



**TASK FORCE ON CLIMATE-RELATED  
FINANCIAL DISCLOSURES REPORT**

**SEPTEMBER 2024**

TCFD | TASK FORCE ON CLIMATE-RELATED  
FINANCIAL DISCLOSURES

PIRAEUS FINANCIAL HOLDINGS S.A. REPORT

**Reporting period: 01.01.2023-31.12.2023**

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**Last Update: 30.06.2024**

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# Piraeus is committed to sustainability

## Piraeus Corporate Profile

Piraeus Financial Holdings S.A. is a financial holdings company, listed on the Athens Stock Exchange, and the parent company of the banking institution "Piraeus Bank S.A."

The key subsidiary of Piraeus Financial Holdings S.A. is Piraeus Bank S.A., it is headquartered in Athens, generates 99% of the Group's revenues.

The Piraeus Financial Holdings Group has a systemic position in the Greek banking market in terms of total assets, which amount to €76.5 billion as at 31 December 2023.

The Group holds the most extensive footprint in Greece with 378 Branches (plus another 16 Branches in two countries abroad) and a wide customer base of 6.0 million active customers. As at 31 December 2023, the Group's headcount totalled 8,053 FTE.

## Sustainability & ESG Commitments

Piraeus Group seeks to contribute to the United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement, aiming to support the growth of the Greek economy, finance sustainable entrepreneurship, ensure best workplace practices and reinforce social coherence.

Piraeus Group actively participates in initiatives that promote sustainability and has played a leading role in shaping the UN Principles for Responsible Banking (PRB). Piraeus Bank was the only Greek bank to participate in formulating the universal Principles, is also elected on the UNEP FI Banking Board (United Nations Environment Programme Finance Initiative), and is one of the two co-chairs.

Piraeus has also signed the Commitment to Financial Health & Inclusion of the UNEP FI and has set targets to provide young farmers with effective access to loans. It has signed the UN Declaration "United in the Business of a Better World" and the Women's Empowerment Principles of the UN Global Compact and UN Women, committing to strengthening and promoting gender equality in the workplace.

## Commitment to UN Principles for Responsible Banking

Piraeus Bank was instrumental in developing the UN Principles for Responsible Banking, which aim to align the activities of banks with the 17 UN Sustainable Development Goals and the Paris Climate Agreement. Piraeus Group adheres to the Principles for Responsible Banking by how it:

- engages with customers and stakeholders;
- measures impacts and sets targets for climate and social issues;
- discloses progress with transparency and accountability; and
- sets its ESG governance and management structures.

## Piraeus fifth TCFD Report

Through this TCFD Report we aim to inform our stakeholders and enhance transparency on how Piraeus manages climate risk. The Report has been externally assured and it is structured around the four TCFD pillars: Governance, Strategy, Risk Management, Metrics and Target Setting.

## Piraeus Policy Framework and Board & Management Oversight of Climate Risks

### GOVERNANCE

The Chairman of the Board of Directors is actively engaged in the ESG and climate agenda

The CEO drives the ESG and climate agenda

The Board Ethics and ESG Committee is overall responsible for ESG and climate issues, proactively setting the pace for sustainability matters

The Board Risk Committee has the oversight of and is responsible for the identification and management of ESG and climate-related risks

The ESG & Corporate Responsibility Committee at management level chaired by the CEO ensures a holistic approach with tangible and defined medium and long-term goals

Piraeus' policy tools: Sustainable Development Policy, Climate & Environmental Strategy, Green Bond Framework, Sustainable Finance Framework, Sustainability Linked Loans Framework, SFDR Policy

Project Proteus Steering Committee managing climate-related and environmental risks; active in monitoring and decision-making process regarding sustainability-related projects

The three Lines of Defence are actively involved in the implementation of the Climate & Environmental Strategy

Business Plan 2024-2026 sets Piraeus' ESG aspirations

Tangible KPIs (short and long term) have been assigned to support the sustainability journey

### Climate Risks

### Climate Opportunities

### STRATEGY

Physical risks (chronic and acute) may affect Piraeus' infrastructures, immovable collaterals, and its customers' probability of default

Following the commitment to the UN Principles for Responsible Banking, Piraeus is focusing on Sustainable Banking; specialised products already launched (green deposit) with further initiatives under development

