens its ability to create value for its stakeholders and contributes to the broader fight against Climate Change.

This material topic impacts all stages of the Group's value chain and relates to its activities, its business strategy and its ability to create value in the future. At the same time, due to the nature and scale of the Group's activities, Climate Change can affect the entire supply chain. Failing to respond to climate change could adversely influence greenhouse gases directly emitted from construction sites or indirectly from carbon dioxide produced from third parties, such as suppliers involved in the transportation of materials and necessary machinery.

PROTECTING AND PRESERVING BIO-DIVERSITY

The Group prioritizes the protection of biodiversity, as it is essential for the survival of plant and animal species, genetic diversity and natural ecosystems. This topic is crucial in protecting the environment (water, atmosphere), achieved through the Group's accountable and efficient business model.

By applying responsible environmental practices and adopting a preventive approach regarding the impact of its activities on biodiversity, The Group ensures the business continuity of its operations and at the same time, minimizes its environmental footprint. By defending biodiversity, the Group contributes to the increase of local income (e.g., protecting crops for local producers), therefore fending off bankruptcy risk.

The material topic impacts all stages of the Group's value chain. Both the Group and its partners or suppliers may impact biodiversity. For this reason, it im-

plements the measures that will ensure the protection and preservation of the biological wealth of every area in which it operates, will lead to the avoidance of possible regulatory and regulatory sanctions, will protect its reputation and will ensure its social license to operate.

ENGAGEMENT WITH LOCAL COMMU-NITIES AND SOCIAL INVESTMENT

Building relationships of trust with local communities and social support resulting from the Group's activities, constitute a priority and material topic for its path towards Sustainable Development.

Through the adoption of responsible practices aimed at creating shared value for all its stakeholders, GEK TERNA Group manages to avoid potential risks and take advantage of the opportunities presented in an ever-changing economic, institutional and social environment. Potential threats may tarnish its reputation, deteriorate established and long-term relationships with local communities and deprive it of its social license to operate. At the local communities, they could deteriorate financial (e.g., downtime) and environmental (e.g., soil pollution, noise and dust around activities) conditions. For these reasons, GEK TERNA Group assists the development of local communities where it operates and with which it interacts through continuous consultation and efforts to recognize and address the real social needs that occur at any given time.

This material topic impacts all stages of the value chain in the respective region and area the Group operates, including impacts on local communities that bring about both the Group's activities and those of its suppliers and business partners.









In particular, the Group's environmental strategy includes:

- implementation of the Environmental Management System,
- · responsible energy management processes,
- tackling Climate Change,
- protection and preservation of Biodiversity.

Environmental audits

To ensure the environmental compliance both in terms of activities and operations of the company but also to fulfill the requirements arising from external certifications, internal systems and legal and other regulations, GEK TERNA Group conducts annual audits aimed at:

- evaluation of the responsiveness to the requirements of the current legislation,
- evaluation of the responsiveness to the Group's customer requirements,
- assessment of the Group companies' compliance with the system requirements,
- evaluation of the responsiveness to the requirements of the international standard ISO 14001:2015,
- identification of points that need improvement and reinforcement,
- revision of the implementation of the Management Systems and the Risk Management Systems.

Employee training on environmental issues

Cultivating a broader environmental culture is a prerequisite for better energy management and an overall improved energy footprint. The projects' Environmental Officers or the HSE Directorate of the Group's Central Offices plan and implement - on an annual basis - training sessions on environmental and social issues, to properly inform and system-



Environmental Protection



In 2019, the production of clean energy from RES amounted



(GRI) 103-2, 103-3

Environmental Compliance

OUR MANAGEMENT APPROACH

Environmental protection in practice

Environmental protection is an integral part of the Group's strategy and is expressed through its political, strategic and business decisions and actions. The Group acts purposefully and takes measures to reduce adverse environmental impacts while ensuring business continuity and compliance with environmental legislation. atically train employees. The training take into account both the needs and requirements of current projects, as well as the roles and duties of involved employees.

OUR PERFORMANCE



Non-compliance with environmental laws and regulations

During the reporting period, the Group did not receive any fines or any other sanctions for non-compliance with environmental laws and applicable regulations.

Environmental Management System

By implementing a modern and comprehensive Environmental Management System, the Group records the environmental impact of its activities and is therefore able to take the necessary measures in a timely manner, in order to reduce its environmental footprint and continuously improve its environmental performance.

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





Responsible Energy Management

OUR MANAGEMENT APPROACH

The Group's responsible energy management practices contribute to environmental protection, economic activity and the improvement of the quality of life in the areas it operates.

The Group's activities in the field of Clean Energy, especially the development, construction, financing and operation of RES projects as well as through the im-

plementation of low energy footprint infrastructure, improve energy security and energy efficiency, thus reduce adverse effects from the burning of fossil fuels in the environment.

Regarding its operation, the Group understands that only by systematically recording and monitoring energy consumption in its offices and construction sites, it will be able to estimate its energy needs and reduce energy consumption. The Group's goal for 2020 is to include even more of its units and companies in the data collection process, and to expand the methodology applied for collecting data.

Responsible energy management projects

In the Clean Energy sector, TERNA ENERGY's projects in the Municipality of Amfilochia and Crete (Prefectures of Rethymno and Lasithi) constitute investments with high domestic added value, creating hundreds of direct jobs and many additional indirect ones, making the best use of the peculiarities of the Greek relief in areas with little alternative economic activity and - mainly – enabling the seamless increase of the share of RES (wind and photovoltaic energy) in the produced energy mixture of the country, with all the benefits, economic and climatic resulting from it. Thus, they pave the way for the utilization of the Greek RES potential and the country's equal participation in the global revolution of clean energy.

Amfilochia pumped storage project

With a total installed capacity of 680 MW (generation) and 730 MW (pumping), the project includes two independent upper reservoirs (Agios Georgios and Pyrgos with volumes of approximately 5 hm3 and 2 hm3, respectively) while the lower reservoir uses the existing PPC Kastraki lake.

The Amfilochia project has been characterized as a Greek Strategic Investment and a Project of Common European Interest (Project of Common Interest - PCI 3.24), and is included in the Strategic Investment Procedures (of Law 3894/2010) and the North-South electricity interconnection plan in the east-central and southeast Europe.

Amari Hybdrid Station

The "Amari Rethymno Hybrid Station" project constitutes a major green investment and will prove a decisive step to address the energy deficit of Crete when it is realized. More specifically, the Amari Hybrid Station is based on River Dam's the energy utilization and combines the production of wind energy with its storage through pumped storage. It is a combination of a wind farm with an installed capacity of 89.1 MW, hydroelectric up to 93 MW and pump set with a capacity of 140 MW. The project ensures complete flexibility and security of supply, both currently and after the interconnection of Crete, providing high quality ancillary services and the possibility of mass storage of renewable energy. Based on corresponding studies, its positive impact exceeds €300 million since it protects the island from blackouts, and can fully replace Crete's gas turbine units, which as of 01.01.2020 enter into a state of limited operation.

Finally, it is worth noting that both projects use existing facilities as a bottom reservoir, so that their environmental footprint is absolutely positive.

Securing new guarantees from RES

During the reporting period, GEK TERNA received Guarantees of Origin for the Group's headquarters, for 1,098MWh of electricity generated by RES. The electronic certificate mentions the characteristics that affect its replacement value such as the renewable source and technology (wind), the production period (01/01 / 2019-31 / 12/2019), the installed capacity (7.8 MW), the station's beginning of operation (06/12/2000), the country and place of installation (BOURLARI (SPA-TA), MARMARI, Prefecture of Evia, Greece), the name of the owner (CYCLADES WIND PARKS-BOURLARI SA) and any subsidies it has received. By using Guarantees of Origin, introduced in the context of the liberalization of the electricity market, GEK TERNA further promotes RES.

Infrastructure and equipment of low energy footprint

Infrastructure and equipment with a low energy footprint are among the Group's priorities. To this end, it implements projects with bioclimatic design and is certified by systems which verify that the buildings it constructs are designed based on environmentally innovative practices aimed at energy saving.

The Stavros Niarchos Foundation Cultural Center (SN-FCC), which has achieved the platinum certification "Leadership in Energy and Environmental Design" as

a Green Building, the highest possible distinction for environmentally friendly buildings internationally, is a typical example of a LEED Platinum certified work.

GEK TERNA Group recognizes that the mechanical equipment it uses can have a negative impact on the environment. It therefore invests in the renewal and maintenance of its machines, aiming to improve energy efficiency and increase their useful life.

