SUSTAINABILITY REPORT 2016



















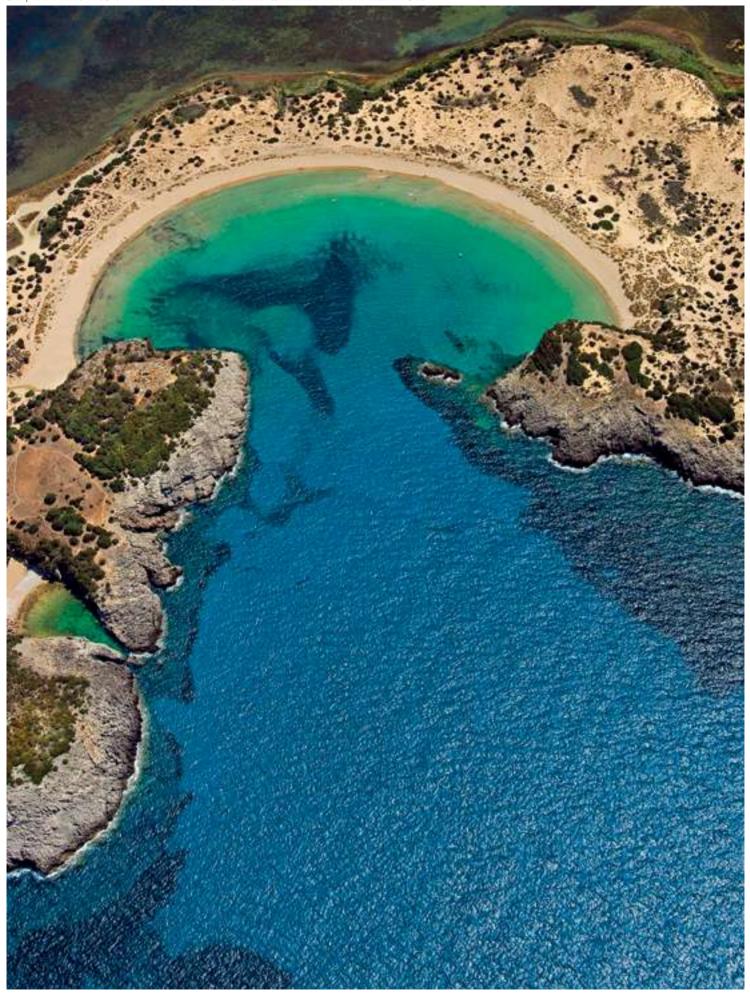






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# LETTER FROM THE VICE CHAIRMAN & MANAGING DIRECTOR

I'm very proud to welcome you to the second edition of our Sustainability Report. This report underpins the commitment of TEMES for sustainable, long-term growth in line with environmental protection and positive contribution to the local communities in which it operates. It reflects all areas of operation and actions towards promoting sustainable tourism, while highlighting the direct and indirect contribution towards the UN Sustainable Development Goals (SDGs).

Costa Navarino is the company's flagship development. We remain committed to our vision to position both the region of Messinia as a world-class destination in the global tourism map and for Costa Navarino to be recognized among the best sustainable destinations in the Mediterranean, as well as a model for sustainable tourism development.

The second year of reporting includes certain highlights: as a premier destination developer & operator in the high-end tourism and real estate sector, we expanded our portfolio through the acquisition of the majority stake of Ionian Hotel Enterprises S.A., owning company of Hilton Athens, in partnership with D-Marine Investments Holding B.V. This acquisition of one of the most historic and emblematic hotels confirms the trust and long-term strategy of the shareholders in Greek tourism, as well as our intention for continuous investment in our country.

Another highlight that truly stands out is the continuous improvement of accessibility to the region. The year on year increase in arrivals at "Captain Vassilis Constantakopoulos Kalamata International Airport" reached a new record high in 2016 for the seventh year in a row. Through our cooperation with the Region of Peloponnese, we have a pivotal role in attracting new flights (+359% growth rate 2016 vs. 2009), which boost significantly the incoming tourism for the whole region.

This year, in line with our commitment to contribute to the development of the local economy of Messinia through our operation and create new business opportunities in the region, we allocated 47.5% of our F&B procurement budget solely on Messinian suppliers.

The endorsement of the 17 UN Sustainable Development Goals as the main framework for the formulation of our sustainability strategy was a major step for the company, one that enhances our cooperation with our stakeholders and connects our business strategies with national and global priorities. Our investment in sustainable practices helps to safeguard the rich natural environment of the region.

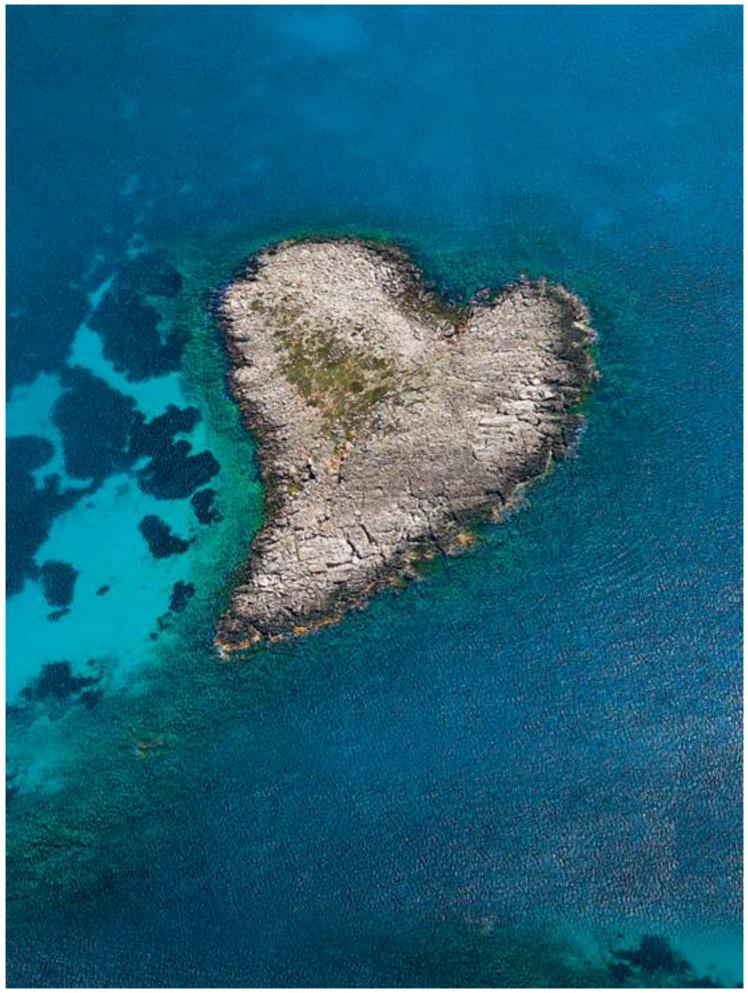
We genuinely believe in our people and their personal growth and development. They are our best assets and we continuously develop them. They're our best ambassadors, as through their passion, dedication and professionalism, they bring our vision to life.

The efficient cooperation with our partners continues to position Costa Navarino as a paradigm for sustainable growth, while also highlighting the exceptional standards of our facilities. The diverse offerings for our guests throughout the year, have allowed us to continuously expand our operation, which has been one of our primary goals.

We will continue on the path of sustainable development and positive contribution to the growth of Greek tourism, alongside our stakeholders, aiming to accomplish together many more achievements in the years to come.

#### **Stephanos Theodorides**

Vice Chairman & Managing Director TEMES S.A.



#### ABOUT THIS REPORT

## Scope & reporting standards

This is the second\* sustainability report compiled by TEMES S.A. which aims to provide accessible and comparable information on issues that reflect the company's significant economic, environmental and social impacts and substantively influence our stakeholders' assessments and decisions.

The report is available on the company's website www.costanavarino.com and on the GRI website www.globalreporting.org. The company has adopted an annual reporting cycle.

The report focuses on our commitment to promote sustainable tourism and contribute, both directly and indirectly to the UN Sustainable Development Goals (SDGs) relevant to our operation.

This report refers to the period from 1/1/2016 to 31/12/2016, unless otherwise noted. It covers the entire range of activities of TEMES S.A. in the framework of the Integrated Tourism Development Area of Messinia. This report has been prepared in accordance with the GRI Standards: Core option and the AA1000 AccountAbility Principles Standard.

The report outlines our policies and management practices, as well as our company targets and achievements for 2016, in a simple and comprehensive way with the use of key performance indicators.

The Compliance and Sustainability department of TEMES S.A. is responsible for the preparation, submission and distribution of this report. EY (Ernst & Young Hellas) has supported the preparation of this report, and its adherence to the GRI Standards.

## Independent assurance

Our sustainability report has been externally assured by TÜV HELLAS (TÜV NORD) according to the requirements of AA1000 Assurance Standard, as described in the independent Assurance Report accompanying the sustainability report (see p. 95).

#### Feedback

We welcome any feedback you may have on this report which will enable us to further improve the structure and quality of information provided.

#### For matters pertaining to this report:

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<sup>\*</sup>The first sustainability report, issued in 2016, is available on the company's website www.costanavarino.com



#### OUR COMPANY

## Profile

TEMES S.A. is a premier destination developer and operator in the high end tourism and real estate sector. Costa Navarino, its flagship development, is one of the largest tourism investments in the Mediterranean and the biggest tourism investment in Greece.

Founded in 1997 by the Constantakopoulos family, the vision of TEMES is to place Messinia as a world-class destination in the global tourism map and to position Costa Navarino among the top high-end sustainable destinations in the Mediterranean. The Constantakopoulos family holds just over 75% of the company shares, while the remaining shares are owned by Fivedunes Limited.

Costa Navarino, the prime sustainable destination in the Mediterranean, is located in the region of Messinia in the southwest Peloponnese, amidst one of the most unspoiled and breathtaking seaside settings, in a land shaped by 4,500 years of history.

When fully developed, Costa Navarino will comprise four areas: Navarino Dunes, Navarino Bay, Navarino Hills and Navarino Blue, covering a total area of 1,000 hectares.

To date, the development has focused on two distinct seaside locations, "Navarino Dunes" and "Navarino Bay". Navarino Dunes is the setting for two luxury 5-star hotels, "The Romanos, a Luxury Collection Resort", and "The Westin Resort Costa Navarino". It is also home to The Dunes Course, Greece's first signature golf course, designed by former US Masters Champion and Ryder Cup Captain Bernhard Langer in association with European Golf Design.

The second signature golf course, The Bay Course, has been designed by Robert Trent Jones Jr. at the nearby Navarino Bay site. Navarino Dunes also features the 4,000 m2 Anazoe Spa, the House of Events, a multi-purpose and highly versatile conference center accommodating up to 1,700 people; the SandCastle, a specially designed youth hub offering exciting recreational/educational activities; the Agora, an authentic village center; Navarino Natura Hall, an interactive environmental exhibition center; as well as a wide range of sports and cultural activities for all ages.

For 2016 TEMES issued consolidated financial statements including the financial statements of TEMES (the parent company) and the following consolidated subsidiaries and joint ventures (hereafter "the Group"):

COMPANY	ACTIVITY	COUNTRY	RELATION TO PARENT	% COMPANY'S PA 31/12/2016	ARTICIPATION 31/12/2015
NEFERTIA INVESTMENTS Ltd	Holding Company	Cyprus	Direct	100%	100%
COSTA NAVARINO NORTH PROPERTIES S.A.	Retail	Greece	Direct	100%	-
BYZANTIO A.E.	Retail	Greece	Direct	91.85%	91.85%
GRECA ICONS S.A.	Retail	Greece	Direct	75%	75%
HOME HOLDINGS S.A.	Holding Company	Greece	JV	50%	-
GLOBAL RESERVATION SYSTEM	Services provider	Greece	Direct	-	100%

Due to the fact that TEMES is responsible for the vast majority of the Group's activities that could have a significant social, economic or environmental impact on a local and national level, this report presents information relevant only to the activities of TEMES. This approach was adopted in order to facilitate comparison with the disclosures of our previous report. The company may reconsider this approach, depending on the overall activity of the subsidiaries and joint ventures during the preparation stage of next year's report.

Since February 2016, TEMES has assumed the full management of the two luxury 5-star hotels of Navarino Dunes, "The Romanos, a Luxury Collection Resort", and "The Westin Resort Costa Navarino". TEMES continues its excellent relationship with Starwood Hotels & Resorts Worldwide LLC (subsidiary of Marriott International) through a franchise agreement by retaining the two brands (The Westin Resort and The Romanos, a Luxury Collection Resort). The company's full access to Starwood's international platforms and systems ensures the continuity and enhancement of our relationship with our clients and partners across the world.

In December 2016, Home Holdings, whose shareholders are TEMES and D-Marine Investments Holding B.V., concluded the transaction for the acquisition of the majority stake (approximately 97.3%) in the share capital of Ionian Hotel Enterprises S.A., owning company of Hilton Athens.

The acquisition of one of the most historic and emblematic hotels in the capital confirms the trust and long-term strategy of Home Holdings' shareholders in Greek tourism, as well as the company's intention to carry out investments that generate added value for the domestic tourism market.

Hilton Athens is a unique high-rise landmark building in the center of the city with an exceptional legacy in international hospitality. Within 2018, Home Holdings S.A. will finalize a property improvement plan to upgrade existing facilities and introduce new products and services.

The company aims to reposition the hotel on the Greek and international market by establishing a city destination comprising luxury hotel services, branded and serviced private residences, signature culinary venues and themed retail concepts.

Since 2014, TEMES has been an active participant (Sustainability Ambassador) in the initiative "Sustainable Greece 2020" in partnership with 33 business associations, 228 companies, 77 NGOs and 57 local authority organizations, aiming to raise awareness among the Greek business community and society at large on issues of Sustainable Development, Responsible Entrepreneurship and Social Responsibility.

TEMES S.A. is a member of the following organizations / chambers:

Greek Tourism Confederation (SETE)
Athens Chamber of Commerce & Industry (EBEA)
Hellenic Federation of Enterprises (SEV)
Hellenic-German Chamber of Commerce & Industry
Hellenic-Swedish Chamber of Commerce
Hellenic Management Association (EEDE)



#### Governance

TEMES S.A. has a long-standing commitment to transparency and integrity in all its corporate governance practices.

A key principle of the company's governance model is to safeguard the interests of its stakeholders, such as shareholders, associates, suppliers and the local communities of Messinia.

The Board of Directors appoints, pursuant to law and the Articles of Association, its executive members and assigns the management of the company's daily affairs to members or non-members of the Board.

Executive members of the Board, through regular meetings with TEMES senior management, provide guidance on key operational performance issues while ensuring the communication and implementation of the Board's overall short- and long-term strategy. In the company's governance structure there are no committees responsible for decision making in specific areas.

## Ethics, Integrity and Regulatory Compliance

At TEMES we are committed to conducting our business in an ethical manner that reflects our dedication to integrity, honesty and fairness, in compliance with all applicable laws, regulations and rules while providing full, fair and accurate disclosure in all public communications.

This approach consist a fundamental value of our company directly linked with its vision for the development of sustainable tourism.

In every aspect of our operations we comply with all relevant national and international legislation aiming to apply internationally acceptable best practices, contributing thusly to the promotion of peaceful and inclusive societies and the establishment of effective, accountable and inclusive institutions at all levels. We respect our associates' rights to fair treatment and equal opportunity, free from discrimination based on - but not limited to - race, religion, national origin, age, sex, sexual orientation or disability as described in the chapter "Creating value for our people" in line with the targets of SDGs 5,8 and 16.

Our Code of Business Conduct and Ethics (the Code), together with the various policies adopted by the company, represent our commitment to the highest moral and ethical standards. The Code is designed to give a broad and clear understanding of the conduct expected from all of our associates.

Every new associate is introduced to the Code as part of his/hers induction training and is committed to its implementation through his/her contract. Responsibility for keeping the Code in line with best international practices lies with the company's HR department.