Transition risks are closely monitored due to their possible negative impacts (e.g., energy prices, fines, reputation, financial viability) of Piraeus' customers in the long run

Launch of mutual funds with ESG criteria, ESG Deposit, etc

Piraeus aims to interact with clients and customers to communicate its sustainability agenda; specialised products, services, and advisory initiatives will be designed to facilitate its clients and customers' transition to energy efficiency and sustainability

Green Bond Framework and successful issuance of a €500mn Green Senior Preferred Bond; Revised Green Bond Framework (completed in 2024) to incorporate EU Taxonomy eligible activities

## Climate Risk is Integrated in Piraeus' Risk Management Processes

### RISK MANAGEMENT

In Piraeus' Risk Identification Process, climate risks are identified as risk drivers and standalone risks.

Our new Climate Risk Classification creates a common language, methodology and assessment regarding climate-related risks

Piraeus Group has incorporated environmental and climate related risks into its Risk Appetite Framework

Environmental & Social Management System in business financing for all new business loan originations

Piraeus uses the Climabiz tool to estimate climate-related risks of Piraeus' business borrowers (including physical and transition risks)

Sectors mostly affected by transition risk: manufacture of other non-metallic mineral products, manufacture of basic metals, water transport, production of energy (fossil fuel), manufacture of gas and distribution and steam and air conditioning supply

Sectors mostly affected by physical risk: production of Energy (Hydro), accommodation, manufacture of food products, crop, and animal production, hunting and related service activities

### Climate Metrics

### Climate Targets

### METRICS & TARGETS

Climate-related risk calculation (physical & transition risks) of the Bank's business loan portfolio using the Climabiz tool

Become a net-zero bank by no later than 2050 (in both Piraeus' operations and portfolio)

Calculation of Piraeus' operational emissions (Scope 1, 2, and 3, Cat. 1-14) using the proprietary. Environmental Footprint Database based on PCAF methodology

Science-based targets for Piraeus' operational emissions and for nine asset classes (well-below 2°C) that cover 9% of Piraeus' total investments and lending activities, representing 56% of financed emissions

Calculation of Piraeus' financed emissions (Scope 3 Cat. 15) using the PCAF methodology. Estimating positive and negative impacts of Piraeus portfolio on climate & ESG issues, using the UNEP FI Impact Analysis Tool for Banks

The goal for 2030 is to increase Piraeus' sustainable financing from €2.7 bn to over €10 bn. Piraeus also aims to boost its green funding from €0.5 bn to more than €5 bn. Additionally, it expects to raise its sustainable assets under management from €0.3 bn to above €1.5 bn.



# Governance

## Piraeus' Policy framework on Climate Change

I.1

### Climate and Environment, Society, and Governance

Building a sustainable economy and a fair financial system requires sustainability and responsible banking. These concepts mean that banks should consider environmental, social, and governance (ESG) aspects in their financial decisions. They should also be aware of and manage the risks and opportunities that come from sustainability. Banks need to constantly monitor and improve their practices to keep up with the changing environmental and social needs, as sustainability and responsible banking are not static goals but dynamic processes. Piraeus works towards sustainability by supporting green initiatives, funding renewable energy projects, lowering its own environmental impact from its operations, and applying green lending policies that encourage sustainable business models and investment plans. Additionally, responsible banking involves fostering social inclusion and diversity, contributing to community development, ensuring ethical labour practices across the value chain, and respecting human rights in business activities. To achieve this, Piraeus follows clear governance practices, aligns its strategy with Sustainable Development Goals, and engages with stakeholders to respond to their feedback and concerns.

### Sustainability Policies and ESG Strategies

Sustainability is becoming a pivotal issue within the banking system worldwide. As the impacts of climate change are becoming more frequently evident, social issues are gaining attention especially in the current geopolitical volatile environment, and governance in companies is becoming crucial to navigate headwinds, sustainability is turning into a synonym for survival and progress.

Piraeus Group has a longstanding commitment to promoting sustainability within its operations and for its clients and society at large. With a robust governance structure, the knowledge and the culture built over the past years, Piraeus has incorporated climate-related, environmental, and social risks into its decisions and is leveraging on the opportunities that arise from the EU, supervisory and national legislation, and targets. For this purpose, the Group has already integrated a set of ESG related Short-Term (STIs) and Long-Term Incentives (LTIs) in line with its business plan, covering also in some cases, risk-related aspects.

