



GEK TERNA Group **2021 Socio-economic impact study in Greece**

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GEK TERNA
GROUP OF COMPANIES

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Introduction

GEK TERNA Group is one of the largest business groups in Greece. With activity in a wide range of sectors and a strong presence for over half a century in Greece and abroad, the Group has contributed throughout its operation to the social and economic prosperity of the country. This contribution has remained significant during the last years, despite the continuous challenges faced by the country due to the economic crisis and the pandemic.

Recognizing the importance of the Group's contribution to the creation of value for the national economy and the support of employment as well as communication with its stakeholders, the Group identified the need for the valuation of its socio-economic footprint, according to a reliable and internationally recognized methodology (Appendices – Methodology).

The central goal of this study is to determine GEK TERNA Group social and economic impact in Greece, reflecting its wider support for economic development, the creation of jobs, and its simultaneous contribution to the achievement of the Sustainable Development Goals of the UN. More specifically, the study analyzes the direct, indirect and induced benefits of the Group's operation in the domestic economy and in the creation of added value, in supporting the employment of human resources, domestic suppliers and partners, as well as in the tax revenues of the state. At the same time, it describes the expansion of these effects that arise through the Group's activities, in the strengthening of the wider society and in the protection of the environment.

The reference period of the study covers the year 2021 and was carried out with the support of the Climate Change and Sustainable Development services department of EY Greece.

Selected Key Facts

GEK TERNA Group social-economic impact in Greece in 2021:

GEK TERNA Group business activity in Greece in 2021 has the following results:



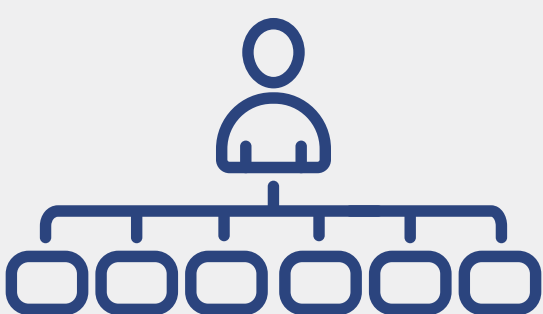
Supporting
20,886 jobs in the wider economy*
0.55% of total employment in Greece, are supported through the Group's activities.



Overall contribution to the economy amounting to
€*635 million
or 0.35% of the GDP (Gross Domestic Product) is the total added value created by the Group.



Overall contribution in taxes amounting
€*264 million
i.e. 0.4% of the state's total tax revenues, came from the activity of GEK TERNA Group.



For every 1 direct job offered by GEK TERNA Group supports another
6 jobs
in Greece.



GEK TERNA supports the income of
54,304 people
in Greek society.



Contribution to the creation of
€30,403
of added value for each job supported by the Group in Greece.

*"Total" refers to the sum of the direct, indirect and induced effects of the Group in terms of jobs, added value and taxes.

GEK TERNA Group profile and business activity

Group's profile

GEK TERNA Group is one of the largest Greek business groups. It was created by the merger of GEK and TERNA, two of the largest construction companies in Greece. Today, its business activity has expanded both geographically, in Greece and abroad, as well as sectorally, in sectors such as electricity generation and trading, waste management, magnesite mining and magnesite production, facility management as well as operation of infrastructure projects through concessions, holding a leading position. Focusing on economic development with respect to sustainability principles, the Group seeks to value its socio-economic footprint in Greece.



Group's business activities

QUARRY-INDUSTRY FUNCTIONAL SECTOR

Through **TERNA MAG S.A.** the Group is active in the mining sector, specializing in the extraction and processing of magnesite, as well as in the production of caustic magnesia products, with mainly export activity.

REAL ESTATE DEVELOPMENT

The Group is active in the Real Estate sector, having a wide portfolio in Greece, Bulgaria and Romania, which includes logistics centers, shopping centers, residential complexes, hotels, etc.