Our Environmental Policy Document, which forms part of our Environmental Management System, certified according to ISO 14001, discloses our commitment for the development of a sustainable tourism destination with respect to the environment and the local communities of Messinia. It outlines our operating principles based on continuous improvement of our sustainability performance, compliance with all applicable legislation and the minimization of any negative impact on the environment and society deriving from our activities.

For 2016 we have not identified any non-compliance with laws and/or regulations.

## Health & Safety

Ensuring the health, safety and welfare of guests, associates, and any third parties at all our facilities is a fundamental aspect of our approach towards sustainable operation, directly linked with the company's reputation and credibility. Providing a healthy living and working environment that promotes well-being for all, contributes to the overall effort for the creation of more prosperous societies. For this reason TEMES has in place a rigorous Health & Safety policy covering all aspects of our activities.

The ultimate goal of our Health and Safety Policy is to reduce the H&S risks associated with our operations to a level as low as reasonably practicable (ALARP). Our Health and Safety Policy, adopting practices as defined set out in the internationally applied Standards OHSAS 18001 standard, aims to ensure the health, job satisfaction, moral wellbeing and productivity of our associates by creating a welcoming workplace at Costa Navarino in line with the specific targets of SDG 3.

### In the framework of our Health and Safety Policy, the company undertakes the commitment to:

- Provide and maintain a safe and healthy working environment in full compliance with current legislation.
- Provide training and support to enable associates to perform their work safely and efficiently, while developing their personal skills and interests.

- Maintain a constant and continuing interest in health and safety matters in connection with the company's activities by ensuring that associates, wherever possible, undertake hazard spotting as a normal part of their duties.
- Actively promote the application of environmentally friendly practices internally and amongst its customers and suppliers.

Detailed health and safety procedures, covering 100% of our service categories, are in place to ensure compliance with legal and best international practice requirements and assess health and safety impacts for improvement. All our associates are trained to actively participate in the implementation of our health and safety policy. Information material regarding Health and Safety practices is displayed on all information boards and work stations with content relevant to the activities performed.

In all our operations, we implement a web-based tracking and reporting system on health and safety incidents. This system provides us with real-time information on the implementation of Health and Safety procedures, including customer feedback, allowing for immediate action that minimizes the risk of the occurrence of a non-compliance incident.

Our tracking and reporting system complies with the requirements of national legislation, which adheres to the guidelines of the ILO Code

In 2016 we did not identify any incident of non-compliance with regulations resulting in a fine, penalty, or warning. No incident of non-compliance with voluntary codes has been identified during this year's internal health and safety audits.

In 2016 there were seven accidents due to slips or falls (not fatal), one accident due to weight lifting (not fatal) and one accident due to breakage of glass equipment (not fatal). Low injury and absentee rates can be directly attributed to the effectiveness of the applied health & safety management practices.

The Costa Navarino Health & Safety Committee is another key component in the safety management of our facilities. It is an executive committee composed of managers from various departments of the company which meets at least once a month, with the participation of the General Managers of both hotels, to discuss health and safety matters, assess the overall progress achieved in the company's performance and set targets for each department.

IN ATHENS IN MESSINIA 0% 0% Occupational Occupational diseases rate (ODR) diseases rate (ODR) 0.02% 0% 0.01% Injury rate (IR) Injury rate (IR) 0.01% 0.2% 0% 0.1% Absentee Rate (AR) Absentee Rate (AR) 0.1% 0.22% 0% 0.11% Lost day rate (LDR) Lost day rate (LDR) 0.11%

COSTA NAVARINO FACILITIES

- \* Figures refer only to our associates. Independent contractors and third- party operators working onsite, under agreement with TEMES, are responsible for the health and safety of their employees
- \* Lost Days refer to "calendar days"

CENTRAL OFFICES

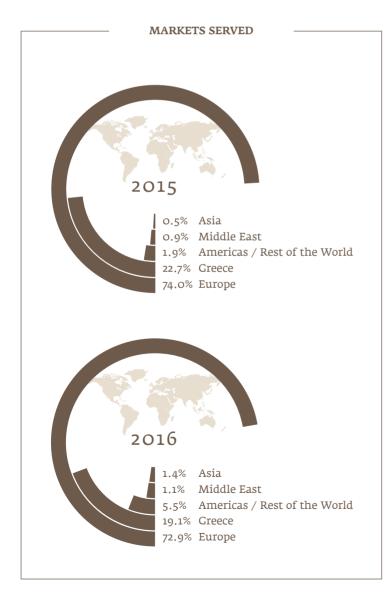
\* The calculation of Lost Days begins on the day of the accident

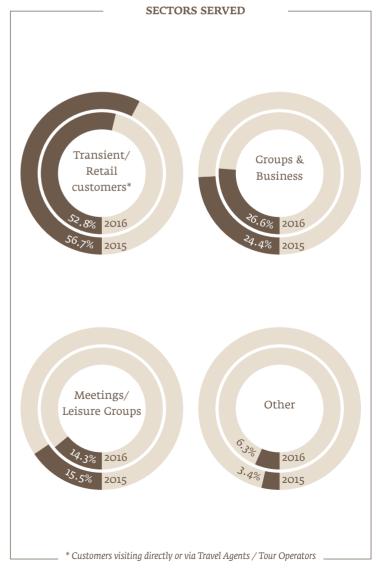


## Economic Performance

#### MARKETS SERVED

Following last year's trends, the majority of our guests in 2016 came from Europe (19.10% from Greece and 72.90% from the rest of Europe). In 2016 there was an increase in guests from Americas/Rest of the World.





## ECONOMIC VALUE GENERATED & DISTRIBUTED

The evaluation of the company's economic performance is a key priority as it provides essential information on our efficiency in creating value for our stakeholders. Monitoring our performance through the indicators relating to economic value generated and distributed is vital for the formulation of our short and long term strategy.

We are committed to connecting the company's development with the development of the region of Messinia as a whole. We devise and implement policies to promote sustainable tourism, which creates jobs, while at the same time promoting local culture and products.

Our economic policy contributes to the achievement of the targets of the UN SDGs, specifically those relating to SDGs 1, 8 and 10.

#### KEY FINANCIAL DATA FOR 2016 IN COMPARISON WITH 2015 (in million euros)

2015	2016
36	40.4
7.5	2.3
43.5	42.7
503.4	549.1
340.8	393.7
162.6	155.4
	36 7.5 43.5 503.4 340.8

#### DIRECT ECONOMIC VALUE GENERATED1

(in million euros)

<sup>2015</sup> 45.0



2016 81.2\*\*

Total Revenues<sup>2</sup>

#### DIRECT ECONOMIC VALUE DISTRIBUTED<sup>1</sup>

(in million euros)

TT			
Employee wages			
and benefits4			
2015			

18.9

2015 19.3 2

Operating Payments to Government<sup>6</sup>

2015
21.8\*

2016



Payments to Providers of Capital<sup>5</sup>

1.6 1.4



Community Investments<sup>7</sup>

0.9 0.8

\*\* Includes 29.6 million euros as goodwill, deriving from valuation of land in fair value according to Valeur S.A. (Independent third party appraisal)

\* Values adjusted from 2015 report.

23.4

- Figures are compiled according to GRI 201-1, expressed in million euros and rounded up to the first decimal place
   Includes revenues from sales.
- financial investments and sales of assets along with other operating income
- 3 Includes costs for materials, 1 products and services purchased from third parties 4 Includes wages, benefits and
- social contributions 5 Includes payments to providers of loans
- 6 Includes all taxes such as corporate, property, VAT and taxes paid on behalf of third parties

6.3

7 Includes donations made for charitable purposes and costs for increasing the accessibility Kalamata airport, destination promotion, provision of food rations

Source: TEMES Financial Statements for 2015 and 2016



### OUR APPROACH TO SUSTAINABILITY

Our company endorses the 17 Sustainable Development Goals (SDGs) as presented in the UN 2030 Agenda for Sustainable Development and actively contributes to national and international efforts for their implementation.













































17 PARTNERSHIPS FOR THE GOALS



The Sustainable Development Goals (SDGs), according to the UN, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The SDGs work in the spirit of partnership and pragmatism to make the right choices now to improve life, in a sustainable way, for future generations.

By applying a business model aiming at the company's inclusive and sustainable economic growth directly linked with the sustainable development of destination of Messinia as a whole, we have found in the SDGs a policy roadmap and a common international language that can enhance our cooperation with our stakeholders on a national and international level.

The SDGs reflect stakeholder expectations as well as future policy direction at the international, national and regional levels. By endorsing the SDGs and working towards their achievement we have the opportunity to connect our business strategies with national and global priorities.

Our sustainability strategy is developed around four thematic areas: Our Guests and Customers, Our People, The Local Community and The Environment.

In each area, through the application of dedicated policies, we attempt to maximize the benefits of our operation and share the value created with our stakeholders.

This report is our first attempt to present the economic, environmental and social impacts deriving from the company's business activities in the context of the SDGs using the GRI Standards. It is our intention to further develop this approach based on the latest developments in SDG indicators and reporting.



## Working together with our stakeholders

In order to adopt the business practices that will maximize the value created for our stakeholders through the company's operation, we have built a close relationship with all of our stakeholder groups.

This approach helps us understand their interests and proactively identify issues of concern in order to inform our policies, reporting and disclosure.

TEMES has adopted this open communication policy from the early design stages of the Costa Navarino investment and is fully committed to its continuation. This open dialog has in many cases taken the form of collaboration programs, initiatives and actions designed and implemented together with our stakeholders.

## NAVARINO ENVIRONMENTAL OBSERVATORY (NEO)

Inspired by their common interest on climate change and the need for scientifically based mitigation and adaptation policies, the Bert Bolin Centre for Climate Research of Stockholm University, the Centre of Environmental Health and Biophysics of the Biomedical Research Foundation of the Academy of Athens and TEMES in 2009 established the Navarino Environmental Observatory (N.E.O.).

NEO is dedicated to the study of climate change and its impacts on the natural environment and human activities in the Mediterranean region, with a focus on atmospheric composition, past climate variations, current conditions and future climate projections.

Recent NEO research initiatives, covering topics such as the effect of agriculture on biodiversity and water resources and the co-management of ecosystem services in Natura 2000 areas (including Gialova lagoon), illustrate our ambition to widen the scope of NEO inter-disciplinary research towards strategies for sustainable development of social-ecological systems and multifunctional landscapes in Messinia.

The work undertaken by NEO is in line with SDG 13 (Climate action) and most of the UN SDGs referring to social and environmental issues.

So far, nine institutes and universities from Greece, Europe and the US have joined forces with NEO as Associated Members, while our network is constantly expanding to include local stakeholders and policy makers. Since 2010, NEO researchers have produced more than 50 international publications, while three PhD studies are currently in progress (with five already completed).

In 2016, eight courses, two workshops and several fieldwork visits took place at NEO Research Station, bringing to Messinia no less than 196 researchers/students who stayed for 844 nights in total. For more information please visit: www.navarinoneo.gr

#### NAVARINO NATURA HALL

Another successful example of cooperation with our stakeholders is the establishment of Navarino Natura Hall, an interactive environmental exhibition centre at Costa Navarino. Navarino Natura Hall is the result of cooperation between TEMES, Stockholm University, the Academy of Athens and a number of NGOs.

Its main purpose is to provide environmental education in an entertaining manner, inform visitors and locals about the unique biodiversity of Messinia and the work currently undertaken by NEO, while familiarizing them with current environmental issues.

A special educational program for local schools, created together with the University of Peloponnese, started in 2012 and in 2016 completed its fifth season of operation. The program is based at the center and has so far been attended by more than 3,700 schoolchildren.

## CAPTAIN VASSILIS AND CARMEN KONSTANTAKOPOULOS FOUNDATION

The "Captain Vassilis and Carmen Konstantakopoulos" Foundation is a charitable non-profit private foundation, founded in 2011 to honor Captain Vassilis and Carmen Konstantakopoulos. Its aim is to establish Messinia as a model for sustainable development, by supporting and promoting related projects. The Foundation plans, manages and finances programs related to research, education and support of local structures in Messinia. It is active in a wide range of areas related to rural development, society, culture and the environment by developing partnerships with institutions and other bodies in those fields.

For 2016, the Foundation focused on three main axes, namely social, agricultural and cultural development. With regard to social development one of the most innovative and important projects was the Centre of Family and Employment Support initiated together with SOS Children Villages in Kalamata. Its aim is to support families with financial and/or domestic problems. The children follow up a support program after school while their parents participate in a consultation program with social workers and employment consultants.

In a similar vein, the goal of the Centre for Agricultural Entrepreneurship of Kalamata is to support farmers. Its seminars aim to transfer knowledge across a broad spectrum of issues from geotechnical studies to sales instruments, while special consultation sessions are available for more advanced projects that need support in order to be transformed into viable business plans.

Finally, in the sphere of culture, the Foundation is a proud sponsor of the Kalamata International Dance Festival while it also supports a number of archaeological excavations in the region, from the ancient theatre of Thouria to the ancient Messini Gymnasium and the "Warrior's tomb" at Chora.

The work undertaken by CVCKF is in line with the priorities and targets of SDGs 1,2,4,5,8,12 and 15.

For more information please visit: www.cvf.gr.



STAKEHOLDER GROUP	WAYS OF ENGAGEMENT	TOPICS / CONCERNS
Investors & Shareholders	<ul> <li>Website</li> <li>Meetings &amp; presentations</li> <li>Financial reports</li> <li>Newsletters / Press Office</li> </ul>	<ul> <li>Economic Value Generated &amp; Distributed</li> <li>Water management</li> <li>Energy management</li> <li>Regulatory compliance</li> <li>Health and safety</li> </ul>
Government & local authorities	<ul> <li>Website</li> <li>Meetings &amp; presentations</li> <li>Hotel &amp; facility tours</li> <li>Conferences &amp; events</li> <li>Newsletters / Press Office</li> </ul>	<ul> <li>Creating new jobs &amp; business opportunities</li> <li>Education</li> <li>Procurement practices</li> <li>Infrastructure Support &amp; Accessibility</li> <li>Region promotion</li> </ul>
Guests & Customers	<ul> <li>Website</li> <li>Ad campaigns</li> <li>Social media</li> <li>Hotel &amp; facility tours</li> <li>Conferences &amp; events</li> <li>Newsletters / Press Office</li> </ul>	<ul> <li>Gastronomy</li> <li>Procurement practices</li> <li>Raw materials</li> <li>Waste management</li> <li>Biodiversity, Ecosystems</li> <li>&amp; Habitat Protection</li> </ul>
NGOs Advocacy Groups Academic Community	<ul> <li>Website</li> <li>Meetings &amp; presentations</li> <li>Social media</li> <li>Hotel &amp; facility tours</li> <li>Conferences &amp; events</li> <li>Newsletters / Press Office</li> </ul>	<ul> <li>Water management</li> <li>Waste management</li> <li>Biodiversity, Ecosystems</li> <li>&amp; Habitat Protection</li> <li>Regulatory compliance</li> <li>Education</li> <li>Energy management</li> <li>Emissions and climate change</li> <li>Environmental Education &amp; Research</li> </ul>
Local Community	<ul> <li>Website</li> <li>Meetings &amp; presentations</li> <li>Social media</li> <li>Hotel &amp; facility tours</li> <li>Conferences &amp; events</li> <li>Newsletters / Press Office</li> </ul>	<ul> <li>Creating new jobs and business opportunities</li> <li>Region promotion</li> <li>Procurement practices</li> <li>Energy management</li> <li>Water management</li> <li>Regulatory compliance</li> </ul>
Associates (Employees)	<ul> <li>Meetings &amp; presentations</li> <li>Training programs</li> <li>Newsletters / Press Office</li> </ul>	<ul><li>Employment</li><li>Occupational health &amp; safety</li><li>Education</li><li>Regulatory compliance</li><li>Human rights</li></ul>
Industry Associations	<ul> <li>Website</li> <li>Meetings &amp; presentations</li> <li>Social media</li> <li>Hotel &amp; facility tours</li> <li>Conferences &amp; events</li> <li>Newsletters / Press Office</li> </ul>	<ul> <li>Procurement practices</li> <li>Gastronomy</li> <li>Creating new jobs &amp; business opportunities</li> <li>Infrastructure Support &amp; Accessibility</li> <li>Region promotion</li> </ul>
Media	<ul> <li>Website</li> <li>Meetings &amp; presentations</li> <li>Social media</li> <li>Hotel &amp; facility tours</li> <li>Conferences &amp; events</li> <li>Newsletters / Press Office</li> </ul>	<ul> <li>Gastronomy</li> <li>Biodiversity, Ecosystems</li> <li>&amp; Habitat Protection</li> <li>Procurement practices</li> <li>Water management</li> <li>Energy management</li> </ul>
Partners & Suppliers	<ul> <li>Website</li> <li>Meetings &amp; presentations</li> <li>Social media</li> <li>Hotel &amp; facility tours</li> <li>Conferences &amp; events</li> <li>Newsletters / Press Office</li> </ul>	<ul> <li>Economic value generated &amp; distributed</li> <li>Infrastructure Support &amp; Accessibility</li> <li>Procurement practices</li> <li>Creating new jobs &amp; business opportunities</li> <li>Region promotion</li> </ul>

The table presents our key stakeholder groups, selected due to their close relevance to the company's operation and the main ways that we engage and collaborate with them.