Climate related metrics are included in the non-financial measure of the Bank's balanced scorecards. They are part of an environmental, social, and governance-related (ESG) category that incorporates broader ESG factors. Climate-related metrics incorporated in com-

pensation frameworks include the reduction of carbon footprint, provision of sustainable finance and products, and accountability type measures such as leadership in the climate-related area.

Piraeus is building knowledge and systems to respond to new disclosure requirements such as EU Taxonomy and CSRD and to help its clients on their journey to sustainability. Complex problems require syntheses of ideas and collaborations in practice, and that is what Piraeus aspires to achieve working closely with all its stakeholders.

Piraeus Group focuses on four strategic elements:

- Reaching net zero in its operations by monitoring and managing environmental impact closely, investing in operational efficiency solutions, and sourcing 100% renewable energy for the Piraeus Bank buildings.
- Steering portfolio towards net zero by 2050 or sooner by focusing on the carbon-intensive sectors and measuring alignment of lending with Piraeus climate and nature solutions.
- Supporting and advising clients in line with a carbon-neutral and nature-positive economy by accelerating the green economy, financing transition, and pioneering financing for new technologies and business models.
- Managing climate and nature risks by fully integrating climate and environmental risks in the risk management framework and by helping clients protect their business from climate-, society-, and governance-related risks by providing advice and financing their transition

### ***Piraeus' dedicated Climate Strategy***

Under Project Proteus and as part of the Science-Based Targets initiative, Piraeus Group has developed a dedicated Climate Strategy that defines the climate governance and the approach and method for achieving net-zero emissions. The Strategy also organises the attraction of private and institutional capital for investments that support climate change mitigation and adaptation, and the shift to a low-carbon economy. Specific key performance indicators are chosen to monitor and report the identified climate-related risks and opportunities, in line with mandatory or voluntary reporting disclosures [e.g., Corporate Sustainability Reporting Directive (CSRD), TCFD recommendations].

### ***Sustainable Development Policy***

Piraeus' Sustainable Development Policy reflects the Group's intentions for business strategies and targets that meet the UN Sustainable Development Goals and the Paris Agreement, by also aligning its operations with the UNEP FI Principles for Responsible Banking. It echoes the Group's overall approach to sustainable development and sets the strategic directions to support, promote, and finance sustainability. In 2024, the Policy will be updated to align with the new EU sustainability regulations.

### ***Sustainable Financing Frameworks***

As part of its sustainability strategy, Piraeus Group promotes Responsible and Sustainable Banking by adopting ESG criteria and has embarked on its Energy Transition Project that will support its customers in moving to a low-carbon economy. Piraeus Group aspires to become net zero by 2050 at the latest and has defined intermediate science-based targets (by 2030).

To support its sustainable finance and meet emission reduction targets, Piraeus Group has developed:

- a dedicated Sustainable Finance Framework (SFF) that aims to establish a clear and comprehensive methodology for identifying sustainable financing, facilitating thus the monitoring of the Bank's performance against sustainability-related strategic aspirations and targets. In this context, the following three major categories of sustainable financing are defined:
  - Sustainable financing based on regulatory definitions (i.e., RRF Green Transition Pillar/ Official Sector Programmes that embed EU Taxonomy alignment criteria and EU Taxonomy-aligned financings).
  - Transition finance based on regulatory definitions.
  - Other types of sustainable financing based on internal definitions established by the Bank (e.g., other official sector programmes not aligned with EU Taxonomy, and financings with positive SDG contribution or financings towards ESG pure players).
- a revised Green Bond Framework to include EU Taxonomy-aligned criteria, under which the Group issues green bonds to finance low-carbon economy transition in Greece. The Framework aims to consider, where feasible and at on a best effort basis, eligibility criteria based on the Regulation (EU) on Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds.
- a Sustainability Linked Loans Framework for loan instruments in which economic characteristics can vary depending on whether the borrower achieves predetermined sustainability performance objectives.