Utilization of new technologies

In Thermal Energy, HERON participates in the InterConnect research, which falls under the European program Horizon 2020 and lays the foundations for the digitization of smart energy management solutions. During the project, HERON will work with stakeholders from 11 European countries to develop innovative digitization and interconnection solutions for smart homes, buildings and power grids, utilizing cutting-edge technologies such as Artificial Intelligence, Blockchain and SAREF's state-of-the-art direct networking protocol of home appliances and sensors with energy networks. The flexible business models that will emerge will be implemented by the involved in the operation of energy networks entities, for the benefit of consumers and the environment.

Development of electromobility activities

To maximize its contribution to sustainable development, HERON focuses on promoting the use of energy-efficient forms of transportation, contributing to the protection of the environment by introducing the EcoMove and E-bike services.

OUR PERFORMANCE

Further information on the Group's performance on this topic is available in "The "Group's Performance" chapter.



Tackling Climate Change

OUR MANAGEMENT APPROACH

The Group's business model is strategically oriented towards fighting climate change. The Group systematically monitors its greenhouse gas emissions as an integral part of its environmental policy and communicates the impact of its activities through its electronic and print media (Sustainable Development Report, website, press releases etc.) to all its stakeholders.

The Group focuses on the transition to an economy that is less dependent on fossil fuels and ensures sustainable cities and communities for all its stakeholders. The GEK TERNA Group possesses the expertise and ability to identify and exploit current challenges deriving from climate change and counter the risk for the benefit of sustainable development and a green economy. Although climate change affects almost all areas of the Group's operations, the emerging business opportunities may contribute to its financial growth and offset negative effects.

Through its activities the Group responds to the challenges of climate change by designing and implementing several projects and planned investments, such as the:

- Development of hydro-pumped projects that will offer security of energy supply.
- Creation of waste treatment plants 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.
- Service for CO₂ emissions calculation and provision of green certificates to consumers and customers.

Mitigation of greenhouse gas emissions

Addressing the phenomenon of climate change presupposes the mitigation of greenhouse gas emissions, mainly through the Group's activity in Clean and Thermal Energy, and Waste Management. GEK TERNA Group contributes significantly to the prevention of carbon dioxide emissions into the atmosphere by producing energy from RES, as well as other gaseous emissions, such as methane, through storing it and properly managing it in the waste management units.

Identification of business risks and opportunities

Climate change affects the Group, both in terms of supply and demand. In particular, in terms of the former, we identify an increase in the frequency of extreme weather events. This could potentially interrupt the Group's operations by reducing the days of construction, increasing operating costs for construction and maintenance and leading to employee suspensions.

In particular, the change and variability of wind data can significantly impact the planning of wind energy projects. Therefore, potential threats and opportunities are taken into account during designing the project through scientific studies that alleviate potential adverse impact of the relevant risks, but also identify and exploit potential business opportunities.

In terms of demand, the Group identifies the need to build new projects to respond to climate change.

The selection of materials that will withstand the intensifying climatic change is taken into account from the first stages of designing infrastructure works, in order to more accurately predict their energy needs and reduce operating costs. At the same time, in energy production and distribution, the Group witnesses an increase in electricity demand, mainly for air conditioning and heating, therefore, adapts its business model to allow for the production and storage of clean energy.

Issuing Green Certificates

In collaboration with HERON, GEK TERNA Group issues green certificates to business customers who so wish. Also known as Guarantees of Origin of Electricity from RES, Green Certificates are issued by the Electricity Market Operator (LAGIE), in application of the European directives 2003/54/EC and 2009/72/EC and national legislation to ensure that a certain amount of electricity is generated from RES.

Electricity suppliers may obtain Green Certificates from RES producers, then transfer them to companies and industries they represent. Therefore, Guarantees of Origin are proof that a certain amount of electricity consumed in a business or industry over a period of time corresponds to an equivalent amount of energy from RES.

Through the Green Certificates, both the Group and the companies and industries with which it cooperates actively contribute to reducing the energy footprint and greenhouse pollutants. In 2019, the Group issued green certificates corresponding to 180,488MWh of electricity generated by RES.

CO₂ calculation service

HERON Group prioritizes the protection of the environment and climate change, with the aim of contributing to a transition to zero carbon emissions. In this context, HERON's new service calculates the carbon dioxide consumers emit in the environment through their daily activities. On HERON's website anyone can fill in a questionnaire requesting information on their home, travel, shopping and daily habits (which is then used to extract useful statistic data) and find out his/her carbon footprint.

GEK TERNA GROUP

This service aspires to provide green energy solutions with everyone's active participation to eliminate CO₂ emissions, and educate the public on the effects their lifestyle has on the environment. HERON's services that help eliminate carbon dioxide emissions include the provision of natural gas, electromobility solutions and e-billing.

OUR PERFORMANCE

Further information on the Group's performance on this topic is available in "The Group's Performance" chapter.



Protecting and Preserving Biodiversity

OUR MANAGEMENT APPROACH

GEK TERNA Group is committed to operating with a positive contribution to nature and the society. Its infrastructure and Clean Energy activities (e.g., infrastructure development, construction of highways, wind farms) are mostly carried out in areas of high natural value. Within its environmental management strategy, the Group has set as a priority the protection of biodiversity, as it considers it to be essential for the survival of plant and animal species, genetic diversity and natural ecosystems.

In this direction, the Group implements certified systems; provides training for its employees and site visitors on the protection of biodiversity; takes initiatives for the promotion and protection of local ecosystems; and constantly ensures that it operates over and above legislation, utilizing mechanisms to monitor and record its impact on biodiversity and the wider natural environment.

In particular, the Group:

- Adapts its activities to cater for biodiversity.
- Restores local areas and construction sites.
- Has adopted circular economy principles.
- Selects materials and raw materials with a long lifecycle.

Operation adapted to the ecosystem needs

Both during construction works and operation, the Group carries out Environmental Impact Studies (EIA), Special Ecological Assessment (EA) Studies, Special Ornithological Studies and monitoring programs in collaboration with specialized scientists and bodies, aiming at obtaining and acting on information to ensure the protection of local ecosystems, by taking appropriate protective and impact mitigation measures.

During construction of a new road or railway network, such as Ionia Odos, the Central Greece Motorway and Olympia Odos, the Group adjusts its actions to benefit local ecosystems and ensures that the road network layout minimizes any environmental impact.

In particular, in order to protect biodiversity and mitigate the works' negative impact on the environment, the EIA and relevant approved Environmental Conditions stipulate measures to protect ecosystems. Typical examples include construction of grade-separated crossings or tunnels to protect ancient monuments, planting, embankments reusing excavation materials, works to facilitate surface water flowing, risk assessment studies for hazardous liquid waste, hydraulic studies determining measures for the protection from erosion of the natural slopes of the wider work area, automatic stations for measuring atmospheric pollution and winds, and sound protection works at neighboring areas.

In addition, construction of waste treatment plants and their operation through concession schemes, such as "SUSTAINABLE EPIRUS" and "ENVIRON-MENTAL PELOPONNESE", help reduce pollution of the aboveground (lakes, rivers and streams) and underground (aquifer) natural environment, improve hygienic conditions for local communities and social groups exposed to the waste risks, and raise environmental and ecological awareness.

Restoration of areas and construction sites

To responsibly and comprehensively manage its projects' life cycle, the Group minimizes its environmental footprint through environmental studies, studies for restoring the natural environment and action plans. Restoration works consider the existing natural wealth of the neighboring ecosystems to ensure preservation of the ecosystems upon work completion and the Group's social license to operate.

The Group budgets the cost for restoring the environment at wind farms, white stone mines and gravel sites following their exploitation: on 31/12/19 it stood at $\leq 20,770$ compared to $\leq 16,455$ on 31/12/18. In wind energy projects, the Group makes detailed forecasts for dismantling the wind turbines and restoring surrounding areas. These forecasts are part of a broader, integrated restoration plan, which includes the recovery of significant quantities of raw materials and supplies to be reused in other identified needs across the Group.

TERNA ENERGY

The hydroelectric project Dafnozonara-Sanidi is the first to be constructed on a main river in Greece. For realizing it, the Group took all the necessary measures to protect the local ecosystem. The catchment area of the river Acheloos at the dam's location covers 1,350 km² and features an average annual runoff of 1630 hm. For the protection of fish fauna, in particular, the Group constructed a fish trail in the form of a fish ladder and applied, for the first time in Greece, the method of hydraulic leaching in order to manage the entrained materials and ensure the channeling of the stereo stream.