The frequency of engagement with each group varies according to current needs; however we endeavor to engage with each group in one of the ways described below at least once per calendar year.

A list of key topics and concerns which have been raised through stakeholder engagement for the preparation of this report is also presented. The company's approach to each of these topics is presented in the relevant chapters of the report.

## Material topics & boundaries

The content of this report was defined by applying the GRI Standards' Reporting Principles for defining report content, namely Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness, and presents information on the company's sustainable development management and performance for the period of 01.01.2016 to 31.12.2016.

The United Nations' (UN) Sustainable
Development Goals (SDGs) were used to
better frame and define the company's
impacts on sustainable development (see
chapter "Our approach to Sustainability").
Every company activity is presented
in relation to its contribution to the
achievement of the respective SDGs and
their relevant targets.

The GRI Standards' Reporting Principles were used in order to define the topics that reflect the company's significant economic, environmental and social impacts and substantively influence the assessments and the decisions of our stakeholders. Material topics, as presented in the following graph, were prioritized based on the two dimensions of the GRI Standards' Materiality Principle.

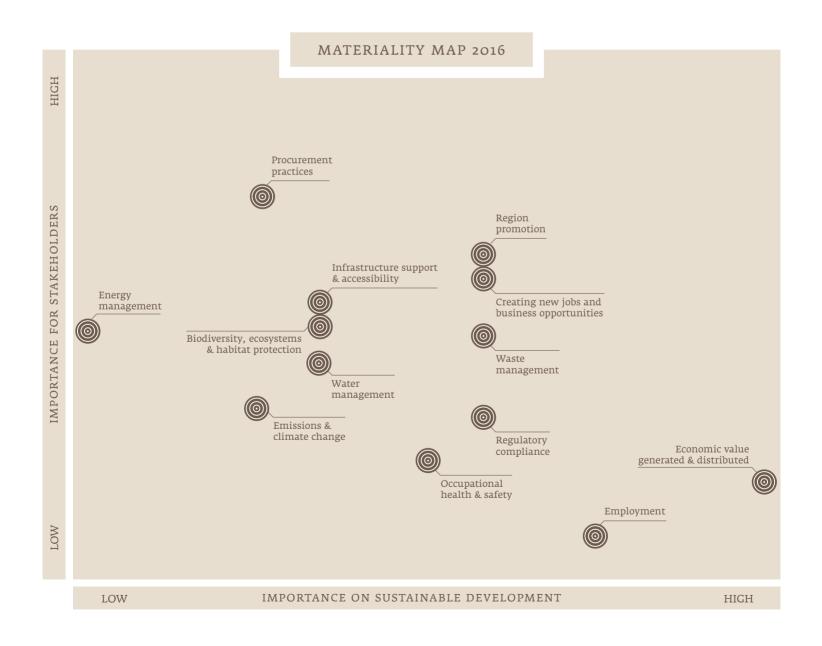
First, the significance of the topics as perceived by our stakeholders based on the results of our stakeholder engagement process, and second the extent to which each topic contributes to the SDGs in the local level (Messinia) as well as the extent to which each topic affects the company's business model, reputation and ability to achieve its goals.

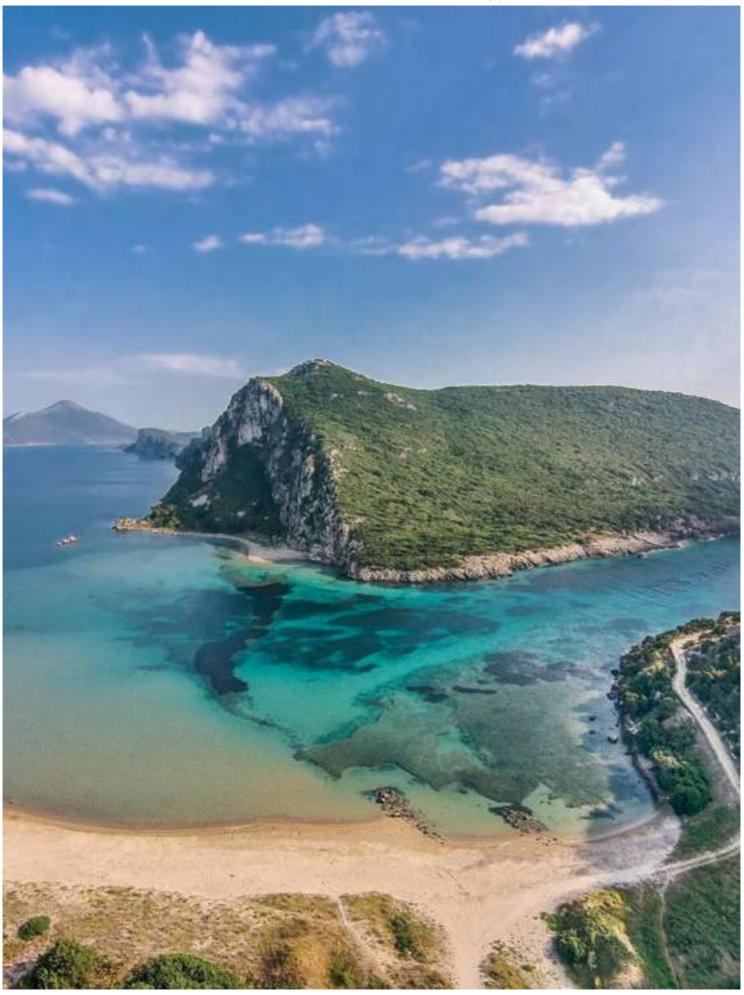
Stakeholders' opinion on the topics identified by the company as the most relevant to the sector, using the Sustainability Context and Completeness Principles, was expressed through an electronic survey. This survey was used to update the results of last year's stakeholder survey. This year, we received questionnaires from both Greek and international stakeholders from a range different groups.

Compared to last year's results, and as a direct result of the renewal of the list of identified sustainable development topics, "Ethics and Integrity", "Quality Service" and "Facilities" were not prioritized as material for this reporting period.

In contrast, "Regulatory Compliance" and "Employment" were prioritized as "material topics" and are now included in this report.

The results of the electronic survey were assessed by the Company's Management Team and validated by the company's senior management.





The table presents the boundaries for each material topic, reflecting the company's involvement with these impacts for the reporting period.

MATERIAL TOPICS	MOST SIGNIFICANT IMPACTS In relation to the UN's Sustainable Development Goals	<b>BOUNDARIES</b> Entities inside or outside the company that may cause or be connected with impacts
Creating new jobs and business opportunities	8 DECENT WORK AND ECONOMIC GROWTH	• TEMES • Partners & suppliers
Region promotion	8 DECENT WORK AND ECONOMIC GROWTH	<ul><li> TEMES</li><li> Partners &amp; suppliers</li><li> Government &amp; Local authorities</li></ul>
	12 REPURSIFE ORIGINATION AND PRODUCTION AND PRODUCTION	• TEMES • Partners & suppliers
Procurement practices	12 REPORTER ORGANIPOR AND PRODUCTION AND PRODUCTION	• TEMES • Partners & suppliers
Waste management	11 SISSIMARIE CITES AND COMMUNICIES	<ul><li> TEMES</li><li> Local community</li><li> Partners &amp; suppliers</li></ul>
	12 RESPONSIBLE CONSIDERATION AND PRODUCTION	<ul><li>TEMES</li><li>Partners &amp; suppliers</li><li>Government &amp; Local authorities</li></ul>
Economic value generated & distributed	8 EEERN WORK AND EXCHANGE GROWTH	<ul><li> TEMES</li><li> Local community</li><li> Partners &amp; suppliers</li></ul>
	9 MOSTRY MOVIMENT AND THE PROTECTIONS	• TEMES • Partners & suppliers
Infrastructure Support & Accessibility	9 MOUSTRY RECONSTRUCTURE	<ul><li> TEMES</li><li> Local community</li><li> Partners &amp; suppliers</li></ul>
	11 SUSTAINABLE CITES AND COMMUNITS	• TEMES • Guests & customers
Biodiversity, Ecosystems & Habitat Protection	14 UF MELOW WAITE	• TEMES • Partners & suppliers
	15 UFE ON LIND	• TEMES • Partners & suppliers
Regulatory compliance	16 PEAGE AUDITICS NO STRONG INSTITUTIONS	<ul><li>TEMES</li><li>Government &amp; Local authorities</li><li>Associates</li></ul>

MATERIAL TOPICS	MOST SIGNIFICANT IMPACTS In relation to the UN's Sustainable Development Goals	BOUNDARIES Entities inside or outside the company that may cause or be connected with impacts
Water management	6 CLEAN WATER AND SAME TABLES	<ul><li>TEMES</li><li>Government &amp; local authorities</li><li>Partners &amp; suppliers</li><li>Local community</li></ul>
	12 RESPONDED CONSIDERING MAN PRODUCTION	<ul><li>TEMES</li><li>Government &amp; local authorities</li><li>Partners &amp; suppliers</li></ul>
Occupational Health & Safety	3 GOOD HEATH AND WELLERING	<ul><li> TEMES</li><li> Associates</li><li> Partners &amp; suppliers</li></ul>
	8 DECENT WORK AND ECONOMIS GROWTH	<ul><li>TEMES</li><li>Associates</li><li>Partners &amp; suppliers</li></ul>
Employment	5 GENGER EQUALITY	<ul><li> TEMES</li><li> Associates</li><li> Partners &amp; suppliers</li></ul>
	8 DECENT WORK AND ECONOMIC GROWTH	<ul><li> TEMES</li><li> Associates</li><li> Partners &amp; suppliers</li></ul>
	10 requalits	<ul><li> TEMES</li><li> Associates</li><li> Partners &amp; suppliers</li></ul>
Energy management	7 AFFIGUALIE AND GLEA HERRY	<ul><li> TEMES</li><li> Investors / shareholders</li><li> Government &amp; local authorities</li></ul>
	9 DELISTIC PRODUIDS AND PRACTICATION	<ul><li> TEMES</li><li> Investors / shareholders</li><li> Local community</li></ul>
	12 RESPONSIBLE GREATER AND CONTROLLER CONTRO	• TEMES • Partners & suppliers
Emissions and climate change	3 GOOD HEALTH AND WELL-ERING ——///	<ul><li> TEMES</li><li> Partners &amp; suppliers</li><li> Local community</li></ul>
	12 RESPONSELE GURSANFIEN MORPOLITON COOL	• TEMES • Partners & suppliers
	13 SAMPE	<ul><li>TEMES</li><li>Government &amp; local authorities</li><li>Partners &amp; suppliers</li></ul>



# CREATING VALUE FOR OUR GUESTS AND CUSTOMERS

### Location & Facilities

The first two areas of Costa Navarino, "Navarino Dunes" and "Navarino Bay", are located in distinct seaside landscapes in southwest Messinia, Peoloponnese, covering 130 and 140 hectares respectively.

The building footprint of Navarino Dunes and Navarino Bay is less than 10%, reflecting our commitment to keep the building footprint of the whole Costa Navarino development below 10%.

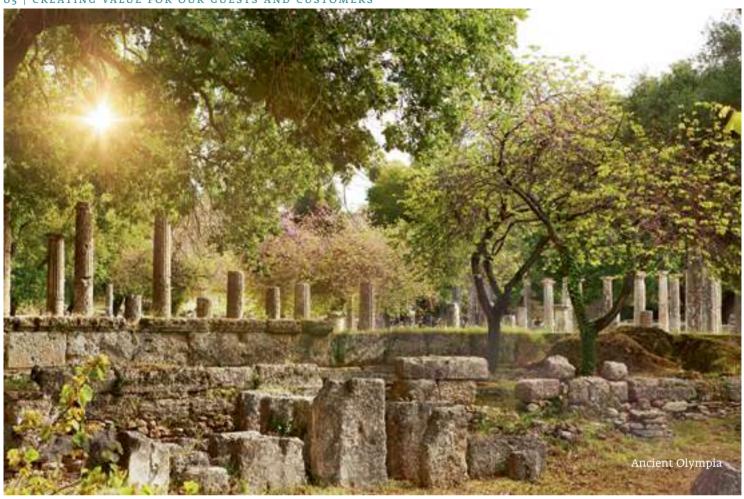
Navarino Dunes is the setting for two luxury 5-star hotels, "The Romanos, a Luxury Collection Resort", and "The Westin Resort Costa Navarino". It is also home to The Dunes Course, Greece's first signature golf course, designed by former US Masters Champion and Ryder Cup Captain Bernhard Langer in association with European Golf Design.

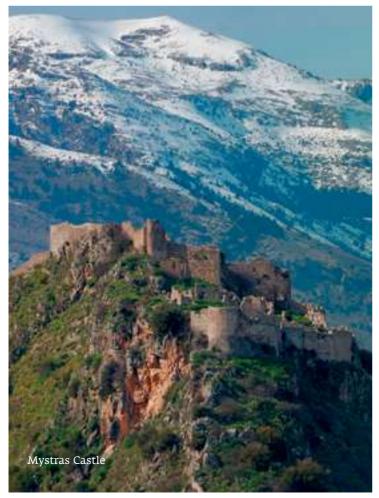
Navarino Dunes also features the 4,000 m2 Anazoe Spa; the House of Events, a multi-purpose and highly versatile conference center accommodating up to 1,700 people; the Cocoon care center for infants; the SandCastle, a specially designed youth hub; the Agora, representing an authentic village center; Navarino Natura Hall, an interactive environmental exhibition center; as well as a wide range of sports and cultural activities for all ages.

The nearby Navarino Bay site is home to the second signature golf course, The Bay Course, which was designed by Robert Trent Jones Jr.

Within short driving distance from Costa Navarino facilities are three UNESCO World Heritage sites; Olympia, Mystras and the Temple of Apollo Epicurius. There are also monuments of worldwide significance including Ancient Messene, the Palace of Nestor and 33 medieval castles in the areas of Pylos and Methoni.

