



Sustainable Development Policy

BoD Decision/88/12.7.2022

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## 1. INTRODUCTION

PPC's strategic ambition is "Creating Shared Value", in other words to create and measure the shared value (total value) between the company, society and the environment, as resulting from the transformation of the Company's value chain and operation, and the development of a new corporate culture driven by Sustainable Development and the principles of the circular economy.

To this end, we approach Sustainable Development fully in line with our business model and its transformation needs, investing in integrated, innovative and high-quality services and products, creating a better working environment and mutually beneficial relationships, centered on economic growth (Prosperity), environmental care (Planet) and social well-being (People).

PPC is laying the foundations for integrating the Sustainable Development Policy also at Group-level through the gradual harmonization and adoption of the Principles of this Policy by its subsidiaries, bringing about the requisite adaptations.

## 2. SUSTAINABLE DEVELOPMENT POLICY

PPC aims at a comprehensive integration of sustainable development/CSV issues into the strategy, governance and operational model of the Group (as well as of the individual member-companies) and the improvement of ESG disclosures, taking into account the basic economic, social and environmental impact of PPC Group, not only through the products and services currently provided or to be provided in the future (sustainability of product) but also across the processes leading up to the development of products and services (sustainability of process) all along the value chain and taking into consideration all stakeholders (bottom up re-engineering for stakeholder vs. shareholder economy).

PPC invariably operates with a sense of duty and absolute transparency across the whole spectrum of its business activity. Its action and manner of conducting business demonstrate responsibility for the environment, readiness to apply best working practices and attention to the manner of interaction with its stakeholders (customers, employees, shareholders, suppliers, local communities, central and local government, civil society, the environment, etc.). It endeavours to act as a balancing factor for the benefit of society as well as itself.

The Sustainable Development Policy of PPC Group is the Group's basic commitment framework in terms of Sustainable Development, in view of the constant strive to create and measure shared value (CSV) for Society, for the Company and for Stakeholders, with the least possible impact on the Environment in order to make such development possible for future generations.

The Sustainable Development Policy is fully aligned with the strategic plan and the ensuing need to transform the Group's business model; Sustainable Development issues are also approached through the viewpoint of their financial impact on the Group.

In this respect, we are always on the lookout for mechanisms to integrate sustainable development enablers all along the value chain and adopt the principles of the circular economy in the production and development of new and existing products and services.

All across operations and actions, PPC looks to contribute to achieving the UN's 17 Sustainable Development Goals, emphasizing those associated with the priorities resulting from materiality and from Stakeholders, as well as the Company's performance and impact on these Goals, but also inversely, in view of their significance for the Company's viability and business plan.

**The basic principles of our Policy are as follows:**

1. Reduce our impact on the environment and on biodiversity.
2. Take the lead in energy savings.
3. Become a catalyst in the transition towards meeting our national and international goals in addressing climate change by reducing the carbon footprint in generation, and in the value chain.
4. Work out scenarios in relation to climate change in order to shield the company in the future.
5. Be a driving force in the transition towards adopting the principles of the circular economy.
6. Respect human rights.
7. Be competitive and generate and provide energy and high-quality energy products and services that meet the needs of and are affordable for consumers.
8. Raise standards in regard to sustainable development issues for our Group; create partnerships with others for the same purpose.
9. Respect and capitalize on diversity, incorporate the principles of inclusion into our culture, offer equal recruitment and career opportunities, provide training and retraining to employees and become a priority for job seekers.
10. Choose our partners and suppliers also in view of how they perform in sustainable development issues and ESG criteria.
11. Contribute decisively to a Just Transition, in cooperation with state authorities and other institutions, in the context of the country's energy transformation.
12. Promote innovation and research and co-create solutions together with stakeholders.
13. Respond to the legitimate interests and pursuits of all stakeholders and maintain open communication channels with Society.
14. Demonstrate social responsibility and a sense of duty with emphasis on local communities, based on the principles of solidarity and mutual respect.
15. Cater for health, safety and well-being for our personnel and for society at large.

16. Link the remuneration of our executives also to sustainable development and ESG criteria.
17. Aside from the environmental impact, evaluate also the social impact – either positive or negative – of important corporate activities, be it in respect of decommissioning units or new products, services and investments.
18. Inspire trust to our investors in order to create mutual competitive benefits and attract international long-term investment funds that will enable the deployment of our investment plan.
19. Propose and support initiatives, policies, regulatory and statutory frameworks that will fortify the path towards just sustainable development for the country and for Europe at large.
20. Be a model of good corporate governance.
21. Comply with international rules of professional ethics and anti-corruption with transparency, integrity and emphasis on Business Ethics.
22. Comply with the effective national and international regulatory and legislative frameworks.