CONCESSIONS/SELF CO-FINANCED PROJECTS

The Group controls the concession projects of the **NEA ODOS S.A** and **KENTRIKI ODOS S.A** Motorways, while it participates in the concession companies **OLYMPIA ODOS SA** and **NEW INTERNATIONAL AIRPORT OF HERAKLION, CRETE S.A** for the implementation and operation of the **New International Airport of Heraklion Crete**. It also continues its activity in the Management and Operation of Car Stations Sector by participating in the operation of ten (10) car stations in Greece.

Through **TERNA ENERGY S.A** activity:

- is active in waste management projects in Epirus, (**AEIFORIKI EPIROU SA**), and in the Peloponnese (**AEIFORIKI PELOPONNISOU SA**).
- participates in the Anonymous Electronic Ticket Service Company - HELLAS SMARTICKET for the OASA Group companies and in the TERNAL ENERGY - INDIGITAL - AMCO Consortium, for the project "Digital Transformation, Telematics and Unified Automatic Fair Collection System for the Transport Authority of Thessaloniki (TheTA)".

INFRASTRUCTURE

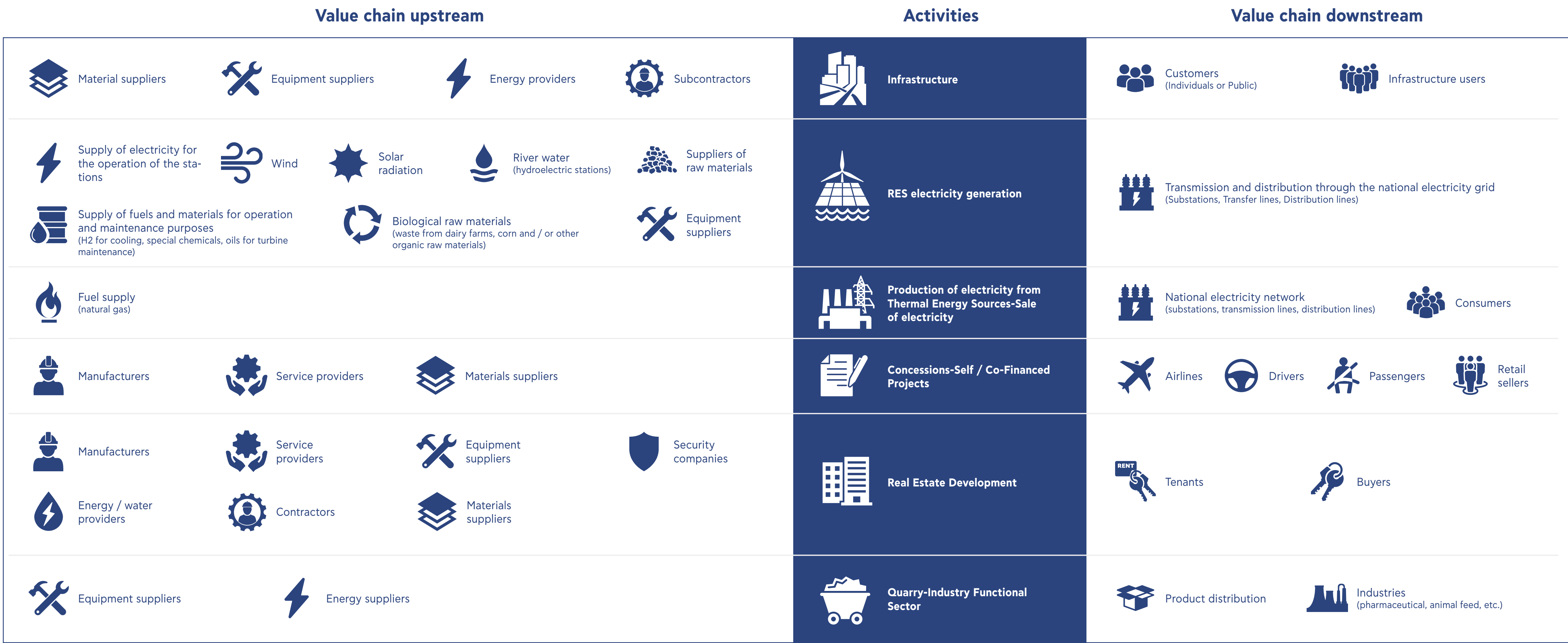
Through **TERNA S.A** activity, the Group is active in the construction of specialized and demanding construction projects and infrastructures such as road and railway networks, ports, hospitals, etc.