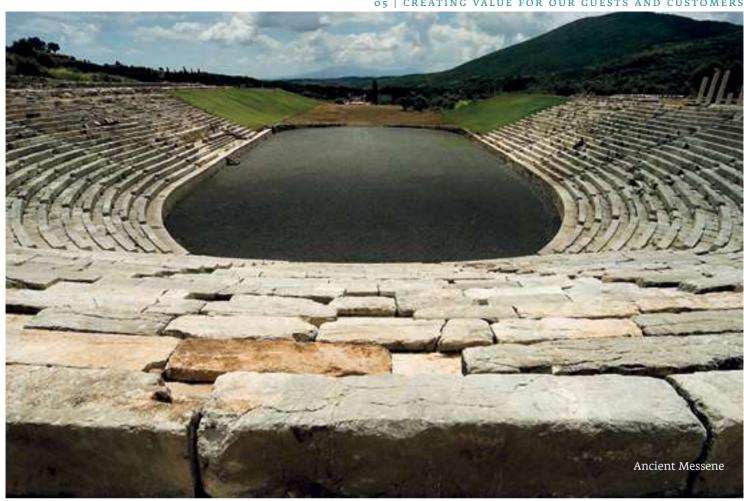
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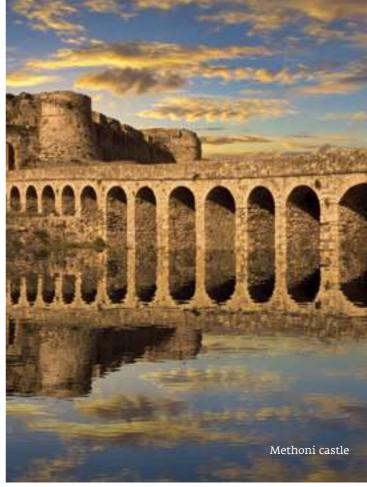




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#### RESORT FACILITIES

#### THE ROMANOS, A LUXURY COLLECTION RESORT

In an Ionian seaside location surrounded by olive trees, The Romanos, a Luxury Collection Resort offers 321 luxury rooms, suites and villas ranging from 43m² to 192m² including 63om² Royal Villa Methoni and 66om² Royal Villa Koroni. All accommodation creates a distinctive and inspiring environment of authentic luxury and heartfelt hospitality.

The Romanos, a Luxury Collection Resort, has been multiawarded, including among others the Condé Nast Traveller Gold List and Readers Travel Awards.

#### THE WESTIN RESORT, COSTA NAVARINO

Featuring an exceptional selection of deluxe rooms, family rooms and suites ranging from 40m² to 80m² and a combination of golf, sea and pool views, The Westin Resort Costa Navarino has been praised as an ideal family-friendly destination. Guests enjoy state-of the-art facilities and upscale services, as well as an abundance of sports and leisure activities.

#### **GOLE DESTINATION**

Costa Navarino features Greece's first signature golf courses and in October 2016 was named "European Golf Resort of the Year 2017" by the International Association of Golf Tour Operators (IAGTO).

The 18-hole Dunes Course at Navarino Dunes has been designed by former US Masters Champion and Ryder Cup Captain Bernhard Langer, in association with European Golf Design. The course measures a little more than 5,000 meters from the front tees to almost 6,018 meters from the back tees with a par of 71. It features a full-size driving range and a short-game practice area, an impressive clubhouse including Flame restaurant, a designated members' lounge and an exclusive pro shop.

The Bay Course at Navarino Bay is the second signature-designed course at Costa Navarino, playing to a par of 71, at 5,760metres from the back tees. It is situated a few minutes' drive away from The Dunes while shuttle facilities are available for all guests. It has been designed by Robert Trent Jones Jr., whereas Troon Golf, the world's leading luxury brand golf management company is a consulting partner for both courses. 2016 saw both courses enhancing further their status among Europe's best golf courses due to their immaculate conditions and services and outstanding facilities.

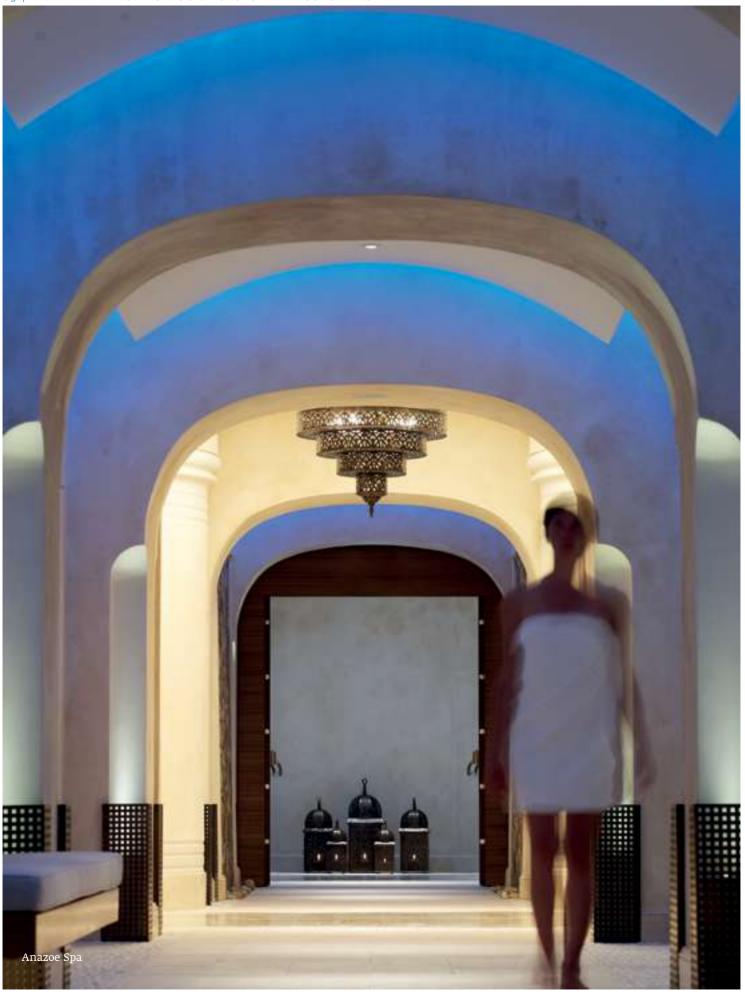
The Navarino Golf Academy offers professional tuition to players of all levels. Extensive practice facilities help golfers to develop their game, including a full-size Driving Range, Putting Green and Short-Game practice area. Instruction is available in various formats, tailored to each specific need.

The Junior Academy introduces the sport to young people from Messinia, encouraging them to develop their skills, through annual scholarships. The Academy features more than 60 young members with impressive results both in Greece and internationally.















#### ANAZOE SPA

The 4,000m<sup>2</sup> spa continues to maintain its position among the best in Europe and around the world, expanding and upgrading its treatments offering, based on a unique concept which combines the health and beauty practices of ancient Greece with the region's natural ingredients and spa products from around the globe.

#### INDOOR SPORTS & ENTERTAINMENT

Two fully equipped health centers located at each hotel, welcome guests for training programs as well as for their extensive swimming facilities, saunas and steam rooms. The Sports & Entertainment Center features a FIBA-standards basketball court, plenty of other indoor courts, a bowling alley, pool tables, mini cinema and game consoles, whereas the nearby Aqua Park provides hours of fun and excitement.

#### **FACILITIES FOR CHILDREN**

Cocoon and SandCastle are the two specially designed youth hubs offering exciting recreational/educational programs and overnight-stay options with specially designed programs.

#### **GASTRONOMY**

Costa Navarino has 21 cafes, bars and dining venues, offering an all-rounded gastronomical approach which features local, continental, Greek fusion and ethnic tastes.

#### **SHOPPING**

A varied choice of quality goods awaits guests at Navarino Dunes, ranging from designerwear to handcrafted creations.

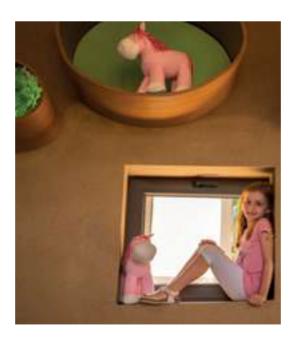




























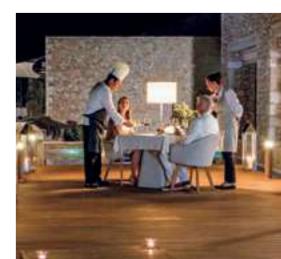
































#### WATER SPORTS

Guests explore the world underwater together with Navarino Sea by Aqua Divers Club, a PADI 5-star IDC Resort. A vast range of water experiences are available to enjoy in the mild climate throughout the different seasons of the year, such as Sea Kayaking, Surfing, Kitesurfing, Windsurfing and Stand Up Paddleboarding by The Surf Salad at The Dunes Beach. They can even have a go at Waterskiing, Wakeboarding and Fun Tubes at the nearby Navarino Bay. Yacht and Sailing services are available on one-day or two-day cruises with an experienced skipper and crew, for an exploration of the crystal blue waters of Messinia.

#### **OUTDOOR ACTIVITIES**

Bike trekking, MTB and self-guided GPS tours, as well as organized hiking tours, are all in the active program offered by Navarino Outdoors. Besides the regular program, Navarino Outdoors also caters to custom tours and specific needs. Climbing awaits guests to discover it both indoors and in the surrounding countryside.

#### **CULTURAL PROGRAM**

Guests participate in authentic cultural experiences, become one with the locals and immerse in a rich heritage. A program filled with activities includes cookery lessons in local homes, winemaking and tasting tours, traditional olive harvesting, as well as embroidery, philosophy walks, olive oil tasting and many more.

#### **NAVARINO RACQUET ACADEMY**

Guests hone their skills through private racquet lessons, or book one of the tennis courts, where they can be joined by professional coaches. Starting early on, mini tennis is available for the young enthusiasts, next to squash, Padel, Table Tennis, Racquethlon, Badminton, Speedminton, Beach Tennis & Beach Racquets.

#### NAVARINO SPEED EXPERIENCE PARK

At the high standard race track, experienced personnel provides lessons for all levels and ages. Equipped with brand new CRG karts, a state of the art timekeeping system, a lighting system for evening hours and high standard simulators, Navarino Speed Experience Park is operating with the highest safety standards.



#### NAVARINO RESIDENCES

Since 2015, TEMES has expanded its offering at Costa Navarino through the development of Navarino Residences, a collection of luxury villas for private ownership, at the heart of Navarino Dunes. Located just a few meters from the beach or nestled among verdant olive groves, all villas offer unobstructed sea views for life.

Navarino Residences owners will enjoy privileged access to all resort services, sports facilities, golf courses and events as well as a range of benefits available exclusively to them.

The initial phase of Navarino Residences provides for a limited number of freehold pool villas ranging in size from 250-1,000 m² internal area (4-6 bedrooms), all on large plots (1,500-3,000 m²), some right on the edge of the beachfront. Following the design principles of Costa Navarino, which are based on bioclimatic architecture, the villas will be aligned with the region's traditional architectural patterns in form, volume and scale. This safeguards not only the integrity of the unique local landscape but also the villa views.

Three types of villas incorporating traditional elements and the principles of bioclimatic architecture have been designed by leading Greek architects (A.N. Tombazis & Associates, ISV Architects, KLab Architecture, k-studio, Kois Associated Architects, Potiropoulos + Partners) in two different neighborhoods.

#### SEA DUNES NEIGHBORHOOD

Located only 30 meters from the beach, looking onto the Ionian Sea, 22 freehold villas form the Sea Dunes neighborhood. Ten of these are located on the front row, with plots ranging in size from 2,500  $\rm m^2~to$  3,300  $\rm m^2~$ , and the flagship villas varying in size from 800  $\rm m^2~to$  1,000  $\rm m^2~$ . Adjacent plots can be joined to create double-size villas.

#### **OLIVE GROVE NEIGHBORHOOD**

In the privacy of verdant olive groves, 25 freehold villas comprise this neighborhood, with plots ranging in size from 1,500 m $^{2}$  to 1,800 m $^{2}$ , and villas ranging in size from 300 m $^{2}$  to 550 m $^{2}$ . Adjacent plots can be joined to create double size villas.

All villas feature high aesthetic standards, quality of construction and finishing details.

The villas are offered with extensive customization options within a framework that ensures harmony between the built and the natural environment, governed by comprehensive design guidelines and operating regulations that safeguard the interests of all owners. A dedicated on-site team is available on a 24/7 basis. This team will assist all owners in the process of developing and operating their property, ensuring that every step of the way is hassle-free.

The protected environment enhances the sense of security, while the perfect climate of balmy springs, warm summers and mild winters means owners and their families can experience the joys of outdoor living all year round. The exquisite location of Navarino Dunes, property and facility management services of the highest level, a wide range of hospitality services, two signature golf courses and premier sports facilities create a unique experience that is the Navarino Residences lifestyle.



05 | CREATING VALUE FOR OUR GUESTS AND CUSTOMERS





## Quality of Service

The evaluation of the quality of our service is, in essence, the indicator that reveals how well we meet our stakeholders' needs. In other words, it is the result of the assessment of the performance of our management system. The system provides the procedures and the processes through which the company identifies its stakeholders' needs and allocates the required resources in order to meet them.

Having already achieved international recognition for the quality of service at Costa Navarino, our operational policies aim to enhance guest experience and improve the services provided to our stakeholders.

This approach extends to all aspects of our operation; from procurement to associates' training, from the design and construction of our facilities to our strategic decision to work closely together with local businesses and social stakeholders for the development of the destination of Messinia as a whole. The quality of our service is directly linked to the ethical framework in which we operate, which is aimed at achieving inclusive and sustainable economic growth as defined in the UN SDGs. Consequently, we believe that our efforts for quality improvement contribute to the realization of all the SDGs relevant to our operation.

Through a number of different channels, we seek to gain a deeper understanding of how our guests value their experience at Costa Navarino and identify areas for improvement.

Using Starwood's Guest Experience Index (GEI) platform we collect feedback via online surveys sent to guests after their stay at Costa Navarino, while a dedicated team monitors social media and relevant websites, collecting feedback and responding to guest inquiries in real time.

The combined analysis of the information collected covers the entire guest experience from arrival to departure, assessing the quality of activities and provided services, from housekeeping and staff attitude, to pools and fitness centers, Spa, golf courses, bars & restaurants, lobbies, shops, kids facilities and all other guest areas.

The use of Key Performance Indicators (KPIs) provides a credible and quantifiable assessment on how well we meet guests' expectations, together with valuable insights into how to make our services even better.

In 2016, we received approximately 1,900 completed surveys from our guests. Following the positive trend of 2015, the key results from the GEI platform for the resorts this year revealed that the guest loyalty indicator (measured on a scale of 10) increased from 8.83 in 2015 to 8.94 in 2016 for The Westin Resort and from 8.67 in 2015 to 8.82 2016 for The Romanos.

### Awards & Accolades

Worldwide recognition through more than 90 awards and distinctions. During 2016, international organizations and media highlighted the destination's sustainable practices and exceptional resort facilities.

#### **IAGTO**

• European Golf Resort of the Year 2017 Awarded in October 2016

#### World of Leading Golf 2017

Best overall impression
 Awarded in November 2016

#### Travelife 2016

 $\cdot$  Gold Award: The Romanos, A Luxury Collection Resort

#### Luxury Travel Awards 2016

· Hospitality Group of the Year - Costa Navarino

#### Bike Friendly Hotel 2016

- · The Romanos, a Luxury Collection Resort
- · The Westin Resort Costa Navarino

#### Health & Spa Awards 2016

· Anazoe Spa: Winner - Best Hotel Resort Spa

#### World Luxury Spa Awards 2016

Winner: Anazoe Spa

#### World Golf Awards: Greece's Best Golf Hotel 2016

· The Westin Resort Costa Navarino

#### World Golf awards: Greece's Best Golf Course 2016

 $\cdot$  The Bay Course, Costa Navarino

#### Golf World - Top 100 European Golf Resorts

· 6th place: Costa Navarino

#### Tourism Awards 2016:

- $\cdot$  Gold Award Sustainability
- · Silver Award Research & Innovation

#### Bravo Sustainability Awards 2015-2016

· Award for Sustainable Development & Responsible Entrepreneurship





























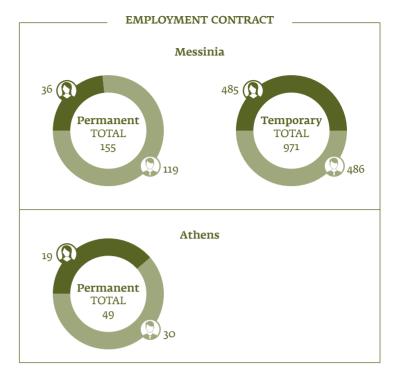
### 06

# CREATING VALUE FOR OUR PEOPLE

Our associates are at the heart of our efforts for the overall development of the destination of Messinia through sustainable tourism. The creation of quality jobs in a safe working environment that encourages innovation, combined with the provision of high quality training that takes into account the talents and needs of each individual, are essential for our associates to become the ambassadors of our vision while providing the highest quality of service to visitors.