In wind farms located in areas with vulnerable birdlife, the company runs a monitoring program

to identify possible effects and take necessary protective measures. Through the pilot research European program LIFE, a specialized bird monitoring program was installed at the Derveni wind farm, which utilizes technology to transmit warning sounds to prevent birds from possible impact, and slow down or even stop the wind turbines if the birds are not diverted.

Circular Economy

Recording the Group's waste is one of the most important procedures for evaluating and implementing the best waste management practices. The Group undertakes a systematic and detailed recording of its waste by category (hazardous / non-hazardous), by type (solid / liquid) and by type (lubricants / lamps / wood / paper / municipal, etc). In addition, the Group monitors the percentages of each waste disposal method (i.e. reuse, repurpose or landfill) on an annual basis, to evaluate and monitor its performance in the long run.

Not limited to waste recording, the Group also cooperates with licensed operators for the collection-recovery, treatment, reuse or disposal of its waste, relieving landfills and protecting local ecosystems and their natural wealth in all areas it operates. With the adoption of the circular economy principles, significant quantities of produced materials are reused (e.g., excavation, construction and demolition materials) to meet other activities' needs, across the Group locations.

Regarding hazardous waste management, the Group's operation often produces waste with high concentrations of toxic substances, which makes them hazardous for the environment and public health. The Group plans and takes all necessary measures to eliminate potential pollution threats to the natural environment. Using certified UNtype barrels to ensure the transport of hazardous waste and more specifically for the collection and storage of lubricating oils used for its equipment is such a measure.

A complete system of recycling paper, electronic and electrical equipment, lamps and batteries is applied at all Group's premises and construction sites, with the use of dedicated collection bins and in collaboration with select partners who dispose and reuse collected recyclables. Particular emphasis is given to electrical and electronic equipment, which is recycled in certified units, where precious metals and materials are recovered thus preventing dangerous heavy metals to leak into the environment.

Materials and raw materials sourced by the Group play a critical role for the quality of the delivered projects and its environmental and energy footprint. The Group selects materials and raw materials that will resist even adverse or severe weather events. Applying circular economy principles through recovery and reuse of materials reduces the use of natural resources while ensuring resilience of the Group's infrastructure and long-term sustainability.

OUR PERFORMANCE

Further information on the Group's performance on this topic is available in "The Group's Performance" chapter.

103-2, 103-3 GRI

Ensuring Health and Safety at Work

OUR MANAGEMENT APPROACH

Health and Safety in times of crisis

The health and safety of the Group's employees and associates around the world have been a high priority from the first moment of its operation. In light of the recent unprecedented crisis, the Group goes over and above the national framework to ensure the health and safety to the maximum possible extent for all its people, especially for the most vulnerable ones.

The teleworking program stipulated in the Group's Business Continuity Plan, is in force for a significant number of employees and on a rotating basis for those who need to be in the Group's buildings and facilities. Special attention is given to minor children's parents and those who are in need of increased care. In an open communication with the competent bodies, the Group has adopted strict operating procedures at all its premises in Greece and abroad, to ensure the maximum possible safety level for all.

In addition to measures introduced by the state authorities, the Group organized the safe repatriation of its executives where required, drastically limited travel to the absolute necessary, and ceased holding physical meetings, taking advantage of all possibilities technology has to offer.

Promoting **Human Values**





The Group's Health and Safety Policy

The Group complies with the provisions of the applicable national, European and international law and strictly adheres to a Health and Safety Management System, aiming at the early detection and minimization of risks throughout its activities. The Health and Safety Policy applies to the entire Group and all directly or indirectly related to its business operations.

Strengthening the Health and Safety Policy and ensuring zero accidents are goals related to:

- the implementation of an internationally certified Health and Safety Management System,
- the formation of a corporate culture governed by the principles of Health and Safety,
- full compliance with legal and other national, European and international requirements, directives and provisions relating to Health and Safety,
- the implementation, monitoring, evaluation and improvement of Health and Safety activities,
- the identification of occupational risks and development of a comprehensive prevention methodology,
- the prevention of injuries, diseases and adverse health and safety incidents,
- dissemination of proper, adequate health and safety information and training to all employees, suppliers, partners and visitors,



- strict compliance with H&S procedures of all stakeholders,
- the immediate investigation of any accident or incident to determine the factors leading to it and taking precautionary measures,
- the integration of technologies, best practices and operating procedures that guarantee safety conditions for employees, subcontractors and third parties.

The Group's commitment to Health and Safety is evident in its Health and Safety Management System, certified by the international standard ISO 45001.

Health and Safety Education

GEK TERNA's strategy includes the non-negotiable principle of ensuring occupational Health and Safety as a prerequisite for any operational activity, pertaining to employees, subcontractors and business partner network.

The Group regards education as the most effective means of fostering a corporate culture for Health and Safety. In this context, the Group trains its employees and subcontractors in matters related to the general principles of occupational hazards and their prevention in ensuring health and safety for all. The Group is not limited to informing employees and business partners but also considers informing all visitors of its premises on Health and Safety issues as its obligation.

Eliminating work-related accidents and occupational diseases is also linked to integrating Health and Safety principles in the work culture. Promoting this culture, then, is of the utmost priority for the Group.

Health and Safety collaborations

Securing an accident-free working environment does not only depend on measures and policies taken by the Group for its facilities and its employees but also on its stakeholders' cooperation throughout the supply chain. Therefore, all subcontractors, partners and suppliers must adhere to the essential health and safety principles and fully comply with the Group's requirements. In this context, the Group often revisits contracts it holds with its partners taking into consideration Health and Safety criteria and does not hesitate to end cooperation in case these criteria are not observed.

OUR PERFORMANCE

Further information on the Group's performance on this topic is available in "The Group's Performance" chapter.

GRI) **103-2, 103-3**

Continuous Talent Development and Retention

OUR MANAGEMENT APPROACH

Current trends, globalization and technological advancements render imperative the provision of all necessary resources through which the Group caters for the continuous employee skills development, their adaptation to the new global context, advocates their rights, provides access to equal opportunities and supports diversity.

For this reason, continuous development and talent retention constitute a main pillar of the Group's human resources management and a strategic factor for its path towards sustainable development. The Group constantly develops, implements, monitors, reviews and improves its procedures and programs for developing its human capital and takes initiatives to facilitate employee integration across the Group and create the necessary conditions for retaining talent.

Continuous education and training of human resources

Asserting the Group's prestige in Greece and consolidating its stronghold abroad depend on its executives' and employees' skills and expertise. For this reason, continuous advancement of their scientific and technical knowledge, professionalism and improving their productivity is a top most priority.

In this direction, the Group implements education and training programs, tailored to each position, the Group's strategic planning and needs of its human resources. Educational needs are determined annually; training organizations are then selected and programs for enhancing technical and professional skills are designed. Executives and specialized colleagues also provide internal training on health and safety, environmental issues and the implementation of the Code of Conduct. Whatever the topic, training always corresponds to the needs of the project each subsidiary undertakes and tailored to individual roles and duties.

Information on health & safety is available to visitors and a detailed record of training is kept in each workplace. During the reporting period, the Group provided 2,022 employees with 16,563 hours of training, compared to 2018, during which 807 employees received 5,985 hours of training.

Youth employment support

The Group acknowledges that unemployment is a significant challenge that impacts the country's economy and social cohesion. Investing in a better tomorrow, the Group places a high premium on youth employment boost and the creation of professional prospects by implementing programs that aim to support their entry into the workforce.

In this context, the Group systematically finances high-caliber postgraduate students and offers internships across the Group, thus bringing students closer to the labour market and the actual practice of their science. In 2019, ten students completed their internship with the Group, two of whom then joined the Group's workforce.

OUR PERFORMANCE

Further information on the Group's performance on this topic is available in "The Group's Performance" chapter.

GRI) GRI 103-2, 103-3

Protection of Human and Labour Rights

OUR MANAGEMENT APPROACH

The Group has developed its principles and values based on the fundamental Human and Labour Rights. With respect to all its employees and associates, the Group prevents potential violation of human rights by adopting policies, actions and control mechanisms, applied to all its activities, subsidiaries and projects.