### ***ESG Investment Policy***

Piraeus has adapted its investment policy by applying the ESG Investment Policy to UCITS portfolio management (undertakings for the collective investment in transferable securities) and investment services, aiming to more effective risk management and to maximising returns.

Piraeus Asset Management M.F.M.C. is a 100% subsidiary of Piraeus Bank and has been a member of the Principles for Responsible Investing (PRI) initiative since 2019. The company fully complies with the EU Sustainable Finance Disclosure Regulation and includes ESG criteria in its Investment Policy.

### ***Corporate Sustainability Reporting Directive***

The Corporate Sustainability Reporting Directive (CSRD) is the new EU legislation that offers a standardised approach to disclosing information on a wide range of ESG issues, according to 12 European Sustainability Reporting Standards (ESRS) bringing sustainability reporting on par with financial reporting over time. The CSRD extends the scope and reporting requirements of the existing Non-Financial Reporting Directive (NFRD), building on the European Commission's efforts to channel funds towards sustainable investments and emerging as a crucial facilitator of sustainable finance. Entities will be required to report on a range of ESG disclosures and metrics, providing their stakeholders with an all-access view of their sustainability agenda, with initial CSRD-aligned reports to be published in 2025. As sustainability disclosures evolve from being an option to being an imperative, Piraeus Group has embarked on streamlining processes and establishing the necessary ESG data infrastructure to submit in 2025 the first sustainability report according to the ESRS for the financial year of 2024.

## ***Exploring biodiversity challenges***

Following the signing of the global Finance for Biodiversity Pledge –to set targets by 2024 for supporting business activities that protect and enhance the natural environment and reverse biodiversity loss– Piraeus Group participates in a wide variety of global initiatives for nature and biodiversity risks.

Specifically, the Group participates in: the UNEP FI Biodiversity target working Group to develop expertise in setting biodiversity targets, the Partnership for Biodiversity Accounting Financials (PBAF) to develop principles and standards for biodiversity assessment, the EU Business and Biodiversity Platform to exchange expertise on strategic approaches toward biodiversity and to contribute to the formulation of European biodiversity strategies and the Finance for Biodiversity Foundation (FbBF) to exchange expertise on biodiversity risk methodologies and tools. In the last two initiatives, Piraeus Group is a member of the respective Advisory Boards. Additionally, Piraeus follows the Taskforce on Nature-related Financial Disclosures (TNFD), a global framework for disclosures on biodiversity-related risks and has committed as an Early Adopter to issue a report.

Acquiring knowledge from its involvement, Piraeus Group has developed a methodology (the PHYSIS toolkit), based on existing databases and using the Biodiversity Footprint Financial Institutions (BFFI) measurement approach to assess impacts of its financing on biodiversity. In 2023, Piraeus completed its first assessment of impacts of business portfolios on terrestrial ecosystems, freshwater ecosystems, and marine ecosystems. The output is expressed in Potentially Disappeared Fraction (PDF) of species per km<sup>2</sup> per year. Additionally, the biodiversity loss avoided for 2022 was estimated from RES projects of the electricity production sector. In 2024 the second impact assessment will be conducted for the financial year 2023 and, additionally, clients' dependencies on biodiversity will be estimated based on the ENCORE tool.

## **Piraeus Group Climate & ESG Governance Structure**

**I.2**

Piraeus has established a concrete governance structure aligning with the Principles for Responsible Banking into its everyday operational and business model.

### **Piraeus' Board oversight of climate-related risks and opportunities**

Piraeus Group initiated its ESG and climate governance structure since 2022, when it established the Board Ethics and ESG Committee to provide Board-level oversight of strategic climate-related risk and opportunity management.

The Committee is responsible for considering the material ethical, environmental, social and governance issues relevant to Piraeus Group's business activities and for supporting the Group in maintaining its position as a reference leader in ethical and ESG (environment, society, governance) and climate issues. The Committee works closely, also by holding joint sessions, with the other Board Committees for climate and ESG issues which are also related to their mandate. It is furthermore supported in its work by respective management committees of the Group, namely the ESG and Corporate Responsibility Committee of Piraeus Bank. The Committee is headed by a director with international experience in ESG matters.