Setting the paradigm of a sustainable tourism destination, we create new jobs and endeavor to hire mainly locally, from the wider region of Messinia. At the same time, we create business opportunities by promoting local culture and products and working together with a series of local micro, small and medium-sized enterprises.

All our associates receive extensive training in order to develop their skills and take an active role in promoting a culture of contribution to sustainable development. Our employment policies promote an inspiring, safe and secure working environment for all, safeguarding equality and eliminating discrimination based on gender, religion, nationality or sexual orientation, in line with the targets of UN SDG 5, 8 and 10.

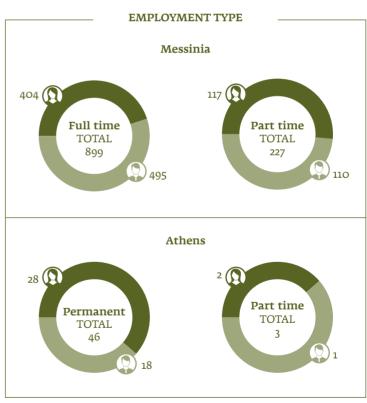


# **Employment**

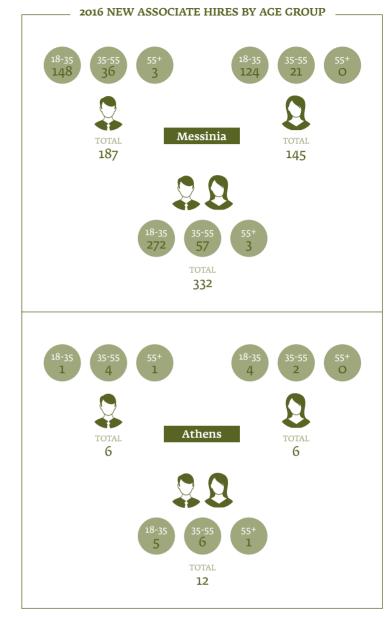
In 2016, 59% of our associates were hired locally, from the wider region of Messinia. This year, due to the overall tourism development of the region and the sharp increase in international arrivals at Kalamata airport, new tourism businesses have started operating. These businesses, including hotels and restaurants mostly located close to Kalamata, hired personnel from the city who have worked and received high level training at Costa Navarino. As a number of people preferred to work as close as possible to their homes, it was not possible for us to achieve our target of hiring 70% of associates locally. However, we remain committed to this target and consider the difficulty in attaining it as proof of the development that Costa Navarino's operation has brought to the region.

In 2016, the total number of associates at Costa Navarino during the peak season was 1,175, (August 2016), all covered by collective bargaining agreements. The total number of Full Time Equivalents (FTEs) for 2016 was 658.93.

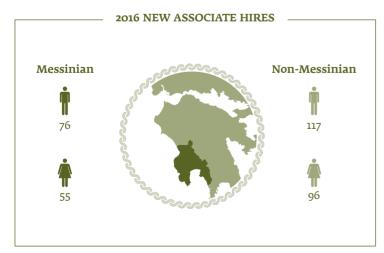
This figure includes our associates working both at our facilities in Costa Navarino and at the central offices of TEMES in Athens. Due to the seasonal character of our operation, the facilities were closed in December and January. During these two months, our workforce was reduced to 390. All our associates work under a permanent or temporary contract as presented in the following table.

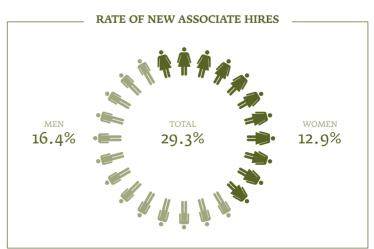


- \* All our associates are considered to be employees. The term "workers", as described in GRI Standards, does not apply to our company pursuant to Greek legislation.
- \*The portion of self-employed individuals offering services (1.7%) is not substantial compared to the total number of associates under contract.



Of the 1,175 associates in 2016, 344 were newly hired, thus the new hire rate in 2016 was 29.3%. The following graphs present the distribution of new associate hires, by age group, gender and region.























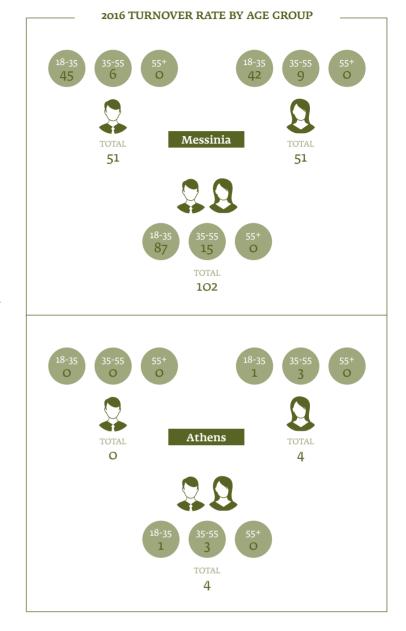




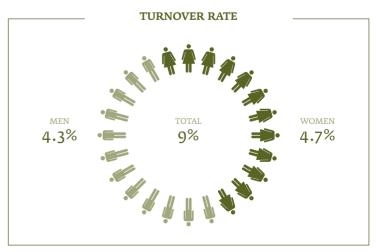
One important fact that illustrates the level of job satisfaction among our associates and reflects their sense of security at Costa Navarino is the low rate of employee turnover.

The same turnover rate applies to both men and women, as depicted in the graphs on the right. For 2016, employee turnover was 106 out of 1,175 associates, resulting in a turnover rate of 9%, which is very low, especially for the tourism industry given its significant seasonal variations in employment.

In 2016, the minimum wage offered to our associates was 27% higher than the minimum wage under current legislation in Greece. In addition, only a small percentage of our associates (11.7%) received the minimum wage, with the rest receiving higher salaries.









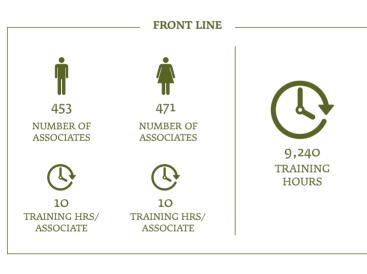
# Training and development

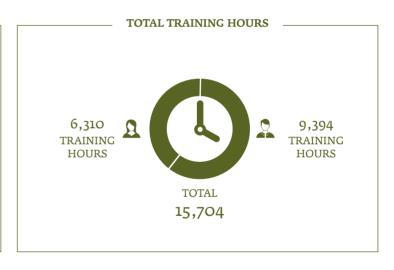
All our associates receive induction training to familiarize them with the company's core values and code of conduct and attend thorough training programs in order to develop their skills and enhance their career opportunities. The following tables present the hours of training that our associates undertook during 2016 by gender and associate category. The average number of training hours per associate was 13.9. Male and female associates of the same position (Front Line and Managerial Level) received the same hours of training.

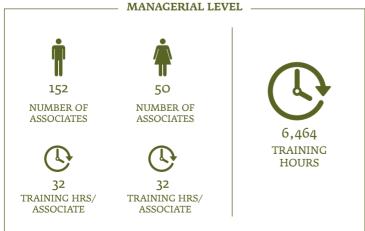
Our concern for the Health and Safety of our associates is not restricted solely to their working environment. Through the implementation of the program WANT (Wellbeing At Navarino Team) we aim to help our associates develop a balanced and healthy way of life with particular emphasis on their personal wellbeing and their connection with the community.

Offered to all our associates since 2015, the program provides ongoing training from H&S experts, a private Group Medical Plan, an in-house doctor and a blood bank. At the same time, our associates participate in a series of activities focusing on personal wellbeing, including special initiatives on healthy living and wellness, wellness weeks, when associates are offered access to the Westin Workout, Spa and Superfoods menus as well as a range of benefits for associates' children such as the Associates' Kids Club.

The program also develops the sense of connection between our associates and the local community, enhancing social & environmental support and awareness based on specially designed projects.









# O7 CREATING VALUE FOR THE LOCAL

COMMUNITY

# Creating new jobs and business opportunities

Contributing significantly to the local economy and supporting regional development is a key priority for Costa Navarino as the company's growth is directly linked to the prosperity of the destination as a whole. The implementation of a sustainable tourism business model creates new jobs and business opportunities due to its direct links with most of the sectors of the local economy, providing a strong incentive, especially among young people, to stay in their homeland Messinia despite the ongoing economic recession.

At Costa Navarino, sustainable tourism is used as a propulsive industry to create the necessary momentum for the continuous, inclusive and sustainable economic development of an entire destination. It creates links with agriculture and service-providing sectors and stimulates the development of key infrastructure (road construction, upgrade of airport facilities) and the provision of financial services from which the local economy as a whole can benefit.

The revenue generated by the increase in tourist arrivals in the region has a positive direct impact on a series of local SMEs across a wide range of economic sectors incorporated in the tourism value chain. As these companies buy goods and services from local suppliers, the positive impact from tourism growth on income and employment in the local community is multiplied, creating a vibrant local economy.

The operation of Costa Navarino has contributed significantly to the reduction of unemployment in Messinia, as the company applies a policy of preference for hiring locally (see chapter "Employment"). In 2016, approximately 15% of our associates at managerial level, including junior & middle management, were hired from the region of Messinia.

The next phase of our development plan, which is currently in progress, is expected to create 900 new jobs. According to a study by the Regional Development Institute of the Panteion University of Athens, published in 2014, for every new job created at Costa Navarino, 0.8 jobs are created in the region of Messinia.

# Infrastructure support and accessibility

#### AN EVER-GROWING NETWORK

TEMES continues to play a significant role in attracting new and more frequent flights to Kalamata airport, which is named "Captain Vassilis Constantakopoulos Kalamata International Airport" in recognition of the contribution of the company's founder to the region's awareness and development. The region's constantly increasing visibility and its promotion as a year-round destination is a catalytic factor in establishing new routes that connect the region to Europe and beyond.

The continuous year-on-year increase in flight arrivals hit a record high in 2016 for the seventh year in a row (24.5% vs. 2015).

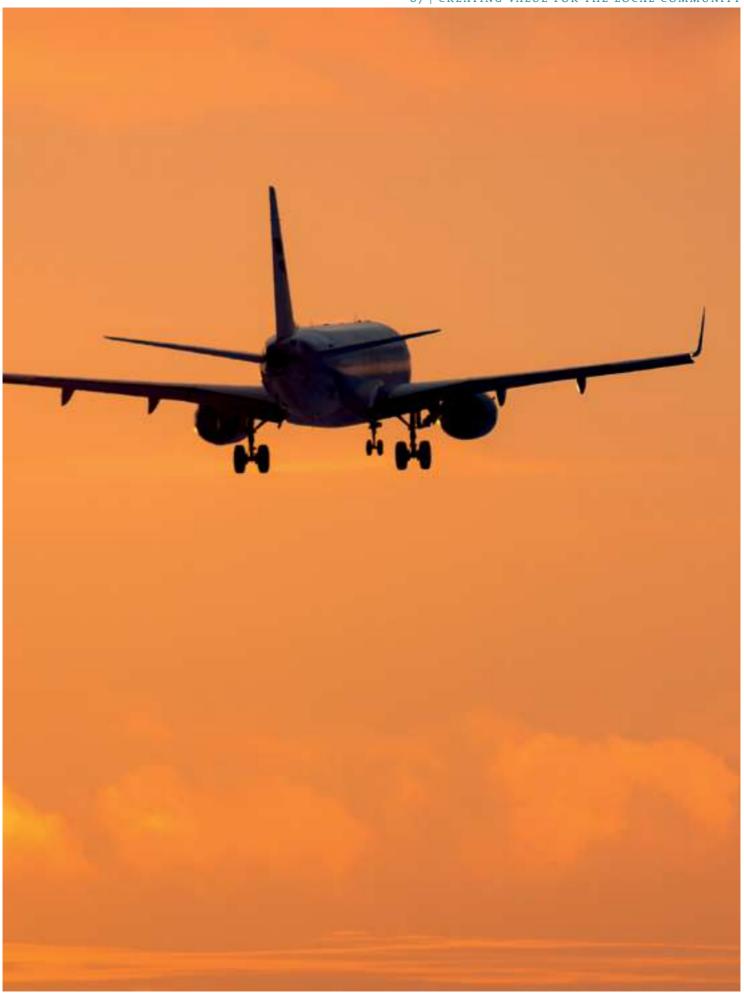
In 2016 seven new routes were introduced, offering travelers significantly reduced transfer times and enhancing connections with major European destinations: London Heathrow in the UK, Nantes and Lyon in France, Rome/Fiumicino and Milan in Italy, Copenhagen and Billund in Denmark, whereas a highlight of the year was the launch of British Airways flights as well as the constantly expanding network provided by Aegean Airlines.

In 2016, the growth rate of international aircraft arrivals reached 359%, compared to 2009.

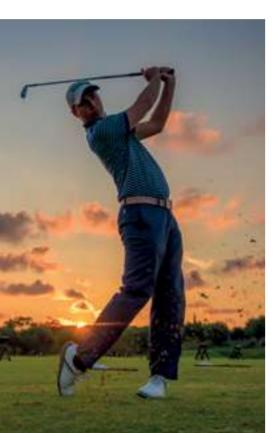
Through an investment that has so far surpassed 11 million euros, TEMES has been providing funds and technical expertise for the development of infrastructure in the wider region of Messinia.

This infrastructure support includes water management studies, road infrastructure design studies, construction of water tanks, wells and pipelines to improve and modernize the water distribution network of neighboring municipalities, the renovation of Kalamata Hospital and many other initiatives.

The recent completion of road construction projects in the area has reduced travel time to Messinia and improved access to nearby areas, facilitating both locals and visitors.























## Region promotion

Since the launch of Costa Navarino, the company's aim has been to continuously expand the tourism season in the region of Messinia. New tourism experiences have been introduced with the aim of both addressing niche markets and further expanding the tourism offering in the wider area. This aim has also been pursued by attracting major international events and conferences.

#### **CULTURE**

For the second consecutive year, a special weekend was organized in partnership with The New York Times within the framework of The New York Times Athens Democracy Forum. During this year's event entitled "Architecture & Democracy", visitors engaged in conversation with a number of distinguished guests, including Patrik Schumacher of Zaha Hadid Architects, the Nobel Prizewinning Economist Paul Krugman and Emeritus Professor of Archaeology Petros Themelis.

In 2016, a major cultural cooperation project brought together The Benaki Museum, Athens International Airport and Costa Navarino through the photographic exhibition "Olympic Games 1896: The historical photographs of Albert Mayer from the Benaki Museum Collection through the eyes of Eva Nathena", on the occasion of the 2016 Olympic Games.

The same year also saw the first Faliro House/Sundance Institute Mediterranean Screenwriters' Workshop hosted at Costa Navarino, the first time that this film industry initiative has taken place in Greece, with the aim of discovering new talent from the Mediterranean region.

#### **BUSINESS & SCIENCE**

Several conferences on law, business, economics and medical science were held in 2016, with bookings for more than 32,000 room nights at the Costa Navarino hotels.