Respect for international standards and principles

The Group applies and respects international Human Rights principles and standards. The Universal Declaration of Human Rights, the UN Global Compact, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, the UN Global Compact, the United Nations guidelines on Business and Human Rights at work and the high corporate values advocated by the Group, form a strict operating framework governed by respect for human rights throughout its business activities.

The Group is committed to the timely prevention and detection of any action that is not in sync with its operating framework for the protection of human rights. It promotes every human being's right to education and freedom of speech, to freedom of association and any other right that could be violated as a result of its operation. It therefore applies control procedures to ensure no violation of fundamental human rights ever occurs.

Equal opportunities and human rights at work

The Group handles human resources issues without prejudice and ensures that every employee is treated fairly and without discrimination. The Group's policy dictates equal pay between men and women for the same job and leaves no room for discrimination or preferential treatment in terms of pay or benefits, on the basis of gender or other characteristics. Providing equal opportunities and safeguarding human and labour rights promote a fair working environment, a healthy corporate culture and the development of beneficial working relationships.

The Group applies control procedures, protecting human rights potentially violated in the working environment. It also ensures that every employee is treated fairly and meritoriously based on his or her abilities and performance. The Group's decisions are never related to any kind of discrimination regarding gender, nationality, language, religion, political beliefs, physical condition, sexual orientation or other elements of diversity.

Remuneration and benefits

The Nomination and Remuneration Committee formulates the Group's internal remuneration and benefits policy. The Group, therefore, offers remuneration and benefits with transparency and meritocracy, considering objective criteria and performance indices, such as the responsibility of the position and tasks it requires, the educational background, experience, skills, ability to achieve objectives as well as the level of performance and efficiency of each employee.

After examining the cost of living in the countries it operates, the Group generally offers higher remuneration than what the law dictates. The majority of the Group's employees are paid salaries above the minimum statutory remuneration. Furthermore, the Group may offer additional benefits, such as a company car, laptop, mobile phone and more, depending on job's requirements.

Enhancing diversity

Due to the nature of its activities, the Group's workforce mainly comprises male employees. However, the Group's persistent pursue is to increase the percentage of women in its companies. Recording and classifying the presence of women by geographical area, age and occupation is a step in this direction. In this way, the Group may pursue the increase of women employees.

The Group willfully fosters a safe and balanced working environment, which rewards innovation, facilitates the realization of its vision, expands its international perspectives and contributes to its business success and excellence. The Group has created a working environment with the employee in its center, follows procedures for its development and ceaselessly sees about retaining its talents and providing opportunities for professional development.

Engaging with local communities on human rights

The Group respects the national and local operating frameworks in the countries where it operates. Engaging with local communities on human rights issues that relate to its activity, is essential to ensure its social license to operate. In addition, the engagement process ensures smooth cooperation with stakeholders in these societies during its operation and offers dialogue opportunities on issues of concern.

OUR PERFORMANCE



Incidents of discrimination and corrective actions taken

Throughout its history, no cases of human rights abuses and / or violations have been reported at GEK TERNA Group 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.

Further information on the Group's performance on this topic is available in "The Group's Performance" chapter.









Support for local communities

The Group's sponsorships and donations are primarily directed to education, training, health, culture and sports programs. Improving quality of life and creating new opportunities are the Group's main motivation for supporting solidarity actions.

In 2019, the companies of the GEK TERNA Group realized a significant program of social support and distribution of economic value, which included sponsorships, donations and infrastructure works and amounted to **€2 million.**

Sports Education Culture NGO's support Conferences support Conferences support Cargeted donations	Area		
Education Culture NGO's support Conferences support Infrastructure community projects	Sports		
NGO's support Conferences support Infrastructure community projects 1 Vorr 1 Vorr	Education		4
NGO's support Conferences support Infrastructure community projects	Culture		
Infrastructure community projects 1 MOVERTY 1 POVERTY 1 POVERTY	NGO's support		CONSTRUCTION OF
Infrastructure community projects	Conferences support		
	Infrastructure community projects	1 POVERTY	2 ZERO HUNGER
	Targeted donations	4 COLLITY EDUCATION	9 INDUSTRY, INNOVAL AND INFRASTRUCTU

Strengthening our Social Footprint



In 2019, more than 1.1 billion. of direct value was distributed to all our stakeholders.

OUR MANAGEMENT APPROACH

Engagement with

Local Communities

(GRI) 103-2, 103-3

and Social

Investment

Ongoing engagement with local communities helps the Group build long-term relationships of trust with its stakeholders and prove the transparent and responsible attitude it daily takes towards them. Using diverse engagement tools, the Group gains a deeper understanding of the inhabitants' paramount needs, evaluates them and plans its operations accordingly, taking into account the most important issues of concern.

to all our stakeholders.

The Group's social contribution for 2019 included, among others:

- Free construction of infrastructure and other works aiming at improving the daily life of the local citizens.
- Sponsoring of sports clubs and cultural organizations.
- Programs supporting youth entrepreneurship and scholarships, support of scientific research programs, conferences etc.
- Financial support to Non-Governmental/Non-Profit organizations and government agencies that focus.

SDG's contribution



- on improving the quality of life of vulnerable social groups, such as the ELIZA association against child abuse, the Ark of the World and the Shedia street paper etc.

- on scientific research such as the Hellenic Health Foundation.

- Targeted donations to the Greek Police and the Hellenic Fire Service.
- Support of cultural activities across Greece (Prespeia, Student Biennale of the Greek Schools of Fine Arts, concerts, etc.).

Social impact studies

Before initiating a project, the Group deliberates with local authorities, to inform interested parties and ensure that each project will create mutual socio-economic benefits. In the same context, the Group also conducts social impact studies preceding each new project, which include an assessment of the potential impact on human rights, local health data, and determines the local community and stakeholders with whom the Group will converse on issues that could potentially degrade the quality of life.

Direct and indirect social impact

The Group's diverse activities maximize any positive direct or indirect impact it exerts on local communities.

Already from their initial stage, infrastructure projects directly create hundreds of new jobs and demand for products and services (including subcontracting) locally. When transport projects begin operating, transport cost of goods is reduced, local entrepreneurship and workplace mobility are both strengthened, cultural convergence of the areas the infrastructure project crosses, get is strengthened, while the environmental footprint is reduced through responsible operation. Social impact is prolonged and extends to additional job openings when concessions are involved (as in toll stations, highway maintenance, etc). The Group's infrastructure and real estate activities stimulate local employment, directly by hiring workers from the local communities and indirectly through assigning work to subcontractors. They also create demand for construction materials and other raw materials, while the introduction of innovative technologies creates valuable expertise among the Group's employees and business partners which is exploited and passed on to the Group's interior and exterior environment.

The Group's activity in Clean and Thermal Energy promotes the production of energy from RES and reduces the needs for electricity generated from conventional sources as well as the induced emissions of greenhouse gases, resulting in the protection of ecosystems in neighboring areas and upgrade of the inhabitants' living standards.

The construction and operation of waste treatment plants contributes to the upgrading of the aboveground (lakes, rivers, seas and air) and underground (aquifer) natural environment and in particular to the improvement of the hygiene conditions in the local communities, while at the same time stimulates local employment and promotes awareness on environmental threats.

Preference for domestic suppliers

To date, the Group operates in 16 countries and four continents and demonstrates steady growth and potential for expansion into new markets. Despite its vigorous extrovert nature, the Group consistently chooses to cooperate with local suppliers. In this way, it strengthens its direct and indirect socio-economic footprint across the supply chain, by supporting the surrounding areas and stimulating local economies. Opting to cooperate with local suppliers carries a further positive impact since it creates new indirect jobs and contributes to social cohesion and prosperity.

In 2019, procurement from Greek suppliers (approx-

imately 4,250 suppliers) across the Group amounted to around €514 million.

65.5% of GEK TERNA Group's suppliers were Greek in 2019.

Further information on the value, type and number of suppliers is available in "The Group's Performance" chapter.

Countervailable benefits

The Group's activity in RES creates additional social impacts both directly (i.e. levy) and indirectly (e.g., discounts on local residents' electricity bills). In this context, 3% of the gross annual income from the operation of each RES project is rendered to local communities either directly (in the form of levy) or indirectly (in the form of discounts on electricity bills, infrastructure projects, etc.). During the reporting period, \notin 4,429,440 million were distributed to municipalities hosting RES projects.

OUR PERFORMANCE



Committed to operating responsibly throughout its activities, GEK TERNA Group converses with local communities and authorities to inform stakeholders, identify any concerns and implement its projects with transparency and after dialogue, securing its "social license to operate", business continuity and project viability.