ENERGY PRODUCTION

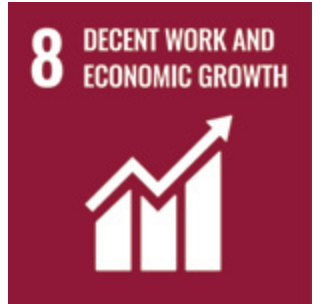
Through **TERNA ENERGY** company's activity, the Group is a leading player in the production of clean energy, while at the same time, through the **HRON Group**, it is active in the area of Thermal Energy Sources and the trading of electricity and natural gas.

Group's Value Chain in Greece

In Greece, GEK TERNA Group is active in all the above sectors. For the production of the products and the offering of its services to the end users (downstream value chain), the Group relies significantly on its supply chain. The main suppliers and providers of the Group are depicted in the figure below:



Direct value created by GEK TERNA Group



Group's direct socio-economic impact– 2021

Direct added value

In 2021, the Group created from its commercial and production activities, direct added value amounting to €69 million.

€69 mil.
Direct added value

Direct contribution to State's tax revenue

The direct contribution of GEK TERNA Group to the State's tax revenues is realised through the payment of cash flows to the Greek State which mainly include taxes from the production and distribution of its products and services, as well as from employer contributions to the social security funds for the human resources it utilizes.

€44 mil.
Direct contribution to taxes

Direct jobs

The Group has a strong presence in Greece, employing a total of 3,074 full-time and/or part-time, permanent and/or temporary employees. The Group's support by creating direct jobs in the employment of the country is significant and corresponds to a percentage of 0.08% of the total employment in Greece for the year 2021.