#### **SPORTS**

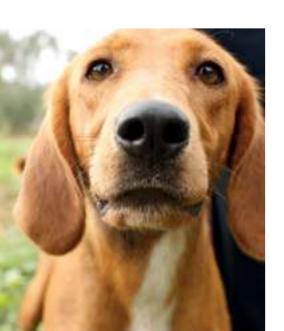
Navarino Challenge, the award-winning sports event, was held for the fourth consecutive year in Messinia and Costa Navarino, encouraging people of all ages to participate in a range of sports activities. The annual event is helping to firmly position Messinia (and Greece) as an ideal sports tourism destination.

#### **GOLF**

Golf tournaments attracting international audiences are hosted every year on The Dunes Course and The Bay Course at Costa Navarino. The Aegean Airlines ProAm 2016 was held for the 11th consecutive year, six of which at Costa Navarino, attracting both professional and amateur golfers. Several charity tournaments also took place during 2016, including the 10th World Stars Golf Charity Tournament organized by the A.S. Star Team for the Children, which raises money for Monaco charities under the auspices of HRH Prince Albert II of Monaco.

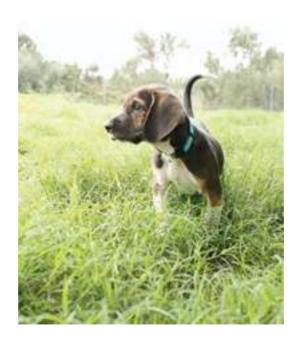




















# Navarino Pet Community

This is an inclusive volunteering program for Costa Navarino associates and guests, aimed at providing shelter to the region's stray animals.

The initiative was launched in order to take care of stray dogs and cats in the area which are in difficult or dangerous situations, while raising awareness and encouraging engagement among employees and guests.

It is a volunteering program, providing food, shelter and medical care to the area's stray animals whilst fostering a new pet-friendly mentality. In 2016 alone, 1,500 hours were volunteered to help the animals at the shelter. This included both veterinary care and basic training for dogs as well as activities to facilitate adoptions. More than 50 associates are involved in a range of different tasks according to their available time and schedule.

### Procurement practices

The management of our supply chain is closely linked with the company's vision to connect the development of Costa Navarino with the development of the region of Messinia as a whole. The operation of our supply chain strengthens the local economy of Messinia and creates new business opportunities in the region. It provides us with the opportunity to work together with our local stakeholders and address common economic, environmental and social issues arising from our operations.

Apart from the region of Messinia, the impact of our supply chain extends to the national level, making a positive contribution to the development of the national economy especially during this period of economic recession for many European countries.

Our supply chain includes the following main categories:

- Food & Beverage
- Linen & Uniforms
- Guest Room Supplies
- Cleaning Supplies
- · Staff & guest transportation services
- Staff lodging services
- Engineering Maintenance Supplies
- Engineering Maintenance Service Contracts
- Purchase / construction of Capex Assets

At Costa Navarino we are committed to using mostly locally sourced products and we strive to contribute to the development of new, sustainable local businesses that can be included in our supply chain.

This aim is in line with the specific targets of SDG 12 while also touching on the basic principles of most of the SDGs covering the social, environmental and economic aspects of supply chain operations.

#### **NAVARINO ICONS**

In partnership with local producers we aim to acquaint people internationally with the region's gastronomy and history. Under the Navarino Icons brand we have developed high quality food products and art objects from the Peloponnese. Navarino Icons' products are available at Costa Navarino and at more than 600 international landmark venues such as Harrods, Marks & Spencer, Julius Meinl am Graben, NK Stockholm, Urban Deli, Dean & Deluca, Whole Foods, Zabar's, Wally's, and also served in the Business Classes of international airline companies such as Aegean Airlines, Saudi Airlines, Lufthansa, British Airways and Air France.

In 2016, the Extra Virgin Olive Oil (EVOO) World Ranking named Navarino Icons Extra Virgin Olive Oil EVOO of the Year. Navarino Icons EVOO was ranked in the top 5 and Navarino Icons Organic EVOO in the top 20 out of 92 international olive oil brands in a list of the Best of Koroneiki Variety for 2016 prepared by the same international organization.

#### NAVARINO VINEYARDS

Through the operation of Navarino Vineyards, the destination's organic vineyards launched by TEMES in collaboration with acclaimed Greek vintners, we are introducing locally produced fine wine and spirits to international markets. Navarino Vineyards are located close to the nearby village of Mouzaki, in an area covering 55 hectares at approximately 550m altitude. These old vines grow in an area with an ideal climate which, due to its temperature variation between morning and night, the right elevation and level of humidity, is perfect for producing grapes of excellent quality. The end result brings out the unique characteristics of the Messinian soil.

In 2016, the KOTYLE Cabernet Sauvignon 2013 and the KOTYLE Chardonnay 2014 labels were awarded the Gold and the Silver medal respectively at AWC Vienna 2016, the international leader of officially recognized quality awards for wine, after competing with 12,826 wines of 1,866 producers from 41 countries.





















07 | CREATING VALUE FOR THE LOCAL COMMUNITY



Costa Navarino used goods and services from more than 2,280 vendors in 2016. Our payments to suppliers totaled 32.9 million euros, up from 24.8 million euros in 2015.

83% of our vendors are located in Greece, 20% of whom are suppliers and businesses operating in Messinia. Most of the remaining 17% are based in other countries of Europe.

In 2016, the percentage of our procurement budget spent on Messinian suppliers reached 19%, up from 12% in 2015. In the F&B category, 47.5% of our procurement budget was spent on Messinian suppliers.

For another year, the Captain Vassilis & Carmen Konstantakopoulos Foundation organized free seminars for food service professionals and producers of Messinia, providing valuable knowledge in the field of market outreach and presence to more than 120 businesses.

The Foundation also organized seminars on the prospects of the agricultural sector in Messinia and the dissemination of best practices in agricultural development to local farmers, with the cooperation of specialized scientists and local authorities. In 2016 we initiated a pilot program for the creation of a sustainable food purchasing guide based on national and international best practices. This guide will be the result of collaboration with our local suppliers and producers, with the aim of creating a framework for purchasing food that is good for us, our guests, the community and the environment.

As part of our effort to raise awareness about the benefits of organic farming and promote sustainable agriculture in Messinia, at Costa Navarino we operate our own organic vegetable garden covering an area of 1,000 m². There, we cultivate different varieties of fruit, vegetables and aromatic herbs with a production process that is certified organic according to EU regulations 834/2007 and 889/2008. All our production is used in the restaurants of Costa Navarino. In 2016 our garden produced more than 4,000 lettuces and 10,000 kg of other fruit and vegetables.

We have installed a drip irrigation system in the garden to maximize water use efficiency, while using only organic fertilizer and compost produced in our composting facility at Costa Navarino.

The Costa Navarino organic vegetable garden is open to visitors, while special educational and experiential activities for children and adults are organized throughout the year.



# 08

# CREATING VALUE FOR THE ENVIRONMENT

The majority of our stakeholders value environmental protection as a fundamental element of tourism development in line with the principles of sustainability. Environmental protection has been a major design factor from the planning and construction phases through to the operation of Costa Navarino, underlining our firm belief that investing in the value of local ecosystems and protecting the environment is a key driver for the development of the destination as a whole.

Our environmental policy is aimed at protecting and preserving the unique natural environment of Messinia. It constitutes a new paradigm for sustainable tourism development that can be implemented on a national and international level.

Based on the precautionary principle, our environmental policy covers all aspects of our operation that could cause, or contribute to, a potential impact on the local environment, as identified through our materiality analysis. Our ongoing collaboration with stakeholders has provided us with a valuable aid in our efforts to proactively identify issues of concern in order to inform our policies, reporting and disclosures.

At Costa Navarino we implement specific policies for sustainable water, energy, and waste management, together with programs for the protection and preservation of the biodiversity of Messinia. These policies are in line with UN SDGs, working towards the achievement of specific targets as set by each of the relevant SDGs. In particular, our environmental protection policy is actively contributing to SDGs 3, 6, 7, 9, 11, 12, 13, 14 and 15 as presented in the following sections.

We allocated more than 10% of the first development phase budget to create the necessary infrastructure for sustainable operation.

# Energy, Emissions & Climate Change

Energy consumption is the main contributor to direct and indirect GHG emissions from the operation of Costa Navarino. GHG emissions are the main driver for climate change which is affecting people on a local and global scale. Changing weather patterns, sea level rising and extreme weather events are all impacts of climate change which are occurring with increasing frequency, causing disruption to the economy and the lives of human communities.

By creating the necessary infrastructure and using the latest available technology in energy management, we endeavor to reduce our energy consumption and maximize the use of renewable energy.

Through a series of policies as set out in the following paragraphs, which are in line with the targets of SDG 7,3,9,12 and 13, we are actively contributing to international efforts for climate change mitigation, reduced use of hazardous chemicals, sustainable management and efficient use of natural resources with the adoption of clean and environmentally sound technologies and processes.

### ENERGY

The architectural design of Costa Navarino is based on the principles of bioclimatic architecture. The buildings are designed and oriented in such a way as to optimize utilization of the natural elements, leading to an overall reduction of energy needs for heating and cooling, while more than 90% of the total land area will be dedicated to natural and planted greenery, ensuring the preservation of the region's natural beauty.

#### The construction of Navarino Dunes features:

- Free-standing open roofs
- Over 5,000m² of planted roofs
- Optimal use of natural light through orientation of buildings, landscaping, artificial and natural shading.

# Advanced materials and systems are installed in the buildings of Costa Navarino to reduce energy consumption. These include:

- Energy-efficient window panes
- A high-quality, external wall insulation system that significantly reduces energy losses by wrapping the building in a thermally resistant envelope
- Low energy technology lighting
- Electronic lighting ballasts
- Central lighting control systems
- Central Building Management System (BMS).

## Significant reductions in energy consumption and GHG emissions are achieved by:

- installing at Navarino Dunes the biggest geothermal system of its kind in Europe with 123 km of underground pipes for heating and cooling, the first on such a large scale worldwide to be placed underneath a golf course,
- utilizing a heat pump of 1,050 KW cooling power and 1,400 KW heating power, thus minimizing the use of LPG.





#### 2015-2016 ENERGY CONSUMPTION COMPARISON

		Electricity kWh	LPG kWh	Total Energy kWh	Electricity/Rooms occupied	LPG/Rooms occupied
		9		40		
	THE ROMANOS RESORT	-1.51%	-8.35%	-3.02%	-10.25%	-16.48%
NAVARINO DUNES	THE WESTIN RESORT	-1.56%	-6.65%	-2.79%	-12.19%	-16.73%
	OTHER FACILITIES	2.74%	-17.10%	-0.95%	-	-
NAVARINO BAY	THE BAY COURSE	-6.90%	-	-6.90%	-	-

Energy consumption from the operation of the resort is monitored and recorded according to ISO 14064, using advanced electronic measuring systems. Comparative analysis of the results is used to identify possibilities for further reduction of energy consumption, so that we can continuously improve our performance. The main forms of energy consumed at Costa Navarino are electricity provided by the National Grid and thermal energy generated onsite by boilers using LPG as fuel. At Navarino Bay, where The Bay Course is the only operational facility, the main form of energy consumed is electricity. An additional source of consumption derives from vehicles owned by the company.

The amount of fuel consumed by the company's fleet in 2016 was 22,132 lt of gasoline and 28,326 lt of diesel. Due to its minor contribution, this type of energy is not included in the figures presented for the facilities of Navarino Dunes. However, because of the requirements of the Hotel Carbon Measurement Initiative (HCMI) methodology, the emissions from the vehicle fleet are calculated as direct greenhouse gas (GHG) emissions (scope 1) (see p. 75)

The energy intensity ratio for each hotel is expressed in kWh/occupied room, while the energy intensity for the rest of the facilities within Costa Navarino is expressed in kWh/m2 of conditioned space (see p. 77).

In May 2014, a heat pump unit was installed at Navarino Dunes in order to reduce LPG consumption. The commissioning of the new system was completed in 2015.

In 2016 there was an expected stabilization in energy consumption. However, due to the implementation of a detailed action plan, further reductions were achieved compared to 2015.

At The Romanos Resort we achieved a 3.02% reduction in total energy consumption while for The Westin Resort the reduction reached 2.79%.

Another significant achievement was the per room reduction in electricity and LPG consumption as seen in the table above.

The significance of this achievement becomes even greater in view of the 11% increase in guest nights between 2015 and 2016.

<sup>\* 2012</sup> has been selected as a base year as it is the first year of full stabilized operation after the opening of Navarino Dunes in 2010.

EMISSIONS FROM COSTA NAVARINO IN	2016	(tCO2e)
----------------------------------	------	---------

THE ROMANOS RESORT	SCOPE 1 319	SCOPE 2 Location based	SCOPE 2 Market based	SCOPE 3	TOTAL*
	319				
		2,932	2,378	17	3,267
THE WESTIN RESORT	655	5,929	4,809	40	6,624
OTHER FACILITIES	246	4,044	3,280	-	4,291
THE BAY COURSE	-	154	124	-	154
	OTHER FACILITIES  THE BAY	OTHER FACILITIES 246 THE BAY COURSE -	OTHER FACILITIES 246 4,044  THE BAY - 154	OTHER FACILITIES 246 4,044 3,280  THE BAY - 154 124	OTHER FACILITIES 246 4,044 3,280 - THE BAY - 154 124 -

Total emissions calculated using Scope 2 Location based emissions

## **GHG EMISSIONS**

The GHG emissions presented in this report were calculated using the methodology of the Hotel Carbon Measurement Initiative (HCMI) version 1.1., a tool developed by the International Tourism Partnership (ITP) and the World Travel & Tourism Council (WTTC), in collaboration with 23 leading global hospitality companies, which adheres to the GHG Protocol principles of relevance, completeness, consistency, transparency, and accuracy.

### **BOUNDARIES AND ASSUMPTIONS**

Reporting boundaries include all GHG emissions resulting from activities within the premises of Costa Navarino (scope 1 and 2) and from outsourced laundry operations (scope 3). This includes restaurants, meeting spaces, shops, golf courses, spa, garden space, fitness centers, 'back of house', vehicles owned or controlled by the company and any other amenities that are located within our premises, excluding private space\*.

The HCMI methodology does not include other scope 3 emissions, upstream or downstream, coming from the activities of suppliers outside of our premises (except laundry facilities), the guests' travel to the destination, or associates' business travel in noncompany cars.

Laundry associated emissions are included in the methodology, as they are a significant item in the environmental program of most hotels (re-use of towels programs etc.), and in many cases they comprise a significant portion of a hotel's overall emissions. Bearing in mind that many hotels outsource some or all of their laundry activity, the GHG emissions from outsourced laundry operations have been included in the HCMI methodology to facilitate comparability between the overall footprints of different hotels.

<sup>\*</sup> According to the HCMI methodology, private space includes areas which are not accessible to hotel guests or conference attendees (e.g. private apartments) or not related to the hotel (e.g. the hotel leases a floor to a third party). On-site staff accommodation is also considered private space.

#### 2015-2016 EMISSIONS COMPARISON (tCO2e) SCOPE 1 SCOPE 2 SCOPE 3 TOTAL ROOMS OCCUPIED THE ROMANOS -12.0% -1.5% -2.6% -11% 9.7% RESORT NAVARINO THE WESTIN -8.7% -1.6% 12.1% -2.2% -13% **DUNES** RESORT OTHER 2.7% 1% -17.1% 1.3% FACILITIES THE BAY NAVARINO -6.9% -6.9% COURSE BAY

\*Total emissions calculated using Scope 2 Location based emissions

#### **CARBON FOOTPRINT**

The main source of Direct GHG emissions (scope 1) from the two hotels operating at Navarino Dunes is the combustion of LPG for heat production. Emissions from vehicles owned by Costa Navarino are also calculated on the basis of fuel consumption. These emissions are equally distributed between the two hotels of Costa Navarino.