In this regard, the Group implements the environmental impact study it has carried out for each project, continuously monitors its environmental footprint, converses with stakeholders, organizes public awareness programs when required, and publishes annual non-financial performance indices within its Financial Statements or Sustainable Development Report, to monitor the environmental and social footprint of his works.

(GRI) **103-2, 103-3**

Emergency Preparedness

OUR MANAGEMENT APPROACH

GEK TERNA Group is committed to providing safe working conditions and has set as its top priority to take measures and action to respond to emergencies. Crucial to the prevention and response to critical incidents are the employees' participation, the Management's active role in recognizing, monitoring and eliminating emergency threats, continuous training of the human capital, the compliance audits, as well asrelevant partnerships on health and safety.

Emergency response plan

Any emergency, whether of a natural or a human origin, such as fire, explosion, heat-wave, flood, earthquake, terrorist act, uncontrolled leakage and failure of materials or equipment, requires immediate, comprehensive and effective handling, since it is a crisis manifestation that threats its people.

Prior to any construction activity or beginning of a project's operation, a detailed Emergency Response Plan is prepared, describing all direct and indirect actions that must be carried out and all resources needed that must be allocated for effective emergency management.

More specifically, the contingency plan describes the needs in human resources and protection equipment, roles and responsibilities of the teams responsible for dealing with emergencies (such as the fire handling and fire safety team or the first aid team), detailed instructions to all employees for responding to an emergency, as well as communication actions.

Readiness drills

The Group caters for the preparedness level of its employees and business partners (subcontractors) in emergencies, therefore, regularly carries out readiness drills simulating emergencies such as employee accident, fire, earthquake, and more, to test the timely and efficient reaction of those present at incidents that may adversely affect health, safety and the environment.

Through the readiness drills the following are checked and evaluated:

- · adequacy of plans and procedures,
- cooperation and response of involved departments, authorities, entities and personnel,
- any oversights in the involved people's roles and responsibilities,
- necessary resources.

In 2019, a rescue - evacuation plan was successfully carried out with the participation of all TERNA S.A employees and its subcontractors at the Headquarters. Two drills for evacuating the T2 Tunnel of the E65 project were carried out, requiring tunnel employees to evacuate it in a 5-minute time span. Both drills were successfully completed within the desired time limits.

In addition, parallel to construction of Unit V at Ptolemais, 19 rescue & evacuation drills of potentially injured people took place from high accesses using proper access ropes and stretchers. The drills were executed with the participation of IRATA III certified rope access technicians. Objectives included indicatively:

- Assessment of an injured person's condition and stabilization under adverse conditions, such as the limited space or severe weather phenomena,
 The use of SKED stretcher.
- 3. Assessing alternative access means, i.e. lifts and hanging basket.
- 4. Examining alternatives for transporting a stretcher er to the ground, either by using a hanging basket or rope rescue lines to lower the stretcher with the injured person from a confined space to an underlying floor from which an elevator could then be accessed.
- 5. Assessing ability to safely maneuver inside the pipeline at a very confined space.
- 6. Assessing ability to safely maneuver outside the pipeline.





Moreover, in 2019, a real evacuation took place at the Group's headquarters due to a real earthquake on 19/07/19. When the earthquake stopped, the Emergency Response Team activated employees in the headquarters premises to gather at the muster stations. During the evacuation, the protocol was faithfully followed in the exact way it was designed and simulated in the preparedness exercises. All 550 employees gathered in complete safety at the muster stations in less than 15 minutes.

Employee training

The Emergency Response Plan includes the necessary knowledge and training for the active participation of employees when facing emergencies. The Group caters for the continuous update and training of its employees so that they can protect themselves, their colleagues, associates, and the environment by recognizing, recording/communicating and eliminating possible causes of accidents.

All training programs aim is to:

- increase employee readiness,
- develop skills and reinforce technical competence, with the ultimate goal to protect themselves and the working environment,
- integrate knowledge acquired from past incidents and their handling,
- prescribe ways for improving the handling of such incidents.

Additionally, depending on the nature and particular characteristics of a project, training may also be provided for visitors. Training can be delivered by the Group's Health & Safety Department, health & safety professionals as well as external training institutions.

Audits

Timely and effective response to critical situations requires the active involvement of all stakeholders 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 responsi**GEK TERNA GROUP**

ble business action. To ensure these conditions, the Group applies an annual plan of inspections across its activities and facilities. The plan of inspections is formulated according to the findings of previous inspections.

Internal audits are carried out by the Health & Safety Department, while additional audits are performed by an external auditor (Independent Engineer), external certification institutes and, in the case of concessions, by expert consultants appointed by the Concession Consortium and/or the Health & Safety Department. The purpose of audits is to ensure preparedness at all times and possibly improve management systems that foster safe and responsible business practices and protect the health of people and the environment.

OUR PERFORMANCE

Further information on the Group's performance on this topic is available in "The Group's Performance" chapter.





GRI) **103-2, 103-3, 102-7**

Shaping a Responsible Market



Creation and Distribution of Economic Value

OUR MANAGEMENT APPROACH

Generating and distributing economic value to all its stakeholders is a strategic priority of the GEK TERNA Group. The Group ensures this with its robust business model, ability to handle threats and seize new opportunities, its strategy for penetrating new markets and introducing new activities, its competent human capital which combines long experience and proven ability to execute projects, and its corporate philosophy, values and business ethics displayed in all operations.

The Group continued to grow steadily and strengthen its position in all fields it operates. In particular, 2019 was another positive year for the Group's performance in Clean Energy spreading in Greece and abroad; in Waste Management with the completion of initial expansion phase; in Concessions with its branching out in airport management; and in Infrastructure despite the adverse conditions prevailed.

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



TERNA S.A., subsidiary of GEK TERNA Group, in a joint venture with AVAX (AVAX – TERNA JV□MEDITER-RANEAN CITY OF DREAMS) and with a participation stake of 40%, signed an agreement of €270 million with ICR CYPRUS RESORT DEVELOPMENT CO LIMIT-ED for the construction of a multithematic park and casino of a total area of 96,000 m² and with a timetable of 30 months in terms of completion.

GEK TERNA Group through its subsidiary TERNA S.A., together with HERAKLION CRETE INTERNA-TIONAL AIRPORT SA CONCESSION, also signed a Design and Construction Agreement for the new airport in Heraklion, Crete, of \leq 480 million budget and a 5-year contractual execution time frame.

Within the reporting period, the commencement date of the construction of three waste units and landfills and two transit stations of the Integrated Waste Management of the Peloponnese Region project were determined, amounting to a total of \leq 107 million. New projects and extensions to existing ones amounting to \leq 24 mill. were also signed.



Concession Company "INTERNATIONAL AIRPORT OF HERAKLION CRETE CONCESSION S.A." was founded in 2019. The company signed the Concession Agreement with the Greek State which is now approved by the government and has become state law.

"INTERNATIONAL AIRPORT OF HERAKLION CRETE CONCESSION S.A." is a joint venture of TERNA SA and GMR Airports Limited with a shareholding of 60% and 40%, respectively. It is noted that after the CCD as per the concession agreement, shares will be distributed between TERNA at 32,46%, GMR Airports Limited at 21,64%, and the Greek State at 45,9%.


ENERGY PRODUCTION CLEAN ENERGY

On 27.03.2019, the "Municipal Solid Waste Treatment Plant of Epirus Region" (hereinafter MEA Epirus) commenced its commercial operation. The project was realized by Epirus Region and "Aeiforiki of Epirus", a 100% subsidiary of TERNA ENERGY Group, with the contribution of the Public & Private Partnerships (PPP) Special Secretariat. MEA Epirus represents a major part of the Regional Waste Management Plan. Its maximum annual capacity is 105,000 tn. It will be recycling at least 17,000 tons annually and producing green energy of 10,800 KWh saving 12,000 tons of CO².

The investment amounted to €52.6 million and its added value approached 70%, creating 290 new jobs. This unit is the first in Greece to produce biogas from solid waste and then electricity, which is fed into the country's electricity grid.

On 05.09.2019, the sublgroup TERNA ENERGY through its 100% subsidiary TERNA DEN LLC (subsidiary of TERNA ENERGY USA HOLDING CORPORA-TION) acquired 100% of the Class B (membership interests) of the company BEARKAT WIND I LLC. This company owns 100% of the shares of BEARKAT WIND I LLC, which owns and operates the Bearkat I wind farm in Glasscock County, Texas USA, with an installed capacity of 196.65 MW. The aforementioned transaction took place against a total price of 119,693 (USD 132,357 k). The wind farm has been in operation since January 2018 and its construction has been collfinanced by Tax Equity Investor (TEI). Following the completion of the acquisition of the new wind farm, the total installed capacity of TERNA ENERGY subgroup in the USA stood at 648.1 MW.