<b>Piraeus Financial Holdings Board</b> The PFH Board sets the strategy for the Group			
Board Ethics & ESG Committee	Remuneration Committee	Risk Committee	Audit Committee
<b>Piraeus Bank Board</b>			
Strategy Committee	Risk Committee	Audit Committee	Remuneration Committee
<b>Executive Management Committees</b>			
Group Executive Committee			
ESG & Corporate Responsibility Committee			
Assets & Liabilities Committee			
Operational Risk Committee			
Project Proteus Steering Committee			
<b>Involved Units</b>			
1 <sup>st</sup> Line of Defense	2 <sup>nd</sup> Line of Defense	3 <sup>rd</sup> Line of Defense	
Business Units Corporate Development & ESG Group Credit Group Cultural & Social Initiatives	Group Risk Management Risk Strategy & ESG Risks	Group Internal Audit	
<b>ESG Framework</b>			
Sustainable Development Policy ESG Strategy	Risk Framework C&E Risks Framework	Green Bond Framework Sustainable Finance Framework Sustainability Linked Loans Framework	Strategy Plan Business Plan 2024-2026

### ***Chairman of the BOD***

The Chairman of the Board of Directors is actively engaged in the environmental and climate agenda of the Group. The Board Chair is -since 2018- the Chairman of the Piraeus Bank Group Cultural Foundation (PIOP), which is one of the main pillars of Piraeus Bank's Corporate Responsibility. PIOP Foundation has an active contribution to the promotion of Greece's cultural identity. One of PIOP's strategic goals is to link culture with the environment and sustainable development, a goal that is achieved through the creation and management of a network of thematic technological museums in the Greek provinces, where the specific nature of the production in the corresponding region is highlighted, focusing on the triptych People-Environment-Culture.

### ***Chief Executive Officer (CEO)***

The CEO of Piraeus Group drives the ESG agenda and is regularly informed and very highly engaged in environmental and climate issues of the Group. The CEO has driven the Group's pledge to decarbonise the Bank's portfolio.

The CEO is currently overseeing the Energy Transition Project, a concrete commercial programme/action plan, which will allow Piraeus to assume a frontrunning role in its clients' transformations to build a better and more sustainable Greek economy.

It will leverage a structured approach and deep understanding of the specific needs of each sector with priority focus on Power Generation, Real estate/buildings, Agriculture and promote a tailor-made approach to support small businesses and individuals.

Piraeus Group's CEO participates in the UNEP FI Leadership Council, which brings together CEOs and Chairpersons of banks and insurers and is currently involved in one of the three elected UNEP FI governance bodies (Piraeus Financial Holdings currently holds an elected seat on the UNEP FI Banking Board). The Leadership Council meets annually to provide vision and strategic direction to UNEP FI in orienting its role and that of the UN, in shaping, mainstreaming and deepening sustainability integration across the industry. It is designed to further mobilise the financial community to support a sustainable, resilient, and inclusive economy.

### ***Chief Risk Officer (CRO)***

The CRO is appointed by the BoD, upon recommendation of the Risk Committee, and his appointment or replacement, following the approval of the Risk Committee, is communicated to the supervisory authorities. The CRO is responsible for the supervision of the Group Risk Management and consequently for the overall management of C&E risks that are integrated in the Risk Management Framework. The CRO is Chair of the Project Proteus Steering Committee (please refer to committees below) and reports directly to the Executive & BoD level Committees.

### ***Chief Credit Officer (CCO)***

The Group CCO is responsible for the approval of new credit criteria related to ESG and climate. The Group, under Project Proteus, is currently in the process of integrating specific climate criteria in the established Environmental & Social Management System and the credit due diligence.

## **Board Committees related to Climate and Environment**

### ***Board Ethics and ESG Committee***

The Committee is responsible for considering the material ethical, environmental, social and governance issues relevant to Piraeus Group's business activities and for supporting the Group in maintaining its position as a reference leader in ethical, climate and ESG issues. The Committee works closely, also by holding joint sessions, with other Board Committees for climate and ESG issues which are also related to their mandate.

The objectives of the Board Ethics & ESG Committee are:

- to consider the material ethical, environmental, social, and governance issues relevant to Piraeus Group's business activities and
- to support the Group in maintaining its position as a leader in ethical and ESG (environment, society, governance) issues.