### 3. BASIC AXES

In its pursuit of social, environmental and economic sustainability, PPC focuses on the three following axes (ESG):

#### 3.1. Environmental Protection – E

We operate responsibly with regard to the environment and the use of natural resources. We have pledged to undertake actions and develop initiatives to protect the environment and reduce our environmental footprint. In the context of the Sustainable Development Goals (SDGs), the Paris Agreement on Climate (2015) and the European Green Deal (2019), monitoring international developments, improving the Group's environmental performance and identifying the risks and opportunities arising from climate change, are all key areas for enhancing our environmental policy.

PPC supports and adopts a pro-active approach to environmental challenges.

It spares no efforts in undertaking initiatives to further promote environmental responsibility and encourages the development and dissemination of environmentally friendly technologies aiming to achieve the energy-green transition.

Significantly, PPC's environmental strategy has been harmonized with the European Union's and the Country's ambitious mid-term and long-term goals for achieving climate neutrality by 2050.

#### 3.2. Care for Society and for People – S

PPC acknowledges the important multiplying effect of social capital (social capital builds trust and cooperation); invests in and provides incentives for its development and magnification.

PPC recognizes the significance of its long-standing relationship with and impact on local communities through the years, and in extension, on the ecosystem in which it operates.

It takes into consideration that, more often than not, the majority of local community members are connected to the Group through employment, either directly or indirectly.

Therefore, it pays attention to and respects, co-operates, communicates, consults, works with local communities, and the Civil Society at large, to co-develop and co-create, as far as possible, actions, investments and decisions that may affect the rights, the quality of life and the economic growth and progress of these communities or the communities that are supported by such actions.

The Company respects and supports the internationally proclaimed human rights and implements policies of fair compensation, meritocracy and equal opportunities for all staff members without discrimination, respecting diversity.

At the same time, it provides opportunities for development through ongoing training and the systematic evaluation of human resources, the application of acquired know-how in new activities, and endeavours to contribute to the national goal of retaining skilled workforce in the country and repatriating experienced executives who left during the crisis (brain gain).

Providing a healthy and safe working environment is of highest import to the Company on its way to ranking among the top employers coveted by job seekers.

### 3.3 Economic Development and Corporate Governance – G

The Company aims to achieve positive financial results, and adopts and implements best practices of corporate governance to continually improve the efficient operation of the Company for the benefit of its shareholders and those with legitimate interests in its activities, enhance the long-term economic value of the Company and promote corporate interests in general.

The Company has adopted and implements a series of policies and rules ensuring the suitability of Board Directors, the proper operation of Board committees, transparency, building relationships of trust with investors and tightening the Internal Audit System, as well as all internal check and control mechanisms and procedures, including risk management, internal audit and compliance, in order to cover every corporate activity on an ongoing basis and contribute to the company's safe and efficient operation.

Furthermore, through the Ethics & Compliance program and the revised Code of Conduct, the Company seeks to build a business culture based on the values of business ethics.



## 4. COMMITMENT and DISCLOSURE FRAMEWORKS

The Company has devised concrete procedures, participates in and monitors the following commitment, disclosure and evaluation systems in the context of implementing the Sustainable Development Policy and ESG criteria.

### Sustainable Development Report

PPC Group draws up the annual Sustainable Development Report according to international standards and its contractual, institutional, legislative and regulatory obligations, with a view to transparency and self-commitment to Sustainable Development and Responsible Entrepreneurship issues, aiming also to engage a dialogue on the needs and expectations of stakeholders with regard to its operations.

The Report is prepared by the Sustainability Department of PPC S.A.

The Report's scope of application extends to include subsidiaries: HEDNO, PPC Renewables (as to Lignitiki Megalopolis & Lignitiki Melitis, until their amalgamation with the parent company in 2022), EDSAD Skopje, PPC Albania, PPC Elektrik, PPC Bulgaria JSCO, PPC Finance Plc, starting from the Sustainable Development Report for year 2020.

The Report is related to Non-Financial information in the Group's Financial Statements and ESG policies.

PPC will continue to adopt and develop the disclosures included in the Report based on multiple frameworks and standards to ensure greater transparency and accountability. Every publication and modification of the process for drawing up the Sustainable Development Report by the Sustainability Department is approved by the Sustainability Committee.