Energy Indirect GHG emissions (scope 2) result from the generation of electricity purchased from the National Grid for consumption at Costa Navarino. Other Indirect GHG (Scope 3) emissions, in accordance with the HCMI methodology, include carbon emissions from outsourced laundry operations.

In order to estimate the overall carbon footprint of Costa Navarino, the emissions deriving from energy consumption (scopes 1 and 2) at the rest of our facilities (conference centre, spa, golf course) are also reported using the emission factors of the HCMI methodology. These emission factors include the emissions of carbon dioxide, methane and nitrous oxide from all the agreed sources.

Pertaining to the disclosure of the market-based Energy Indirect (scope 2) GHG emissions, we followed the suggestions set out in the GHG protocol. More specifically, since we do not currently have any contractual agreements, nor do we possess supplier specific data, we have used the appropriate residual mix factor for Greece, disclosed by the Association of Issuing Bodies (AIB) (https://www.aib-net.org/).

The emission intensity ratio for each hotel is expressed in tCO2e/occupied room based on the HCMI methodology, while the emissions intensity for the rest of the facilities within Costa Navarino is expressed in t CO2e/m² of conditioned space (see p.77)

In 2016 the reduction in Direct GHG emissions (scope 1) reached 62.1% for The Romanos and 47.4% for The Westin, compared with base year emissions (2012). This is the result of substantial efforts to reduce LPG consumption within our premises (see pp. 69). Despite the significant increase (44%) in guest nights between 2012 and 2016, Energy Indirect (scope 2) emissions at The Romanos rose by only 7.1%, while at The Westin they decreased by 11%.

As Other Indirect GHG emissions (scope 3) derive from outsourced laundry, their rise (44.8% average) is the result of the increase (44%) in guest nights between 2012 and 2016.

The effectiveness of the energy management measures can be seen in the significant reduction of emissions per room on a daily basis for both hotels.

At The Romanos Resort we achieved a 38% reduction, from 0.160 t CO2/room in 2012 to 0.099 t CO2/room in 2016.

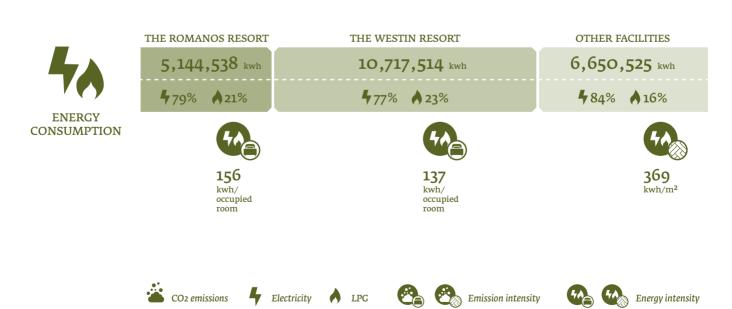
At The Westin Resort from 0.146 t CO2/room in 2012, we reached 0.085 t CO2/room in 2016, marking a 42% reduction.

The difference in values achieved for each hotel is directly linked to the fact that The Westin operates almost the whole year, while the operation of The Romanos is seasonal.





## NAVARINO DUNES





## Water

A significant portion of the local economy in Messinia is based on agriculture; therefore water availability is vital for the wellbeing of our community.

The implementation of a sustainable tourism development model with a long term perspective at Costa Navarino is directly linked with the availability of water resources in the local area and their management in cooperation with all local stakeholders. Water quality and availability are considered by TEMES to be a major sustainability risk that is being addressed through the implementation of appropriate short and long-term policies in line with the targets of SDG 6 (Clean water and sanitation).

Sustainable water management that safeguards water availability and quality is a prerequisite for economic development and a crucial factor for social stability.

Reporting boundaries for water consumption include activities within the premises of Costa Navarino. This includes the irrigation needs of the two golf courses and the gardens of Navarino Dunes and Navarino Bay, together with the consumption of potable water in the Costa Navarino facilities.

Our sustainable water management policy aims to cover the water needs of Costa Navarino without depriving resources from the local community. Committed to this approach, TEMES conducted an extensive water resource management study for the area of western Messinia. The purpose of this study was to:

- identify the area's available water resources
- explore the impact of climate change on the quality and availability of water resources
- design a sustainable water management system for Costa Navarino which will use only water that is naturally replaced
- provide detailed hydro-geological data to local authorities, so that they can develop a sustainable water management system at a regional level.

The study revealed that substantial quantities of surface water from local rivers (more than 50 million m³ per year) remain unused due to a lack of infrastructure for collection and storage in the area. In response to this finding, two reservoirs of approximately 700,000 m³ total capacity were designed and constructed by TEMES to meet the irrigation needs of Costa Navarino, including the golf courses.

The reservoirs, fully integrated into the surrounding landscape, are filled by utilizing only a very small percentage of the runoff from local rivers, just before flowing into the sea.

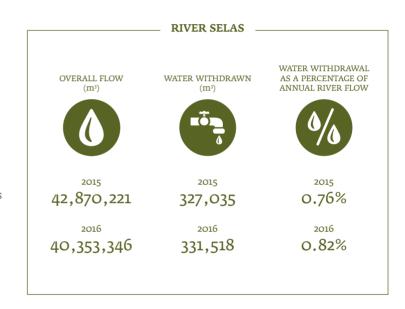
The study was donated to the Prefecture of the Peloponnese and formed the basis for the water management plan for the southwest Peloponnese, published by the Ministry of the Environment in 2013.

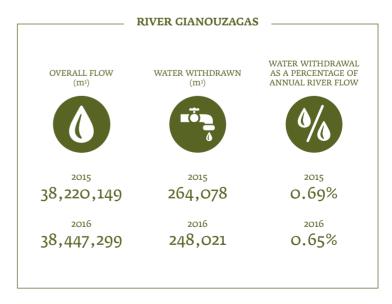
TEMES constantly monitors the quantity of water withdrawn from local rivers to ensure full compliance with the relevant licenses. This information, together with additional data on river flows and levels are reported to the local water authority. The quality of water in local rivers is monitored in cooperation with accredited laboratories. At the same time, continuous efforts are made to reduce water needs through recycling process optimization.

The following table shows the total volume of surface water withdrawn for irrigation purposes in 2015-16 from two local rivers (Selas and Gianouzagas), together with the overall river flows as calculated by special monitoring devices installed in the rivers. The data on water withdrawal are derived from installed water flow meters.

This water, together with highly treated recycled water from our wastewater treatment plant, is more than enough to cover the irrigation needs of Costa Navarino for the whole season.

The amount of water withdrawn from local rivers is a very small percentage of their annual flow, well below 1%.





The water utility of Pylos-Nestor municipality is the provider of potable water for Costa Navarino. The table on the right shows potable water consumption in  $m^3$  for the period 2015-16.

In 2016, despite the fact that we had an 11% increase in guest nights, potable water consumption was reduced by 8%. This reduction is attributed to the successful implementation of a series of water-saving measures such as the installation of aerators in the majority of faucets in the facility and the effectiveness of our leak detection system. Due to the fact that there are, as yet, no hotel facilities at Navarino Bay, water consumption is very low.

Water recycling takes place at Navarino Dunes mainly through our waste water treatment plant that operates within the facilities. Additional sources of recycled water are the cooling towers and the water purification facility. All the recycled water is used for irrigation of the golf course and the landscape at Navarino Dunes. The following graph shows the total amount of water recycled and reused at Navarino Dunes in 2015-16 as an absolute figure and as a percentage of the total water withdrawal for Navarino Dunes.

Total water withdrawn includes the amount withdrawn from two local rivers (Selas and Gianouzagas) for irrigation purposes, as presented in the tables on page 72, and the potable water coming from groundwater sources which is provided by Pylos-Nestor municipality as shown in the graph on the left. In 2016, no water was withdrawn by the company from the following sources: ground water, rainwater collected directly and stored or waste water from another organization.

Additionally, a series of water-saving measures have being applied, based on best available practices that focus on consumption monitoring (e.g. leak control, improved efficiency), including educational programs for visitors.

The availability and quality of underground and surface water is continuously monitored using state-of-the-art technology, through an extensive network of monitoring stations and sampling points.

#### POTABLE WATER CONSUMPTION (m<sup>3</sup>)

NAVARINO DUNES	NAVARINO BAY
<sup>2015</sup> 284,870	<sup>2015</sup> 2,061
<sup>2016</sup> 262,320	<sup>2016</sup> 2,241

## TOTAL WATER WITHDRAWN DURING THE REPORTING PERIOD (m³)



878,044

<sup>2016</sup> 844,100

### VOLUME OF WATER RECYCLED AND REUSED (m³)



<sup>2015</sup> **115,214** 

<sup>2016</sup> **123,000** 

## PERCENTAGE OF THE TOTAL WATER WITHDRAWAL



<sup>2015\*</sup> **13.1**%

<sup>2016</sup> **14.6**%

\*Previous report (2015) refers to values for Navarino Dunes

## Waste

The integrated solid & liquid waste management system of Costa Navarino has been designed on the principles of waste reduction, reuse and recycling.

In cooperation with hotel operators, an extensive recycling program for paper, plastics, glass, used oil, batteries and organic waste has been set in motion, resulting in a significant reduction in the amount of waste ending up in landfills.

All quantities are reported annually to the prefectural authority of the Peloponnese which is responsible for waste management. For 2016, the amount of non-recyclable municipal waste ending up in landfills totaled 1,140 t.

The composting facility we operate within our premises, turns the trimmings from the trees at Costa Navarino into compost that is subsequently used in our gardens and on the golf courses. Production raised from 30m3 in 2015 to 100m³ in 2016.

Within the framework of the waste management system, a largescale wastewater treatment facility operates within the premises of Costa Navarino.

The following table presents the total weight of different types of waste recycled in 2016 compared to those from 2015.

TYPE OF WASTE/QUANTITY (T)*							
		2015	2016				
PACKAGING		413	310				
LED BATTERIES	•	4,480	7,450				
OTHER BATTERIES	4	0.44	O.12				
OILS	0	0.4	0.6				
EDIBLE OILS		1.50	3.09				
LAMPS		0.263	0.340				
ELECTRONIC WASTE	<b>A</b>	0.132	0.124				
CLASS		40.30	40.57				
DETERGENTS - SOAP		0.0682	0.080				
*The data on quantities of each type of waste are provided by the respective waste management/disposal contractor.							

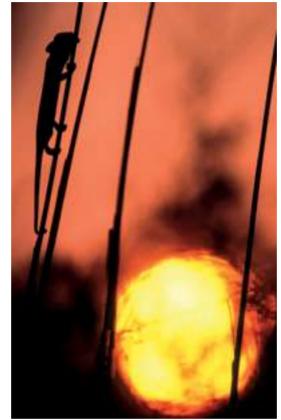






















# Biodiversity, Ecosystems & Habitat Protection

Working towards the achievement of SDG 15 (Life on land), we are committed to the sustainable management of our operations in a way that reverses land degradation while protecting and preserving the ecologically important habitats surrounding the existing and future sites of Costa Navarino. This approach is incorporated in all our development plans through consultation with experts and the use of the relevant findings of NEO research as inputs to our business development policy.

Just 2.5 km away from Navarino Bay, between the village of Gialova and the bay of Voidokilia, lies Gialova Lagoon, one of the most significant wetlands in all of Europe.

The area, also known as Divari, from the Latin vivarium ("fish farm") has been designated a Special Protection Area (Site code GR2550008) and a Site of Community Importance (Site code GR2550004). It is also a Wildlife Refuge and one of the Important Areas for Birds in Greece. Gialova has a unique and diverse bird population comprising 271 different species. It is the first stop for migratory birds from Africa, and home to a great number of mammals, reptiles, amphibians and fish.

Gialova Lagoon is home to Europe's only population of African chameleons. TEMES supports a unique program for the protection of this rare and endangered species, managed by the Hellenic Herpetological Society. The program includes nest recording and protection, monitoring of the egg-hatching process, population recording, in combination with public awareness campaigns for the protection of the species.

TEMES supports research projects on the lagoon's avifauna and the impact of climate change on the ecosystem of the lagoon through the Navarino Environmental Observatory. In collaboration with key stakeholders, including local authorities and NGOs, the company has initiated discussion for the formulation of an overall biodiversity protection management plan for the area. This plan will aim to provide appropriate guidance for all human activities within and around the protected area, introduce conservation activities and promote biodiversity friendly entrepreneurship.

On a site level, in order to preserve biodiversity and the characteristic Messinian landscape covered with century old olive groves, TEMES has initiated the most extensive olive tree transplanting program in Europe. The program, to be implemented at all Costa Navarino sites, is being carried out by a dedicated team of agricultural scientists, topographers and landscape architects.

During construction, on-site olive trees are moved and temporarily planted in a specially prepared reception area. As construction progresses, these trees are replanted in their final location, restoring the beauty of the landscape.

At this stage of development, 6,500 olive trees have been moved and replanted, while 800,000 endemic shrubs of different species have already been planted.

#### PROTECTING SEA BIODIVERSITY

The importance of maintaining a healthy sea environment is highlighted in the context of SDG 14 (Life below water). The sea, apart from a significant tourism asset, particularly important for Greece, is a key natural resources provider and a major carbon sink contributing to the mitigation of climate change. The coastal areas support numerous human activities vital for the development and the coherence of human societies.

At Costa Navarino we pay special attention to the procurement of our sea food that comes mainly from local fishermen.

Understanding the magnitude and severity of marine pollution, we have eliminated the use of plastic bags in all outlets at Costa Navarino and constantly strive to minimize the use of plastic in general. The beach in front of Navarino Dunes is periodically cleaned with the help of special equipment and personnel, before and after the nesting period of the Caretta caretta sea turtle, while our team of divers at Navarino Outdoors ensures that the sea bed is free of plastics and litter.

Since 2010, TEMES, in cooperation with Archelon, the Sea Turtle Protection Society of Greece, runs an extensive monitoring and protection program for the loggerhead sea turtle (Caretta caretta). The program, which completed its sixth year of operation in 2016, covers the 2.7 km stretch of The Dunes Beach and annually records the Caretta caretta population while protecting, monitoring and mapping nests using GPS technology. A detailed action plan ensures that eggs and hatchlings are protected until their final journey to the sea. An integral part of the program are the awareness raising activities organized at Costa Navarino that spread the message about how important marine life is and why we need to protect it.

The results from the implementation of the program so far, and the collaboration with Archelon during the stages of development and operation of Costa Navarino, show that human activities like sustainable tourism can facilitate and enhance efforts to preserve marine and coastal ecosystems.

The location of the buildings and the special design of the lighting installed at the facilities of Costa Navarino (low intensity lights with special covers), combined with the peripheral planting of selected shrubs, which act as a natural light barrier, provide sufficient protection against artificial light which may discourage female sea turtles from nesting and disorient hatchlings.