The Committee is chaired by the Independent Non-Executive Member of the BoD, an expert on ESG issues and climate governance and works closely in coordination with the BoD's Nomination, Remuneration, Audit, Risk and Strategy Committees, in assisting the BoD to meet its ESG responsibilities.

Inter alia, the Committee:

- lays the directions and makes recommendations to the BoD and / or relevant Board Committees with regards to the policies and strategies for the management of climate-related, environmental and biodiversity threats, and societal and cultural issues;
- reviews ESG strategy, goals, targets, monitors progress, and makes recommendations to the competent committees and to the Board;
- oversees the delivery of the Group's climate resilience strategy and disclosures relating to market standards, as well as the degree of the Group's alignment with regulatory ESG and climate-related guidance, rules (such as EU Taxonomy, SFDR, ESG sustainability factors within the MiFID framework, et.al.) and expectations;
- supports the Nomination Committee, in the evaluation of the knowledge, competence and experience of the Board Members in ESG risks, in its assessment of the collective suitability of such members and to further arrange the education of the Board Members in relation to all the above; and
- considers the institution's response to the objectives set out under international agreements such as the Paris Agreement (2015), EU environmental-related policies such as the EU Green Deal, local and national policies, as well as the outcomes of well-founded climate-related and environmental assessments and makes recommendations for adoption by the Board of Directors.

### ***Board Risk Committee***

The Committee is responsible for advising and supporting the Board of Directors regarding the monitoring of the Group's overall actual and future risk strategy and risk appetite, considering all types of risks (including climate and environmental, social and governance risks), to ensure that they are in line with the business strategy, objectives, corporate culture, and values of the Group and that they are managed effectively. The Committee has responsibility to oversee the implementation of the Group's risk strategy and the corresponding limits set and to review several possible scenarios, including stressed scenarios, to assess how the Group's risk profile would react to external and internal events.

In 2022, the Risk Committee reviewed the Group's Risk & Capital Strategy, including its strategic approach on the front of ESG risks, and opportunities and new ESG-related risk indicators were incorporated in line with Group's ESG action plan.

### ***Board Remuneration Committee***

The Committee is responsible for ensuring that the Group remuneration policy is consistent with the objectives of the Group's business and risk strategy, including environmental, social and governance risk-related objectives, corporate culture and values and long-term interests of the Group. The Committee has responsibility for aligning executive directors' and senior management's remuneration with strategic priorities, including in relation to climate and sustainability matters.

In 2022, following respective proposal of the Remuneration Committee to the Board of Directors, an amended version of the Directors' Remuneration Policy was approved by the 2022 Annual General Meeting of Shareholders. The amendments concerned, inter alia, the addition of ESG considerations in remuneration practices.

# Piraeus' management's role in assessing and managing risks and opportunities

## Corporate Responsibility & ESG Committee

The Group proceeded with the establishment of the Corporate Responsibility and ESG Committee at the management level. The Committee is chaired by the Group's CEO and is composed of all members of Piraeus's Executive Committee and in early 2023 supplemented by one additional member, Piraeus Bank Head of Group Cultural and Social Initiatives. The composition of the Committee, consisting of cross-functional C-suite and senior executives, reflects the prominent role the management of the Group is expected to play in shaping the Group's approach to managing sustainability issues and integrating the Climate and ESG criteria into the Bank's strategy, recognising that this is a key factor in ensuring long-term success and reflecting the fact that these issues are becoming materially relevant to the Group as well as to key stakeholders, such as customers and regulators.

The new Committee will be the management level "mirror" of the Board of Directors Committee for ESG and Ethics matters, aiming to ensure the existence of a holistic Group ESG and Corporate Responsibility strategy plan with tangible and defined medium and long-term goals.

The main purpose of updating the governance was to integrate and align the ESG governance with the existing business as usual governance of the bank. By doing this, Piraeus want to ensure that ESG is shared, steered, and accounted for at different levels of the Bank. This new governance setup allows us to holistically steer across ESG themes like climate, biodiversity, human rights, gender diversity and financial health.

Implementing a strategy that involves the necessary scale and complexity to achieve climate and ESG aspirations implies changing the way a financial institution does everything from developing products to measuring success.