Sustainable Development Reports [Sustainability Report 2020 | PPC \(dei.gr\)](#)

### SDG's

Through the actions and strategy of Sustainable Development, PPC makes strides towards achieving goals under the UN's 17 Sustainable Development Goals (SDGs) and the Agenda 2030 for Sustainable Development.

### CDP

PPC participates in the CDP's reporting system, a non-profit charity organization that runs the global disclosure system for investors, companies, cities, states and regions on how they manage their environmental impact. The CDP is considered by the global economy as

the golden standard in environmental reporting and has the richest and most comprehensive dataset on the actions of businesses and cities.

### Science-Based Target Initiative - SBTi

PPC has responded to the urgent call of the SBTi for corporate action against the climate crisis and pledged to step in line with initiatives to keep the rise in temperature below 1.5°C and achieve net-zero emissions through the campaign Business Ambition for 1.5°.

PPC is showcased on the webpage "Companies taking action table" (<https://sciencebasedtargets.org/companies-taking-action>) and is a member of the initiatives "Business Ambition for 1.5°C" and "UNFCCC Race to Zero campaign".

According to the SBTi, PPC has a 24-month deadline as from signature of the letter of commitment (12 May 2022) in order to:

- ✓ Submit for approval near-term and long-term goals, as developed by the competent units and approved by the BoD, to reduce greenhouse gas emissions based on SBTi's net-zero criteria,
- ✓ If approved by the SBTi, the certified and approved goals are to be published and considered as the company's own corporate goals.
- ✓ Thereafter, PPC must make annual disclosures on the progress made to meet the goals, and revise the goals at least every five years, with the approval of the BoD, following developments in SBTi criteria.

### UN Global Compact

PPC has committed to the UN Global Compact which is the largest voluntary initiative of Corporate Sustainability. The contribution of each company is reflected in the CEO's commitment to apply sustainability principles based on the UN's targets.

Same as any other participating company, PPC:

1. Must respond and incorporate fundamental responsibilities into its strategy, culture and operations in four areas: human rights, labour, the environment and the fight against corruption, as incorporated into the Compact's 10 Principles.
2. Moreover, it is expected to lend public support to the UN Global Compact and its principles, through communication media such as press releases, speeches, etc., and,

3. Must communicate with stakeholders on an annual basis on the progress of Implementation of the Ten Principles and the broader efforts to support social priorities.

The Ten Principles of the Global Compact have as follows:

#### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights, and, Principle 2: Make sure that they are not complicit in human right abuses.

#### Working Conditions

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining,

Principle 4: The elimination of all forms of forced and compulsory labour, Principle 5: The effective abolition of child labour, and, Principle 6: The elimination of discrimination in respect of employment and occupation.

#### Environment

Principle 7: Business should support a precautionary approach to environmental challenges, Principle 8: Undertake initiatives to promote greater environmental responsibility, and, Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

#### Anti-corruption

Principle 10: Business should work against corruption in all its forms, including extortion and bribery.

#### **Response and evaluation based on ESG criteria**

PPC pledges to monitor and undergo evaluation based on international ESG criteria and standards (Environment – Social – Governance), with the aim to:

- ✓ provide information to all stakeholders in terms of transparency,
- ✓ enhance the ability of fund-raising,
- ✓ adopt best business decisions supported by the information gained by Management based on these criteria.

Since 2019 PPC responds to the [ATHEX ESG Reporting Guide](#) implemented by the Athens Stock Exchange in the context of the Sustainable Stock Exchanges initiative.

## Environmental and Social Action Plan - ESAP

In the context of co-operation with the European Bank for Reconstruction and Development (EBRD), PPC assumed the obligation to implement an Environmental and Social Action Plan (ESAP) which includes a series of measures, policies and practices related to environmental, social/labour and corporate governance.

## [Task Force on Climate-Related Financial Disclosures – TCFD](#)

The EBRD (European Bank for Reconstruction and Development) – in the context of loan agreements urged PPC to endorse the recommendations of the “Task Force on Climate-Related Financial Disclosures – TCFD”, an action guide intended to assist companies to improve their climate-related financial information in combination with the broader road map of actions and initiatives that make up the ESAP.

## Sustainability-Linked Bonds

In March 2021 PPC proceeded with the first issue of high-yield bonds in Europe with **a sustainability clause pledging to reduce direct CO2 emissions by 40% by December 2022** (taking 2019 as the base year) with bond maturity in 2026. The issue was accompanied by the Sustainability-Linked Bond Framework, which was drawn up on the basis of the International Capital Market Association’s 2020 Sustainability-Linked Bond Principles.