3,074
Direct jobs

Indirect value created by GEK TERNA Group in the supply chain

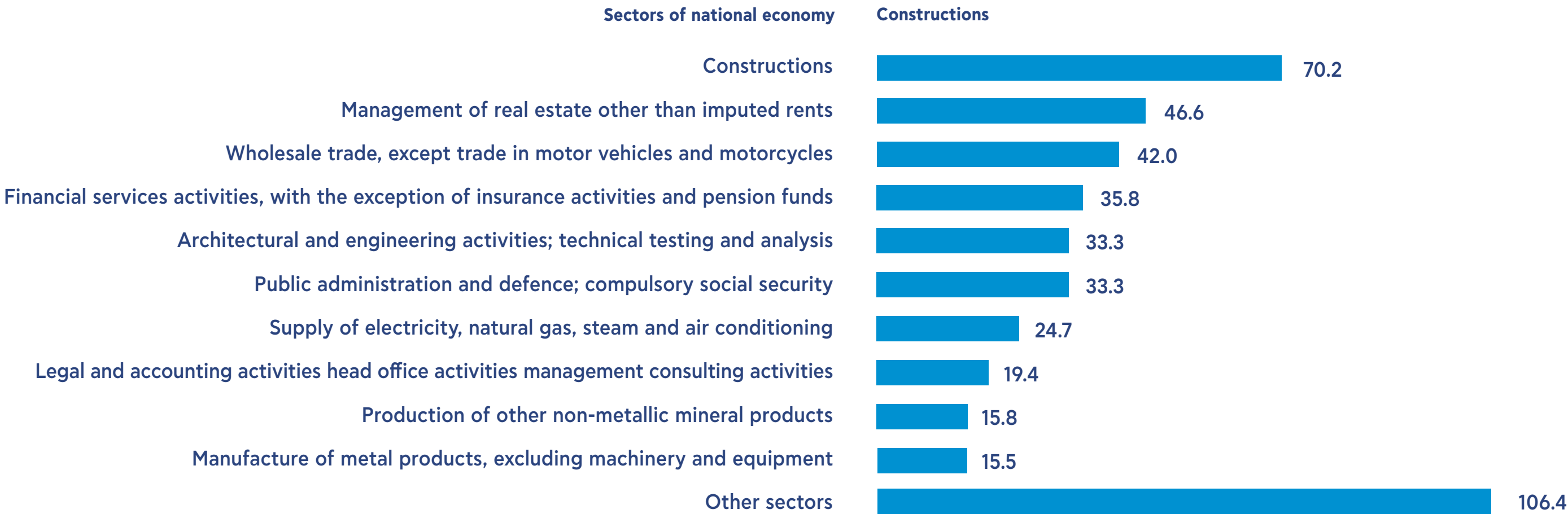


Indirect added value

The indirect added value, which was created as a result of the purchases made by the Group from Greek suppliers in the year 2021, amounts to €443 million. This added value results from the value distributed to the Group's suppliers, as well as to their suppliers. The main supplier sectors in which the Group's activity contributed to the creation of indirect added value during the year 2021 are presented in the following figure:

€443 mil.
Indirect added value

Supplier sectors with the greatest indirect added value effect from the Group's activity – 2021



Indirect contribution to State's tax revenue

The Group's indirect contribution to the tax revenues of the Greek state amounts to €172 million for 2021. This contribution concerns the payment of taxes by the Group's supply chain, as a result of the provision of products and services to the Group.

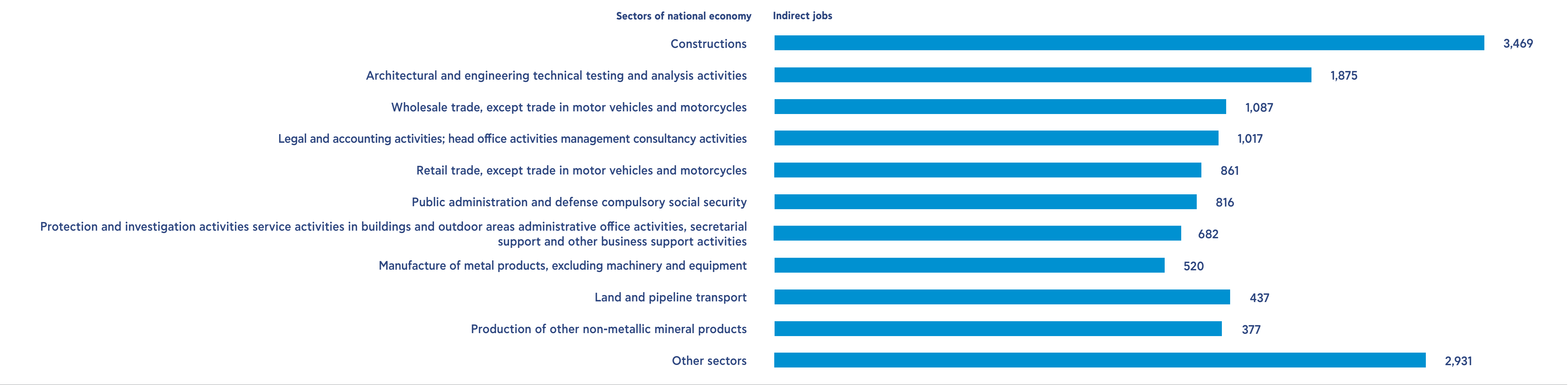
€172 mil.
Indirect contribution from taxes

Indirect jobs

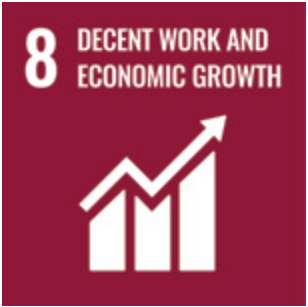
Indirect jobs supported in the Group’s supply chain amount to 14,072 for 2021. These positions concern the jobs created in the suppliers’ branches, due to the purchase of products and services by the Group for the execution of its business activities. The supplier sectors, in which the Group’s activity has a main effect on the creation of jobs, are summarized in the figure below:



Supplier industries with the largest support of indirect jobs in the supply chain by Group activity – 2021



Induced value created by GEK TERNA Group in Greece



Group’s induced socio-economic impact -2021

Induced added value

Through the expenditure of the income of the employees and the employees of the Group’s suppliers in the wider economy, the induced added value, for the year 2021, amounts to €123 million.