Within 2019, the construction of nine wind farms with a capacity of 121 MW began in nine locations of Evia. In the first quarter, construction began on two wind farms in Pyrgari-Dardiza and Exostis and in the second, on two wind farms in the areas of Voureza and Pyrgari. The rest of the parks begun being constructed in the fourth quarter. The total budget of the project amounts to approximately €150 million. The first four wind farms have already been put into trial operation and the completion of the rest is expected to take place within the first half of 2020. For the construction of these wind farms, installation permits have been obtained and contracts for the sale of electricity have been signed with the Hellenic Energy Market Operator "Lagie" S.A . The duration of the sales contracts is 20

Within the third quarter of 2019, the construction of the 158 MW wind farm in Texas, USA (Fluvanna II) was completed by TERNA ENERGY sub-group. The total project budget stood at €224 m. A contract had been signed with the Tax Equity Investor (TEI) to finance the project, which contributed \$140.1 m. to the construction of the project.

Following these, the total installed capacity of the Group amounts to 1,386.5 MW in 2019, compared to 1,032 MW in 2018. More specifically, the installed capacity of the Group in Greece and abroad:

	TOTAL	GREECE	USA	POLAND	BULGARIA
Wind Energy	1,357.6	577.5	651	102.0	30
Hydroelectric	17.8	17.8			
Photovoltaic	8.5	8.5			
Biomass	2.6	2.6			
TOTAL	1,386.5	606.4	651	102.0	30.0

GEK TERNA GROUP

years with a guaranteed feed-in-premium (FiP) sale price if the projects are completed by 31.12.2020.

During the fourth quarter of 2019, the Ministry of Environment and Energy approved the Environmental Terms of the project "Amari Rethymno Hybrid Station" promoted by the subgroup TERNA ENERGY. The Amari Hybrid Station is a large model green investment, the total amount of which is expected to reach €280 million, while during the construction period of the project it is planned to create more than 1,000 jobs. It is worth noting that the domestic added value of the investment exceeds 60% and is expected to reach €170 million. The implementation of the project will bring a series of accompanying benefits to local communities and in Crete in general, as it will benefit the beneficiary municipalities of Rethymno, Amari, Sitia and their communities, but also the Development Organization of Crete (OAK), a total of 4.6 million euros per year during the twenty-five year period of the contract.



In 2019, in the electric energy production segment from thermal energy sources, the Thermoelectric Unit of capacity 435 MW, as well as the smaller unit of capacity 147 MW in Viotia continued to operate.

Turnover of electric energy sales segment amounted to \leq 36.9 million compared to \leq 19.7 million in the corresponding period of 2018, increased by 87% compared to 2018. Earnings before taxes, interest, investment, financial results and depreciation and amortization including nonDcash items (adjusted EBITDA) of the segment amounted to \leq 2.3 million, compared to \leq 1.6 million in 2018.

In 2019, the HERON Group inaugurated its first stores in Athens and Thessaloniki, moving steadily on its customer-oriented strategy and his/her needs for electricity, gas and electromobility.

REAL ESTATE

The Group currently holds a conservative attitude towards investment activities in the domestic real estate market. Taking into account the current economic conditions, the Group has decided to disinvest from specific properties. At the same time, the Group is considering alternative exploitation scenarios for part of its investments and wherever deemed necessary, it will continue to invest.

Real Estate turnover stood at ≤ 4.7 million, compared to ≤ 9.2 million in the corresponding period of 2018. The decrease in the turnover of the fiscal year 2019 is mainly due to non-existence of leases at the Sofia commercial center building, which was fully operational in 2018 and was sold at the end of December 2018. Earnings before interest, taxes depreciation and amortization, including non \Box cash items s (adjusted EBITDA) amounted to ≤ 0.3 million, compared to ≤ 4.2 million in 2018. Earnings after tax amounted to \leq minus 0.3 million, compared to \leq minus 6.6 million in 2018. The ratio of Liabilities to Total Assets in the segment is 71.44%, a factor quite safe, given the current financial conditions.



The Group, through its subsidiary TERNAMAGSA, is active in the production of quarry products from extracting and processing white stone.

Turnover of the segment amounted to \notin 9.9 million, compared to \notin 11.3 million in the corresponding period of 2018. Earnings before interest, taxes depreciation and amortization including non-cash items (adjusted EBITDA) amounted to minus \notin 4.2 million, compared to minus \notin 2.5 million in the corresponding period of 2018.

Following the decisions on 23.12.2019 and 27.12.2019 of the Board of Directors of the subsidiaries TERNA SA and TERNA LEYYKOLITHI SA respec-

tively, it was decided to revoke the relevant merger

decisions of 29.06.2018 of the aforementioned companies, in order for TERNA LEYKOLITHI SA to continue its production operations autonomously as an **GEK TERNA GROUP**



Ensuring Business Ethics and Compliance

OUR PERFORMANCE

Revenues per business segment (Amounts in millions of euros)

independent economic entity.

Business segment	2019	2018
Infrastructure	680	949
Concessions	187	197
Clean Energy	237	216
Thermal Energy	37	20
Real Estate	5	9
Mining activity	10	11
Other activities (Participations)	0.1	0.1
Total	1,155.7	1.402,7

Further information on the Group's performance on this topic is available in "The Group's Performance" chapter.

OUR MANAGEMENT APPROACH

Business Ethics and Regulatory Compliance

The Group constantly advocates business ethics and ensures regulatory compliance of all its functions and activities, having as a priority the identification and fight against potential incidents of corruption, which will damage its reputation and will affect its license to operate. From the conclusion of responsible contracts with its partners and suppliers, the demonstration of integrity and transparency in transactions and the pricing policy of its services, to the provision of a fair, meritocratic and transparent working environment for its employees, the Group ensures its robust operation, strengthens the established relationships of trust and creates value by contributing to the meritocratic operation of institutions and the defense of justice.

The Group has been certified according to ISO 37001 "Anti - Bribery" which includes the following established procedures and policies:

- · Business environment analysis.
- Risk management.
- Internal audits.
- · Failure management Corrective actions.
- Check documents and files.
- Staff training, Change management.
- Management Review.
- Monitoring of the Regulatory Framework.
- Complaints management.

- Due Diligence Procedure.
- System monitoring and control.
- Energy planning.
- Energy capture and review.
- Energy monitoring, measurements.
- Objectives: Unhealthy competition policy, Information Security Policy, Travel and hospitality policy.

Code of Conduct

The Code of Conduct is the Group's basic operating framework, describing the professional behavior of all its people: employees, executives but also business partners and suppliers. Knowledge, respect and implementation of the Code is everyone's duty, from workers at every construction site to the Management executives.

The Code ensures the creation of a working environment based on a value system that promotes:

- Transparency in the Group's relations and activities.
- Satisfaction of the expectations of our customers, end users and the wider community benefiting from our projects and services.
- The creation of a safe, healthy and friendly working environment for all our employees with respect for human rights and human values.
- The creation of relationships of mutual trust and respect with our suppliers and partners.
- Respect for the environment and GEK TERNA's operation in the context of sustainable development.
- The protection of the Group's tangible and intangible assets.

Sustainable Development Report 2019

- The compliance with the current regulatory framework across the Group and in all countries it operates.
- The adoption of practices and behaviors in accordance with the voluntary commitments that govern GEK TERNA from the beginning of its founding.

The content of the Code is in accordance with the general principles set out in the International Regulations and Conventions as well as the international standards ISO 9001, ISO 14001, OHSAS 18001, ISO 19600, ISO 37001, ISO 50001 and SA 8000.

The following table summarizes the obligations of the people of the Group within the Code:



Inclusion of a relevant article on the knowledge and acceptance of the Code in each of their contracts with GEK TERNA

Operate and work in accordance with the Principles and Values of the Code

Immediately inform the Compliance Officer in case of deviations from the Code which draw their attention

The Code's Implementation

The Code is a reference point for all people working in or for the Group: it indicates the way professional duties are carried out, sets the framework of regulations and behaviors, serves as a guide to questions asked during work and triggers the establishment of corporate values and culture.