PPC proceeded with a second issue of sustainability-linked bonds in July 2021, pledging to reduce direct CO2 emissions by 57% by December 2023 (taking 2019 as the base year) with bond maturity in 2028.

## 5. SCOPE OF APPLICATION

The present Sustainable Development Policy was prepared by the Sustainability Department and takes effect as from its approval by the Company's Board of Directors on a proposal by the Sustainability Committee, after which it is uploaded on the Company's website.

The Policy becomes effective on the date of its approval by the Board of Directors until revised, if deemed necessary, and in accordance with its stipulations.

The present Policy applies to all personnel employed by the Company; in particular, management, employees (either with fixed-term or with open-ended contracts), providers of services under mandate contracts with or without remuneration or work contracts, independent services or temporary employment, interns, apprentices and volunteers, and to the employees of third-party service providers. Job applicants fall within its scope of application as well.

Also called to accept the policy and contribute, for the part pertaining to them, are the Company's suppliers, associates and sub-contractors, and all external Stakeholders that co-operate with the Company and participate in the supply value chain, by implementing their own procedures.

The Management of each Group member-company, either in Greece or abroad, is responsible for adopting the present Policy, adjusted appropriately to accommodate the nature, range and complexity of their activities, and taking into account the effective statutory framework in the country of operation. The duty to inform subsidiaries about the Sustainable Development Policy falls on PPC's Sustainability Department following the approval of the Policy by the Company's BoD.

In case the Company participates in a consortium with less than 100%, directly or indirectly, the associates are informed about the present Policy and urged to meet its requirements and adopt similar policies and procedures, if not already in place.

## 6. PROCEDURE AND COMPETENCES OF GOVERNING BODIES (WITH REGARD TO SUSTAINABLE DEVELOPMENT POLICY)

### The Company's Board of Directors

The Company's Board of Directors is responsible for adopting and approving the Sustainable Development Policy, and for supervising its application, assisted by the Sustainability Committee and the Sustainability Department.

### Sustainability Committee

The Sustainability Committee further develops the Sustainable Development Policy based on a proposal by the Sustainability Department and is responsible for submitting a recommendation for its revision to the Chief Executive Officer and ultimately to the Board of Directors.

The Sustainability Committee forwards to the BoDs of subsidiaries the adoption of the basic principles of the Sustainable Development Policy. It assists the Sustainability Department with regard to the consistent implementation of the policy inside the Company and receives information about the implementation of respective policies in the Group's subsidiaries.

**Sustainability** Department is the internal service responsible for the Policy. Its competences include:

- ✓ further developing the Policy, *inter alia*, through internal consultation under the supervision of the Sustainability Committee,
- ✓ explaining, communicating, providing educational information and monitoring the implementation of the Policy *inter alia* through concrete procedures to be established,
- ✓ evaluating its efficiency at regular intervals,
- ✓ amending the policy, among other things, by adjusting it to new legislation repealing the current rules, eventual changes in market conditions or in the Strategy/Business Model or the Company's Sustainable Development Strategy, and submitting the revised Policy to the Sustainability Committee in order to present the revised text to the BoD for approval,
- ✓ informing the Group's subsidiaries about the present Policy.

## 7. SOURCES

Internationally recognized Standards, Regulations, Principles and Guidelines were taken into account in preparing the Group's Sustainable Development Policy.

Typical among them are the following:

1. The UN's 17 Sustainable Development Goals (SDGs) and Agenda 2030 on Sustainable Development
2. The International Charter of Human Rights which is comprised of:
  - ✓ The Universal Declaration of Human Rights,
  - ✓ The International Covenant on Civil and Political Rights (ICCPR),
  - ✓ The International Covenant on Economic, Social and Political Rights (ICESCR)
3. The [Global Reporting Initiative's Standards](#) (GRI STANDARDS)
4. The [ESG disclosure table](#) of the Athens Stock Exchange
5. The UN's Guiding Principles on Business and Human Rights
6. The Guide to [Corporate Sustainability](#)
7. The OECD's (Organization for Economic Cooperation and Development) Guidelines for Multinational Enterprises
8. The Declaration on the Fundamental Principles and Rights at Work and the Fundamental Conventions of the International Labor Organization (ILO)
9. [ISO 26000](#) – Social Responsibility (Social Responsibility Management System).