€123 mil.
Induced added value

Induced contribution to State’s tax revenue

The induced contribution of the Group to the tax revenues of the state amounts to €48 million. Induced taxes are those arising from the expenditure of the income of the Group’s employees and the employees of the Group’s suppliers in the wider economy.

€48 mil.
Induced contribution in taxes

induced jobs

Induced jobs, i.e. jobs created in other sectors of the Greek economy, as a result of the expenditure of the Group’s employees and those of its suppliers, were estimated at 3,740 jobs in 2021.

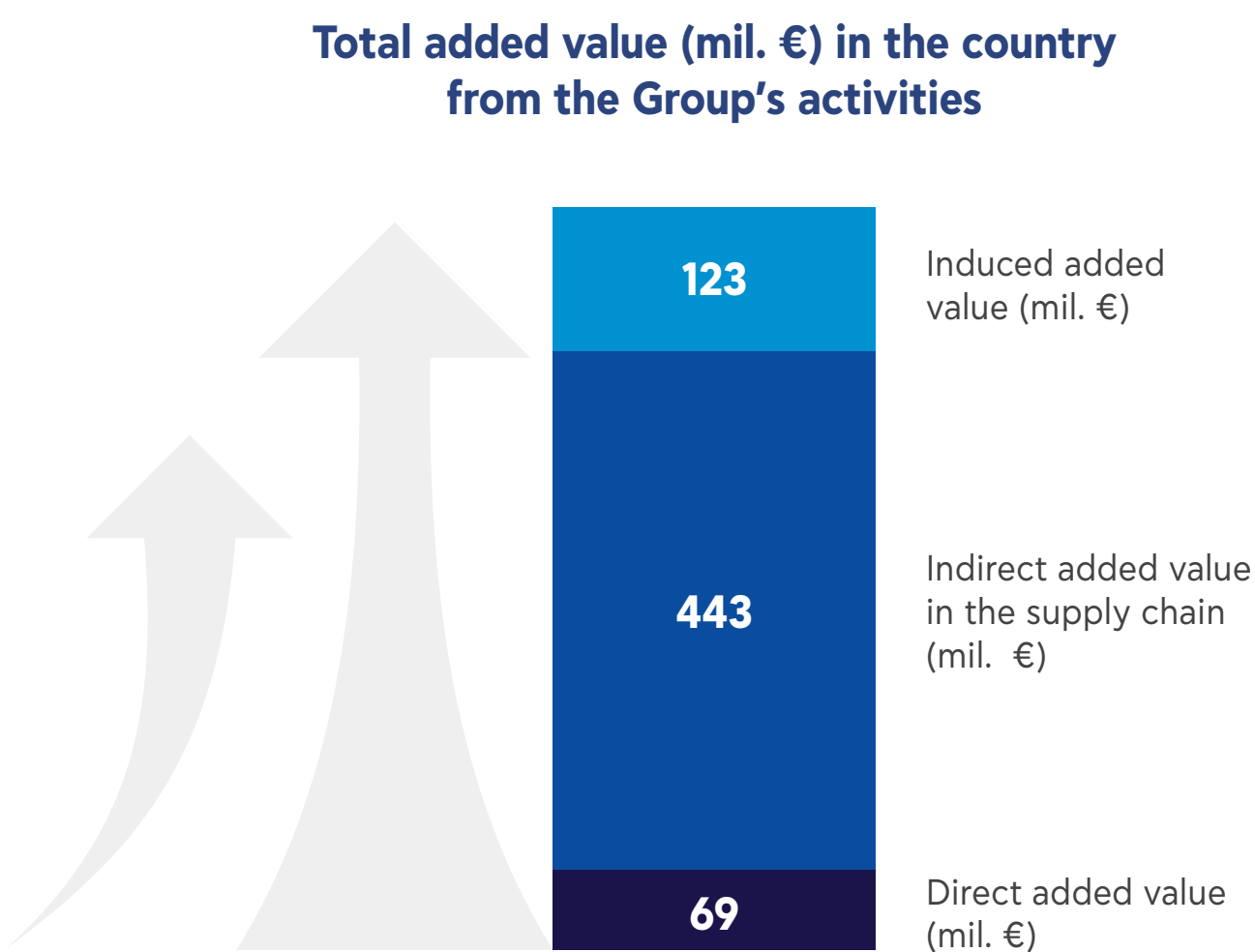
3,740
Induced jobs

Comparative results

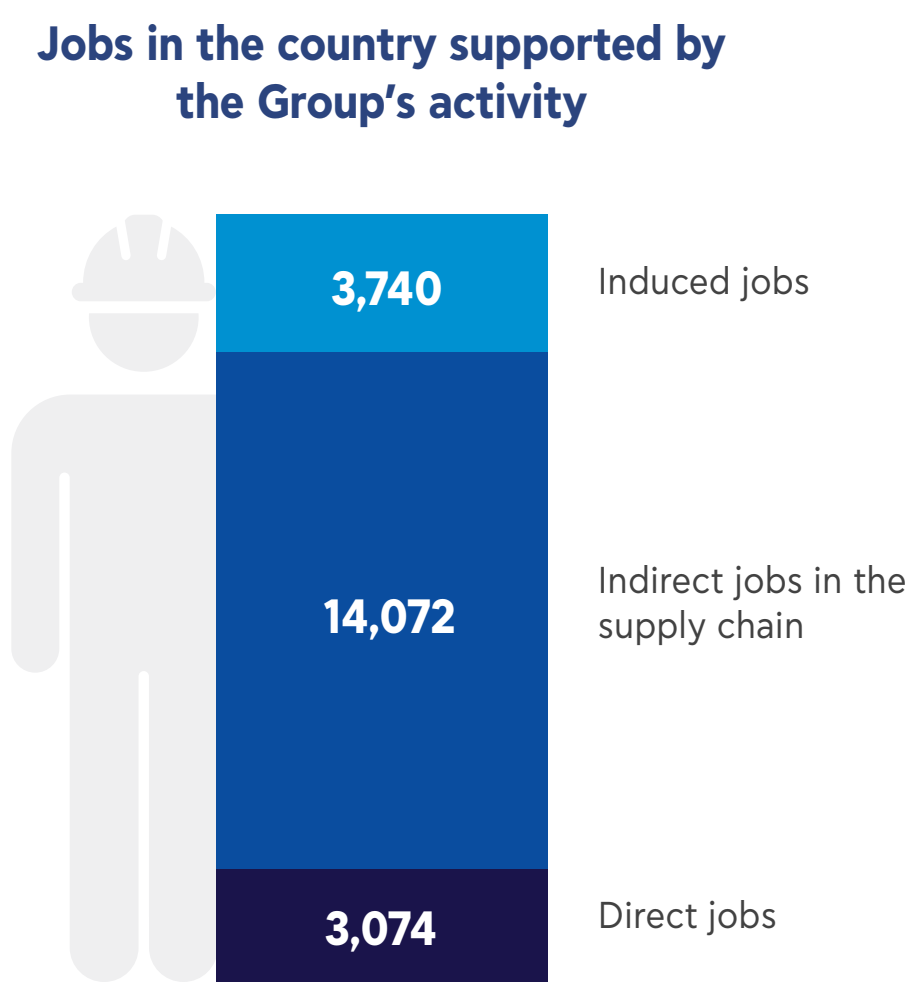
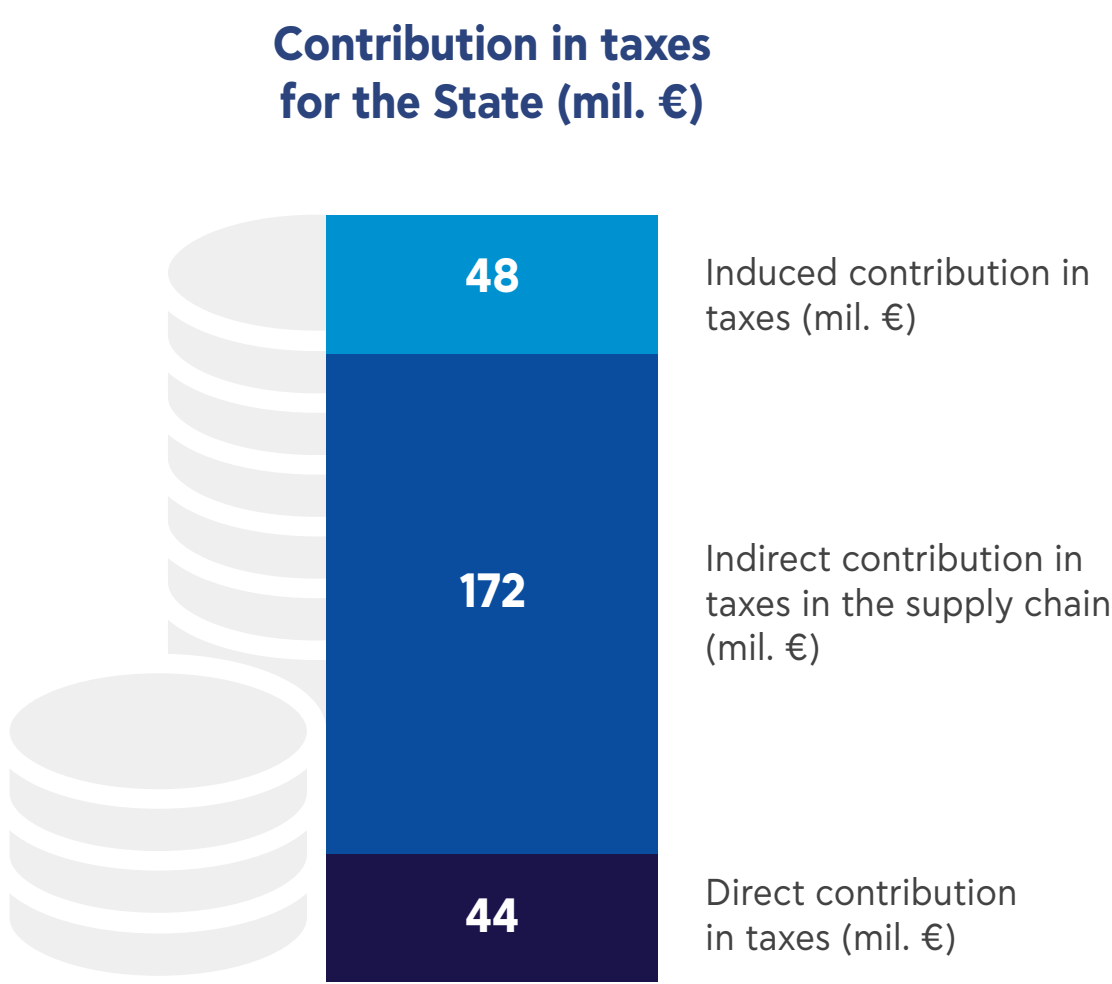
The Group’s total contribution (direct, indirect and induced) to added value amounts to €635 million and corresponds to 0.35% of the country’s GDP. The indirect economic value is significantly greater than the direct and induced, which is due to the support of the Greek suppliers by the Group for the purchase of products and services required for its business activity.

In addition, the Group’s total contribution to the state’s tax revenue for 2021 amounts to €264 million and represents 0.39% of the state’s total tax revenue. The Group’s indirect and induced contribution to taxes is 5 times greater compared to its direct contribution, a difference which is mainly due to the taxes paid by the Group’s suppliers, due to the purchases of products and services from them for the continuation of its business activities.