The following table presents the nesting data collected at The Romanos Beach since 2010:

——— NESTING DATA COLLECTED AT ROMANOS BEACH ———							
1,20111,00	002220122 No						
	188						
	NUMBER OF NESTS	HATCHLINGS REACHING THE SEA SAFELY					
2010	13	738					
2011	14	1,265					
2012	5	331					
2013	24	2,004					
2014	13	664					
2015	18	1,067					
2016	27	1,703					





















# **GRI** index

## GENERAL DISCLOSURES (CORE OPTION)

GRI Standard	Disc	losure	Page number or reference	External Assurance
GRI 102:	102-1	Name of the organization	About this report - Scope & reporting standards (p. 7)	$\sqrt{}$
General Standard Disclosures 2016	102-2	Activities, brands, products, and services	Our company - profile (p. 9-10)	
Disclosures 2010	102-3	Location of headquarters	About this report - Feedback (p. 7)	√
	102-4	Location of operations	Our company - profile (p. 9)	
	102-5	Ownership and legal form	Our company - profile (p. 9)	
	102-6	Markets served	Economic performance (p. 16)	
	102-7	Scale of the organization	Our company - profile, Economic Value Generated & Distributed, Employment (p. 9, 19, 52)	
	102-8	Information on employees and other workers	Employment (p. 52)	
	102-9	Supply chain	Procurement practices (p. 66, 69)	
	102-10	Significant changes to the organization and its supply chain	Our company - profile (p. 9-10)	
	102-11	Precautionary approach	Creating value for the environment (p. 73)	
	102-12	External initiatives	Our company - profile (p. 10)	
	102-13	Membership of associations	Our company – profile (p. 10)	
	102-14	Statement from senior decision-maker	Letter from the Vice-Chairman and Managing Director (p. 5)	√
	102-16	Values, principles, standards, and norms of behavior	Ethics and integrity (p. 12)	V
	102-18	Governance structure	Governance (p. 12)	√

GRI Standard	Disclosure	Page number or reference	External Assurance
GRI 102;	<b>102-40</b> List of stakeholder groups	Working together with our stakeholders (p. 24)	$\sqrt{}$
Disclosures 2016	102-41 Collective bargaining agreements	Employment (p. 52)	$\sqrt{}$
	102-42 Identifying and selecting stakeholders	Working together with our stakeholders (p. 24)	$\sqrt{}$
	102-43 Approach to stakeholder engagement	Working together with our stakeholders (p. 24)	$\sqrt{}$
	102-44 Key topics and concerns raised	Working together with our stakeholders (p. 24)	$\sqrt{}$
	<b>102-45</b> Entities included in the consolidated financial statements	Our company - profile (p. 9-10)	$\sqrt{}$
	102-46 Defining report content and topic Boundaries	Material topics & boundaries (p. 25-26)	$\sqrt{}$
	102-47 List of material topics	Material topics & boundaries (p. 25-26)	$\sqrt{}$
	102-48 Restatements of information	Economic Value Generated & Distributed Water (p. 17, 81)	$\sqrt{}$
	102-49 Changes in reporting	Material topics & boundaries (p. 25-26)	$\sqrt{}$
	102-50 Reporting period	About this report - Scope & reporting standards (p. 7)	$\sqrt{}$
	102-51 Date of most recent report	About this report - Scope & reporting standards (p. 7)	√
	102-52 Reporting cycle	About this report - Scope & reporting standards (p. 7)	$\sqrt{}$
	102-53 Contact point for questions regarding the report	About this report - Feedback (p. 7)	$\sqrt{}$
	102-54 Claims of reporting in accordance with the GRI Standards	About this report - Scope & reporting standards (p. 7)	V
	102-55 GRI content index	GRI content index (p. 90-93)	$\sqrt{}$

About this report - Independent assurance (p. 7)

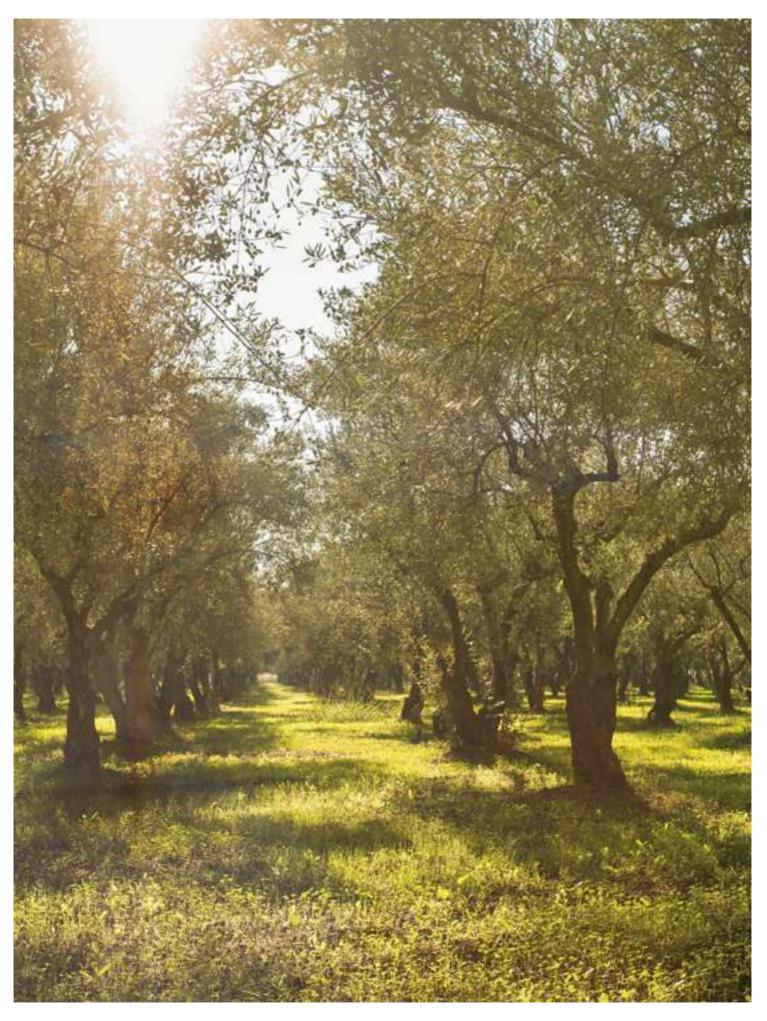
102-56 External assurance

GRI Standard	Disc	closure	Page number or reference	External Assurance
Material topics: (	Creatin	g new jobs and business opportunities, Regi	on promotion, Infrastructure support & accessibility	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Creating new jobs and business opportunities Infrastructure support and accessibility Region promotion (p. 28-29, 59, 60, 63)	
	103-2	The management approach and its components	Creating new jobs and business opportunities Infrastructure support and accessibility Region promotion (p. 59, 60, 63)	
	103-3	Evaluation of the management approach	Creating new jobs and business opportunities Infrastructure support and accessibility Region promotion (p. 59, 60, 63)	
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	Infrastructure support and accessibility (p. 60)	
mipacts 2010	203-2	Significant indirect economic impacts	Creating new jobs and business opportunities (p. 59)	
Material topic: Pr	rocurei	nent practices		
GRI 103: Management	103-1	Explanation of the material topic and its Boundary	Procurement practices (p. 28-29, 67-69)	
Approach 2016	103-2	The management approach and its components	Procurement practices (p. 67-69)	
	103-3	Evaluation of the management approach	Procurement practices (p. 67-69)	
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	Procurement practices (p.69)	
Material topic: W	aste m	anagement		
GRI 103: Management	103-1	Explanation of the material topic and its Boundary	Creating value for the environment (p. 28-29, 71)	
Approach 2016	103-2	The management approach and its components	Creating value for the environment Waste (p. 71, 82)	
	103-3	Evaluation of the management approach	Waste (p. 82)	
GRI 306: Effluents and waste 2016	306-2	Waste by type and disposal method	Waste (p. 82)	

GRI Standard	Disc	closure	Page number or reference	External Assurance
	- •			
Material topic:	Economi	c value generated & distributed		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Economic Value Generated & Distributed (p. 17, 28-29)	
	103-2	The management approach and its components	Economic Value Generated & Distributed (p. 17)	
	103-3	Evaluation of the management approach	Economic Value Generated & Distributed (p. 17)	
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	Economic Value Generated & Distributed (p. 17)	
Material topic:	Biodiver	sity, Ecosystems & Habitat Protection		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Creating value for the environment Biodiversity, Ecosystems & Habitat Protection (p. 28-29, 71, 85-86)	
	103-2	The management approach and its components	Biodiversity, Ecosystems & Habitat Protection (p. 85-86)	
	103-3	Evaluation of the management approach	Biodiversity, Ecosystems & Habitat Protection (p. 85-86)	
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity, Ecosystems & Habitat Protection (p. 85)	
	103-4	Habitats protected or restored	Biodiversity, Ecosystems & Habitat Protection (p. 86)	
Material topic:	Regulato	ory compliance		
GRI 103: Management	103-1	Explanation of the material topic and its Boundary	Ethics, Integrity and Regulatory Compliance (p. 12, 28-29)	
Approach 2016	103-2	The management approach and its components	Ethics, Integrity and Regulatory Compliance (p. 12)	
	103-3	Evaluation of the management approach	Ethics, Integrity and Regulatory Compliance (p. 12)	
GRI 419: Socioeconomic compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Ethics, Integrity and Regulatory Compliance (p. 12)	

GRI Standard	Disc	closure	Page number or reference	External Assurance
Material topic: \	Water m	anagement		
GRI 103: Management	103-1	Explanation of the material topic and its Boundary	Creating value for the environment Water (p. 28-29, 71, 79-81)	
Approach 2016	103-2	The management approach and its components	Water (p. 79-81)	
	103-3	Evaluation of the management approach	Water (p. 79-81)	
GRI 303: Water	303-1	Water withdrawal by source	Water (p. 80)	
2016	303-3	Water recycled and reused	Water (p. 81)	
Material topic: (	Occupati	ional health & safety		
GRI 103: Management	103-1	Explanation of the material topic and its Boundary	Health & Safety (p. 13-14, 28-29)	
Approach 2016	103-2	The management approach and its components	Health & Safety (p. 13-14)	
	103-3	Evaluation of the management approach	Health & Safety (p. 13-14)	
GRI 403: Occupational health & safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health & Safety (p. 14)	V
Material topic: 1	Employn	nent		
GRI 103: Management	103-1	Explanation of the material topic and its Boundary	Creating value for our people (p. 28-29, 51)	
Approach 2016	103-2	The management approach and its components	Employment (p. 52-55)	
	103-3	Evaluation of the management approach	Employment (p. 52-55)	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Employment (p. 53, 55)	

GRI Standard	Disc	closure	Page number or reference	External Assurance
Material tenies T	·			
Material topic: E	nergy n	nanagement		
GRI 103: Management	103-1	Explanation of the material topic and its Boundary	Creating value for the environment Energy, Emissions & Climate Change (p. 28-29, 71, 72)	
Approach 2016	103-2	The management approach and its components	Energy, Emissions & Climate Change - Energy (p. 72-77)	
	103-3	Evaluation of the management approach	Energy, Emissions & Climate Change - Energy (p. 72-77)	
GRI 302: Energy	302-1	Energy consumption within the organization	Energy, Emissions & Climate Change - Energy (p. 77)	
2016	302-3	Energy intensity	Energy, Emissions & Climate Change - Energy (p. 77)	
	302-4	Reduction of energy consumption	Energy, Emissions & Climate Change - Energy (p. 74)	
Material topic: E	missior	ns and climate change		
GRI 103: Management	103-1	Explanation of the material topic and its Boundary	Creating value for the environment Energy, Emissions & Climate Change (p. 28-29, 71, 72)	
Approach 2016	103-2	The management approach and its components	Energy, Emissions & Climate Change – GHG emissions (p. 72-77)	
	103-3	Evaluation of the management approach	Energy, Emissions & Climate Change – GHG emissions (p. 72-77)	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Energy, Emissions & Climate Change – GHG emissions (p. 75-77)	
2016	305-2	Energy indirect (Scope 2) GHG emissions	Energy, Emissions & Climate Change – GHG emissions (p. 75-77)	
	305-3	Other indirect (Scope 3) GHG emissions	Energy, Emissions & Climate Change – GHG emissions (p. 75-77)	
	305-4	GHG emissions intensity	Energy, Emissions & Climate Change – GHG emissions (p. 75-77)	
	305-5	Reduction of GHG emissions	Energy, Emissions & Climate Change – GHG emissions (p. 76)	
Customer health	& safet	у		
GRI 416: Customer	416-1	Assessment of the health and safety impacts of product and service categories	Health & Safety (p. 13)	
Health & Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health & Safety (p. 13)	



# Independent external verification report





## TO: MANAGEMENT OF TEMES S.A.

### 1. Independent Verification Report

The company TEMES S.A. (hereafter TEMES) has commissioned TÜV HELLAS (TÜV NORD) S.A. (hereafter TÜV HELLAS) to provide limited external assurance concerning the Sustainability Report for the period of January 1st of 2016 to December 31st of 2016 (1/1/2016-12/31/2016)

2. Scope of the verification project of the Sustainability Report
Scope of the assurance project is the conduction of the Application Level
Check, according to the GRI Sustainability Reporting Standards (GRI
Standards), referring to the Sustainability Report of TEMES for 2016.

The Application Level Check was conducted based on the corresponding correlation table of GRI Standards Indicators stated by TEMES in its Sustainability Report, in order to confirm the company's compliance to the requirements of the GRI Standards for the "In accordance\_Core" Level.

The methodology used to verify the data as above, was based on the requirements of AA1000AS standard (2008). More specifically, the requirements for the provision of "moderate" service level assurance Type 2, based on AA1000AS, were followed. This service level means that "the assurance provider achieves moderate assurance where sufficient evidence has been obtained to support their statement, such as the risk of their conclusion being in error is reduced but not reduced to very low or zero".

### 3. The conclusions of TÜV HELLAS

Material Issues.

Based on the scope of the project and as part of the verification procedures followed by TÜV HELLAS, the conclusions are as follows:

A. Adherence to the AA1000 AccountAbility Principles (Inclusivity, Materiality and Responsiveness) against the criteria found in AA1000APS.

Inclusivity: Dialogue on Sustainability Issues with the Stakeholders

We have not realized any matter that causes us to believe that ma

• We have not realized any matter that causes us to believe that major stakeholder groups were excluded from consultation processes, or that TEMES has not implemented the principle of Inclusivity in developing its approach to sustainability.

**Materiality:** Focus on the Material Issues related to Sustainability
• We have not realized any matter that causes us to believe that the Material Issues' definition approach which was followed by TEMES does not provide a comprehensive and balanced understanding of the

**Responsiveness:** Addressing the needs and expectations of Stakeholders
• We have not realized any issue which would lead us to believe that
TEMES has not applied the Principle of Correspondence in the selection
of subjects included in the Report.

- **B.** Accuracy and completeness of data (qualitative and quantitative) related to the Application Level Check.
- During the assurance project carried out, nothing came to the attention of TÜV HELLAS which would lead to the conclusion that the Report does not meet to the requirements of the GRI Standards for the "In accordance\_Core" Level, as reflected on the corresponding correlation table of GRI Standards Indicators.

#### 4. Review Limitations

The range of the review was limited to the activities of TEMES in Greece. No visits and interviews in subsidiaries and stakeholders of TEMES has been conducted. In case of any discrepancy in the translation between Greek and English version of the Sustainability Report, the Greek version shall prevail.

#### 5. Review Methodology

In order to draw conclusions, the external assurance team of TÜV HELLAS conducted the following (indicative and not restrictive) methodology:

- Reviewed the procedures followed by TEMES to identify and determine the Material issues in order to include them within the Sustainability Report.
- Interviews were conducted with selected executives of TEMES having operational role in Sustainability issues in order to understand the current state of Sustainability activities and progress achieved during the period under reference.
- Reviewed the TEMES consultation approach with its stakeholders through interviews with executives responsible for communication with the stakeholders at company level and review of selected documents.

#### 6. Responsibilities and Functions

The Team for Sustainability of TEMES carried out the Sustainability Report, thus, is responsible for the information and statements contained therein. The Level Check conducted do not represent TÜV HELLAS' opinion related to the quality of the Sustainability Report and its contents.

The responsibility of TÜV HELLAS is to express the independent conclusions on the issues as defined in the project scope and in accordance to the relevant contract. The project was conducted in such a way so that TÜV HELLAS can present to TEMES administration the issues mentioned in this report and for no other purpose.

#### 7. Impartiality and Independence of the verification team

TÜV HELLAS states its impartiality and independence in relation to the project of assuring the Sustainability Report of TEMES. TÜV HELLAS has not undertaken work with TEMES and did not have any cooperation with the stakeholders that could compromise the independence or impartiality of the findings, conclusions or recommendations. TÜV HELLAS was not involved in the preparation of the text and data presented in the Sustainability Report of TEMES.

Athens, October 24, 2016 For TÜV HELLAS (TÜV NORD) SA

**Nestor Paparoupas**CSR Product Manager