The Code applies to all Group's subsidiaries nationally or internationally and all areas of activity. It is also taken into account in the partnerships and joint ventures.

Monitoring the implementation of the Code

The Head of Regulatory Compliance monitors the Code's implementation. Its implementation is supported by the Rules of Procedure and other official corporate literature describing the monitoring and control mechanisms. These include audits across the Group's activities, discrepancy reports, the investigation of these reports at the highest hierarchical level, the measurement and monitoring of compliance indices and remedy actions as well as

the official reports to the Management for issues related to the Code.

Continuous information and training

The Group organizes personnel training and targeted briefings annually, aimed at raising awareness on corruption issues and ways to combat them. Information on the Code's contents is part of the induction and all new entrants agree to follow the Code when signing their employment contract in which special reference is made.

Ability to report discrepancies

The Group employees are obliged to inform about any deviations from or concerns about the Code's implementation, which comes to their attention, through a signed letter to the Head of Regulatory Compliance. The Group aims to strengthen and improve the prevention and control procedures of potential corruption threats, comply with relevant legislation and intensify controls.

Evaluation of discrepancies and taking measures

The Group evaluates any deviation that is identified and disclosed regarding the application of the Code. The Head of Regulatory Compliance is responsible for the investigation and evaluation of any complaint received, and thereafter, takes all the necessary corrective actions in the context of applicable law and the Group's policies. In case of discrepancies in the Code's implementation, the legal actions provided by the current institutional framework and the Labour Code, may include the cessation of cooperation, the imposition of a fine and/or criminal clause as well as the activation of civil and criminal proceedings.

Η ΕΠΙΔΟΣΗ ΜΑΣ



Confirmed incidents of corruption and actions taken

In 2019, 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.

Further information on the Group's performance on this topic is available in "The Group's Performance" chapter.

GRI

103-3

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GRI 306-2: Waste by type and method of disposal

2019

The Group's performance

PROTECTING THE ENVIRONMENT

GRI 307-1: Non-compliance with environmental laws and regulations

Total incidents of non-compliance

GRI 302-1: Energy consumption within the organization

Source	Consumption			
Source	2019	2018		
Total electricity consumption within the organization	214,794,235 MJ	210,987,090 MJ		
Total fuel consumption within the organization from non- renewable sources [diesel fuel (cars & machinery), LPG and gasoline included]	214,141,818 MJ	228,463,000 MJ		

Energy consumption HERON

Energy consumption	Consumption			
	2019			
HERON I	21,328,247.707 MJ			
HERON II	10,809,438,957.892 MJ			

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

	Direct (Scope 1) GHG emissions (t CO ₂)		
		2019	2018
Total		664,867	610,967

Total Weight of Hazardous Waste (tn)

Method of Disposal	Weight	Percentage
Reusing	0.12	0.12%
Recycling	73.34	76.07%
Composting	-	-
Recovery, including energy recovery	0.12	0.12%
Incineration (mass burn)	-	-
Deep well injection	-	-
Landfill	22.83	23.68%
Storage on the organization premises	-	-
Total	96.41	100%

Total Weight of Non-Hazardous Waste (tn)

Method of Disposal	Weight	Percentage
Reusing	1411.81	3%
Recycling	11157.15	22%
Composting	35842.11	70%
Recovery, including energy recovery	338.74	1%
Incineration (mass burn)	4.05	0%
Deep well injection	0.00	0%
Landfill	2491.27	5%
Storage on the organization premises	-	-
Management through licensed entities	-	-
Total	51,245.13	100%

GRI 102-8: Information of employees and other workers

Number of employees by	2019			2018		
employment contract	Ō	Q	Total	ď	Ŷ	Total
Permanent contract	1,971	868	2,839	1,996	724	2,720
Fixed term or temporary contract	24	8	32	42	33	75
Freelancers	407	98	505	436	98	534
Total	2,402	974	3,376	2,474	855	3,329

Number of employees by	2019			2018		
employment type	ď	Ŷ	Total	ď	Ŷ	Total
Full time	1,995	874	2,869	2,019	713	2,732
Part time	0	4	4	19	44	63
Total	1,995	878	2,873	2,038	757	2,795

FOREIGN COUNTRIES*

2019			2018		
ď	Ŷ	Total	ď	Q	Total
749	140	889	1,639	129	1,768
86	25	111	12	2	14
835	165	1,000	1,651	131	1,782
	86	J Q 749 140 86 25	O ^T Q Total 749 140 889 86 25 111	C ^a Q Total C ^a 749 140 889 1,639 86 25 111 12	O P Total O P 749 140 889 1,639 129 86 25 111 12 2

Number of employees by	2019			2018		
employment type	ď	Q	Total	ď	Ŷ	Total
Full time	831	159	990	1,649	128	1,777
Part time	4	6	10	2	3	5
Total	835	165	1,000	1,651	131	1,782

2018

Total Weight of Hazardous Waste (tn)

Method of disposal	Weight	Percentage
Reusing	26.60	8%
Recycling	125.60	39%
Composting	15.80	5%
Recovery, including energy recovery	-	-
Incineration (mass burn)	-	-
Deep well injection	-	-
Landfill	-	-
Storage on the organization premises**	151.10	47%
Total	319.10	100%

Total Weight of Non-Hazardous Waste

Method of disposal	Weight	Percentage
Reusing	-	-
Recycling	1,031	2%
Composting	-	-
Recovery, including energy recovery	-	-
Incineration (mass burn)	-	-
Deep well injection	-	-
Landfill	96	0%
Storage on the organization premises**	15,839	28%
Management through licensed entities	6,157	11%
For landfill restoration*	33,939	59%
Total	57,062.00	100%

* The reported amount relates to the restoration of the Templon and Lefkimis landfills in Corfu.

**Storage on the organization premises of hazardous and non-hazardous waste is due to the temporary storage of waste, till the moment that I a sufficient

volume of waste has been collected, in order to become manageable by the licensed operators.

PROTECTING HUMAN VALUES

EECE

GRI 401-1: New employee hires and employee turnover

GREECE*

New employee hires and	<3	<30 years old		30-50 years old			>50 years old		
employee turnover	ď	Q	Total	ď	Q	Total	ď	Q	Total
Number of new employee hires of this category during the reporting period	105	29	134	383	81	464	174	11	185
Ratio of new employee hires (%)	49%	34%	45%	31%	14%	25%	35%	10%	31%
Total number of voluntary employee exists during the reporting period	26	13	39	62	36	98	16	2	18
Voluntary Turnover Rate (%)	12%	15%	13%	5%	6%	5%	3%	2%	3%
Total amount of forced employee exists within a year during the reporting period	56	12	68	162	36	198	125	8	133
Involuntary Turnover Rate (%)	26%	14%	23%	13%	6%	11%	25%	7%	22%

New employee hires and	<	30 years	old	30-50 years old			>50 years old		
employee turnover	ď	Q	Total	ď	Q	Total	ď	Q	Total
Number of new employee hires of this category during the reporting period	81	31	112	264	71	335	82	14	96
Ratio of new employee hires (%)	36%	45%	38%	20%	15%	19%	15%	14%	15%
Total number of voluntary employee exists during the reporting period	14	3	17	73	15	88	32	2	34
Voluntary Turnover Rate (%)	13%	8%	12%	12%	6%	10%	14%	4%	12%
Total amount of forced employee exists within a year during the reporting period	45	6	51	222	23	245	118	9	127
Involuntary Turnover Rate (%)	41%	16%	35%	36%	10%	28%	51%	17%	45%

*The rates of hires and turnover have been calculated in terms of the average number of employees in each category. For example, the new hires rate for men in the age group <30 has been calculated in terms of the average number of working men in the same age group for the period under review.

GRI 102-41: Collective Bargaining Agreements

GREECE

	Percentage of employees covered by collective bargaining agr	eements on 31/12	
		2019	2018
Total		74.3%	100%

FOREIGN COUNTRIES

	Percentage of employees covered by collective bargaining agr	eements on 31/12	
		2019	2018
Total		10.8%	3.6%

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

	:	2019		2018	
Injury Rate (IR) & Lost Day Rate (LDR)	Employees	Subcontractors	Employees	Subcontractors	
	Total	Total	Total	Total	
Injury Rate (IR)***	1.14	0.5	1.09	0.85	
Lost Day Rate (LDR)****	16.25	N/A	30.91*	N/A	

	2	019	2018		
Injury Rate (IR) & Lost Day Rate (LDR)	Employees	Subcontractors	Employees	Subcontractors	
	Total	Total	Total	Total	
Injury Rate (IR)	0.07	3.26	0	0	
Lost Day Rate (LDR)	-	7.21		0	

*TERNA ENERGY is not included as the data is not available for 2018.