The Committee ensures the existence of a holistic ESG strategy plan for the Group taking into account the following components:

- energy transition,
- zero balance of CO<sub>2</sub> emissions (net zero),
- strengthening and promotion of culture,
- support to women, children, and young people, as well as vulnerable social groups in matters of education, employment, and social stereotypes, and
- promotion of governance principles with an emphasis on diversity and inclusion.

The Committee meets regularly at least on a quarterly basis and on an extraordinary basis whenever required at the invitation of its Chairman.

## Executive Committee

The Executive Committee monitors the Bank's and Group's Business Plan and Restructuring Plan implementation, takes all necessary decisions to attain the targets that have been set and proposes the Annual Budget to the Bank's BoD.

The Group Executive Committee has approved the ESMS (Environmental and Social

Management System) policy and Credit Policy of the Bank, which incorporates new environmental and social criteria (E&S) in line with international standards, along with financial credit criteria. Specific parameters are integrated into the existing loan approval processes and in new or existing business financing projects, for the evaluation and management of the environmental and social risks of each project.

## **Project Proteus structures the management of ESG and climate risks**

Following the European Central Bank's "Guide on climate-related and environmental risks: Supervisory expectations relating to risk management & disclosures", Piraeus launched the Project Proteus to align with the 13 expectations of the Guide. Proteus aims to integrate the ESG risks with initial focus on climate-related and environmental risks (C&E risks) within all functions of the Bank. The cross functional governance structure facilitates effective and timely decision-making related to C&E risks, permits the holistic monitoring and implementation of Project Proteus, and ensures Piraeus Group's operational readiness to participate in dedicated regulatory exercises (e.g., Fit for 55 and other regulatory exercises).

The Group, through Project Proteus, identified the business functions across all three Lines of Defense related to or affected by C&E risks and the respective policies in order to map any gaps and ensure that climate and ESG aspects are incorporated accordingly. Within this framework, the review of Group policies took place through separate working groups per function to support the responsible Business Units in reviewing policies under their ownership through a C&E lens.

A project plan, as defined in the ECB roadmap, with the underlying work programs, has been submitted to the supervisor, while several updates regarding the progress performed are communicated accordingly. Working groups included the participation of executives who contributed to the Group's smooth transition to the new requirements and the integration of supervisory expectations into its operations. The eight working groups' managers work together with the Project Management Office (PMO) team. A dedicated Steering Committee, chaired by the Group CRO and comprised of executive members across all functions of the Group, has the oversight of the Project. Overall, focus has been placed on redefining and enhancing processes, data management systems, policies, and frameworks, raising awareness and building a robust climate and ESG risks governance. The developments and progress achieved through this project are further detailed per area in the following sections.

### ***Project Proteus Steering Committee***

A dedicated Steering Committee (Project Proteus Steering Committee) was established to provide direction and set the strategy for the implementation of the ECB Roadmap as well as the thematic climate stress test. Furthermore, the Steering Committee has the overall responsibility for the project. The Committee:

- Defines the strategy and provides directions as well as sets priorities for the implementation of the Project Proteus (ECB Roadmap, Climate Stress Test, Fit for 55).
- Reviews the completion status, ad-hoc Information requirements and identifies potential issues.

- Decides and proposes mitigating actions and approves any updates that might be needed on the ECB action plan.
- Discusses and resolves issues escalated by the Project Management Office (PMO) regarding the implementation of the Project Proteus.
- Provides targeted direction, where needed, to PMO/Workstream Managers.
- Approves ad hoc targeted information requirements information packages for sub- mission to ECB/SSM/BoG.
- Ensures adequate staffing for the implementation of the ECB roadmap and Climate Stress Test.

The Head of the Project Proteus Steering Committee regularly updates the respective BoD's Committees, and ExCo.

### ***Central Project Management Office (PMO)***

To coordinate and assist in the implementation of the Project Proteus, a dedicated central PMO was established. The central PMO informs the Steering Committee and Working Groups on the ECB requirements and the deadlines set thereby for the implementation of the ECB roadmap and has the overall project management. Due to the broad scope of the project, the PMO members are executives from various functions (ESG Unit, ESG Risks, and Regulatory & Resolution Affairs) of the Piraeus Group. The responsibilities of the central PMO are:

- Holds the overall responsibility of the project management.
- Informs Steering Committee and Working Groups, on the ECB requirements and the deadlines set thereby for the implementation of the ECB roadmap and Climate Stress test.
- Escalates issues to C&E Risks Steering Committee.
- Cooperates with and supports Task Groups and Workstream Managers.
- Prepares the relevant presentations and informative package.
- Informs all stakeholders of potential developments and changes to the Project Plan.