Finally, the Group’s activity supports the creation of a total of 20,886 jobs (direct, indirect and induced). For every direct job in the Group, approximately 6 jobs in the wider Greek economy are supported (indirect and induced). Furthermore, through the support of 20,886 jobs in Greece from the Group’s activity, the income of 54,304 people in the country is supported. It is also pointed out that the total added value for each job supported by the Group is equal to €30,403.



Total added value from the Group’s activity (direct, indirect, induced) - 2021



Societal and Environmental investments

Supporting society

The vision of the GEK TERNA Group is the continuation of the Group's strong presence in the wider region, covering a wide range of activities and contributing to sustainable development. The goal is to create value for the Group's customers and suppliers, providing advanced projects with high standards of safety, quality and sustainable development.

This support concerned:



To support health centers and hospitals at a national level, through the provision of equipment and free construction work, such as at Evangelismos Hospital



In the creation of school infrastructure in earthquake-affected areas, such as in Damasi Tyrnou.



In the implementation of sponsorships, cultural and educational initiatives throughout Greece, with a special contribution of the Group for 2021 in the underwater archaeological excavation research in the maritime area of Kasos.



In the provision of project machinery to Civil Protection and the Fire Brigade for the restoration of fire-affected areas.



In the creation of a support program for professionals in the primary sector in the Municipality of Mantoudi - Limni - Agia Anna.

In this context, the Group for 2021 made investments of
€3.54 mil.
to support social needs.

In addition, in areas where RES projects are being developed, electricity discounts are offered to residents of local communities. The support amounts to 3% of the gross annual revenue from the operation of each wind and hydroelectric project.

In 2021, the amount distributed to project development municipalities by the Group amounted to
€5,64 mil.

Enhancing environmental protection

Protecting the environment and reducing GEK TERNA Group's footprint is a key axis of the Group's strategy. In this context, during 2021 the Group took the following actions indicatively:



Appendices

Methodology

To calculate the socio-economic impact of the GEK TERNA Group of Companies, the «input-output analysis» model was used. More specifically, the methodology is based on the use of input-output tables, which illustrate the flows of products and/or services between different sectors of the economy, as they result from purchases and sales between producers and consumers.

The inflows concern the purchases or payments of prices to employees, suppliers, and the Greek state for the purchase of the offered products and services, as well as the payments of cash flows to the state to cover the tax obligations of the Group's companies. Through the «input-output analysis» model, the effect of the business activity of the Group's companies was calculated, because of the creation of inputs to other sectors of the economy, but also ultimately to the wider national economy.

The effects of the GEK TERNA Group in Greece are analyzed in three categories: direct, indirect and induced effects.

The **direct effects** concern the value created and distributed directly by the Group's activities to its stakeholders, i.e. from the creation of jobs, the payment of employees' rents, as well as the taxes and insurance contributions paid by the Group directly to the State.

The **indirect effects** result from the value that is distributed indirectly by the Group's activities, through the purchases of products and services from its suppliers. These effects are further extended to the suppliers of the Group's suppliers, due to the purchases of products and services of these suppliers from other sectors of activity. In this way, the Group indirectly supports the creation of jobs in its supply chain, and the income of suppliers, while taxes are also paid to the state.

The **induced effects** concern the value distributed in the Greek economy, due to the consumption of products and services by the employees of the Group, as well as the employees of its suppliers. The result of this consumption is the creation of induced jobs, wages and taxes.

Data sources

The primary elements (inputs) of the «inputs-outputs» model are the financial results of use of the Group, as well as the other direct results (jobs) from the Group's activity. The main source of primary data for the «input-output» model was the database and financial statements of the GEK TERNA Group of Companies (income, employees, salaries, taxes, payments to suppliers), as well as data from 65 branches of the Greek economy, according to the sectoral categorization of the European Statistical Service (Eurostat).

By using the «input-output» model and the above input data, the outputs generated by the Group's business activity, throughout its value chain, are calculated. These outflows concern the Group's contribution to the creation of added value, to state taxes and to the support of employment directly, indirectly, or even induced.