***The Injury Rate (IR) (or Accident Frequency Rate) has been calculated by using the factor 200,000 [(Total number of recordable injuries/ Total number of hours worked by all employees in calendar year) x 200,000]. The factor 200,000 denotes the number of hours worked by 100 full-time employees.

**** The Lost Day Rate (LDR) (or Accident Severity Rate) has been calculated by using the factor 200,000 [(Total number of work days lost due to work-related accidents/ Total number of hours worked by all employees in calendar year) x 200,000].

^{**}Absentee Rate (AR) and Occupational Diseases Rate (ODR) are not recorded and hence not available.

ABROAD

New employee hires and	<;	30 years	old	30-50 years old			>50 years old		
employee turnover	ď	Ŷ	Total	ď	Q	Total	ď	Q	Total
Number of new employee hires of this category during the reporting period	16	8	24	84	13	97	34	6	40
Ratio of new employee hires (%)	9%	38%	12%	11%	14%	11%	32%	67%	34%
Total number of voluntary employee exists during the reporting period	73	4	77	306	7	313	22	2	24
Indicator of Voluntary Turnover Rate (%)	42%	19%	40%	39%	8%	36%	20%	22%	21%
Total amount of forced employee exists within a year during the reporting period	93	7	100	228	7	235	10	0	10
Indicator of Involuntary Turnover Rate (%)	54%	33%	52%	29%	8%	27%	9%	0%	9%

New employee hires and	<	30 years	old	30-50 years old			>50 years old		
employee turnover	ď	Ŷ	Total	ď	Q	Total	ď	Q	Total
Number of new employee hires of this category during the reporting period	117	1	118	294	10	304	19	1	20
Ratio of new employee hires (%)	39%	9%	38%	36%	18%	35%	25%	17%	25%
Total number of voluntary employee exists during the reporting period	37	2	39	81	2	83	6	0	6
Indicator of Voluntary Turnover Rate (%)	30%	17%	29%	16%	4%	15%	11%	0%	11%
Total amount of forced employee exists within a year during the reporting period	76	6	82	228	15	243	17	2	19
Indicator of Involuntary Turnover Rate (%)	61%	52%	60%	45%	33%	44%	32%	57%	33%

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

By employee level			2019			2018		
		ď	Q	Total	ď	Q	Total	
Employees in the top 10% of employees by total compensation	Average training hours	0.9	7.5	2.5	8.2	38.7	13.0	
Employees in the bottom 90% of employees by total compensation	Average training hours	18.9	2.9	14.6	3.1	3.2	3.1	
Total	Total Average training hours		3.2	13.8	3.2	3.7	3.3	
			2019		2018			
By function		ď	Q	Total	ď	Q	Total	
Administrative staff	Average training hours	2.8	1.9	2.4	2.0	2.3	2.0	
Technicians	Average training hours	8.5	14.7	9.2	1.0	1.5	1.0	
Other Category (e.g., craftsmen)	Average training hours	27,2	3,4	25,5	2,2	0,9	2,1	

SHAPING A RESPONSIBLE MARKET

STRENGTHENING OUR SOCIAL FOOTPRINT

GEK TERNA Indicator: Employee training on the application of emergency response plans

	2019	2018
Number of employees	2,535	680
Total training hours	2,948	680

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

The Group carries out environmental impact assessment studies and continuously monitors the environmental footprint of each project, conducts public engagement and public outreach programs where required during project lifetime. The Group also discloses non-financial indocators of its projects' environmental and social footprint annually within its Financial Statements and Sustainable Development Report.

GRI 201-1: Direct economic value generated and distributed

Direct economic value generated	2019 (Amounts in'000 €)	2018 (Amounts in'000 €)
Revenues		
Turnover	1,155,739	1,402,700
Interest and related revenue	9,583	9,988
Income from participations and other securities	1,408	1,002
Profit / (Losses) from sales of fixed assets	240	720
Profit / (loss) from sale of participations and securities	-520	4,812
Total	1,166,450	1,419,222
Direct economic value distributed	2019 (Amounts in ′000 €)	2018 (Amounts in ′000 €)
Operating costs		
Sales costs and administration, marketing and research and development costs	845,925	1,078,228
Employee wages and benefits		
Employees	94,346	81,125
Engineers, accountants and other freelancers	46,203	51,352
Borrowed staff	971	3,415
Payments to providers of capital		
Interest on loan liabilities and EU commissions	121,648	123,702
Dividends	685	2,897
Payments to government by country		
Greece	29,498	27,237
Cyprus	388	729
North macedonia	38	48
Albania	481	760
Bulgaria	155	265
Romania	5	1
Serbia	99	78
UAE	94	56
Qatar	32	35
Iraq	14	88
Saudi arabia	68	228
Bahrein	108	8
Poland	1,629	2,521
USA	2,019	2,550
Libya	0	0
Malta	0	0
Community Investments		
Investments in the Society in cash	871	167
Investments in the Society in kind and services	72	98
Total	1,145,348	1,375,586
Economic value retained	2019	2018

Operating costs
Sales costs and administration, marketing and research and
Employee wages and benefits
Employees
Engineers, accountants and other freelancers
Borrowed staff
Payments to providers of capital
Interest on loan liabilities and EU commissions
Dividends
Payments to government by country
Greece
Cyprus
North macedonia
Albania
Bulgaria
Romania
Serbia
UAE
Qatar
Iraq
Saudi arabia
Bahrein
Poland
USA
Libya
Malta
Community Investments
Investments in the Society in cash
Investments in the Society in kind and services

.

Economic value retained

Direct Economic Value Generated
Less: Economic Value Distributed
Total

2019 (Amounts in'000 €)	2018 (Amounts in'000 €)
1,166,450	1,419,222
(1,145,348)	(1,375,586)
21,102	43,636

GEK TERNA GROUP

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





GRI 102-9: Supply Chain

Categorization of suppliers by range*

2019	Procurement cost	Percentage of the total	Number of suppliers	Percentage of the total
National suppliers	715,324	74.2%	5,811	89.5%
International suppliers	233,598	24.2%	643	9.9%
Affiliated Companies	15,336	1.6%	37	0.6%
Total	964,258	100%	6,491	100%

2018	Procurement cost	Percentage of the total	Number of suppliers	Percentage of the 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%

Categorization of suppliers, of companies established in Greece, by range*

2019	Procurement cost	Percentage of the total	Number of suppliers	Percentage of the total
National suppliers	432,987	68.9%	4,054	89.4%
International suppliers	181,702	28.9%	450	9.9%
Affiliated Companies	13,729	2.2%	32	0.7%
Total	628,418	100%	4,536	100%

2018	Procurement cost	Percentage of the total	Number of suppliers	Percentage of the 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%

* Amounts are expressed in thousands ${\bf \in}$









APPENDICES

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 financial, social and environmental performance, covering a reporting period from 1 January to 31 December 2019. It is the seventh annual Sustainable Development Report issued by the Group and is available electronically on the Group's website https://www.gekterna.com/sustainable-development/corporate-responsibility-reports/

The Group's previous Report was published in 2019 and covered the financial year 2018.

This report has been prepared in accordance with the GRI Standards ("In accordance-Core option"). It aims to meet stakeholders' needs and expectations and highlight the Group's contribution to Sustainable Development. To determine the Report's content, the Group conducted an internal Materiality Analysis.

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

For the 2019 Sustainable Development Report, the Group has not proceeded with external assurance.





Scan with your mobile era to visit the site We would like to warmly thank EY for the cooperation and support in the context of preparing the 2019 Sustainable Development Report.

persons:

GEK TERNA GROUP OF COMPANIES

The Group values each reader's opinion on the Report for initiating dialogue and its own improvement. For this purpose, please send your comments or any queries to the following contact



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GRI Standard	Disclosures	Report Section	Page(s)	Notes & Omissions	
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	102-49 Changes in reporting	Sustainable Development Strategy- Materiality Analysis	34,90	The topics 12. "Environmental Compliance" and 7. "Protection of Human and Labour Rights" identified as material ones during the reporting period 2019, compared to the previou reporting year 2018. The 2019 materiality analysis process is describ in the respective paragraph "Material Analysis" (p. 34).	
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