For more information, see: [www.piraeusholdings.gr/en/documentation/pillar-iii-disclosure](http://www.piraeusholdings.gr/en/documentation/pillar-iii-disclosure)

## **Dedicated Units support sustainable and responsible banking**

Four dedicated Units support our commitment to sustainable and responsible banking and strengthen the ESG strategy implementation:

### ***Group Corporate Development & ESG Unit***

The Unit is responsible for the Bank's sustainability policies and ESG strategies and falls under Group Business Planning, Investor Relations (IR) & ESG. This Unit is the established link among the BoD, the Executive Committee, and relevant Units of the Bank. It is responsible for the coordination and promotion of ESG & Climate activities, supporting the work of all business Units. Priority is placed in developing sustainable products and services to customers in a way to enable a commercial ESG & Climate strategy, enhancing ESG communication and disclosure to all stakeholders, and contributing to the formulation of global Climate & ESG frameworks by participating in international sustainability initiatives.

### ***Risk Strategy and ESG Risks Unit***

The Unit incorporates ESG & Climate risks in the Group Risk Management Framework and identifies, measures, manages, and reports them in close collaboration with the Group Planning, IR, & ESG Unit, Group Risk Management (GRM), and other Business Units. It also provides subject matter expertise on these risks in the context of risk frameworks, governance, management and measurement, stress testing, regulatory expectations, and disclosures. Furthermore, it identifies potential areas for enhanced analysis and improvements in the management of ESG & Climate risks and their respective implementation plans and ensures appropriate information flow and progress on their roadmaps inside GRM. Finally, it participates in the development of training courses and contributes to industry dialogues, working groups, or drafting teams established with key internal and external partners.

### ***Development & Sustainable Banking Unit***

The Unit is responsible for handling the relations with the Greek and international development organisations such as the Hellenic Development Bank, the European Investment Bank, and the European Investment Fund, providing financial products promoting sustainable investments and responsible entrepreneurship. Moreover, the Unit has a supplementary scope of work, that involves the integration of ESG KPIs and SPTs in the current lending products, as well as conducting environmental and social risk assessments for business lending. The Unit also performs feasibility reports for each financial proposal regarding RES projects and examines, inter alia, the choice of equipment, indicative cost, productivity estimates and experience of the installer.

### ***Cultural and Social Initiatives Unit***

The Unit is responsible for the development, support and implementation of activities related to all sectors of cultural creation. This is carried out with programs and actions that promote culture, history, intellectual creation, preservation, and promotion of Greek cultural heritage, with the aim of disseminating culture and studying and developing the cultural and creative economy. The Unit prioritises the development and strengthening of initiatives and actions based on social contribution and in particular the strengthening of education, health, and sports. Furthermore, it is responsible to assist in addressing social problems, to support humanitarian initiatives, and to support the work of social and other organisations.

### ***Internal reporting processes***

The Group has developed an ESG Dashboard to regularly inform the BoD and Executive Committee on ESG key performance indicators (KPIs) (which also includes climate-related risks). In 2023, as part of Project Proteus, a monthly report concerning climate-related and environmental risks (C&E) was generated and distributed within Piraeus. Climate-related risks were also reported regularly to the Group's Operational Risk Committee.

II

## Climate-related risks and opportunities that Piraeus has identified over the short, medium, and long term

The time horizon is divided up into intervals and relevant risk factors are simulated for each interval. The short-term horizon is defined by Piraeus Group as the one-year period, where the Group performs the materiality assessment of all risk drivers and key risks that it has identified (by taking into consideration the environment in which it operates and its business model) and focuses on delivering its short-term strategic agenda. This is done on an annual basis. During the Group's Risk Identification 2023, climate-related risks have been identified both as risk drivers into many key risk categories, as well as a standalone risk subcategory under ESG and Climate-related Risks.

The medium-term horizon for Piraeus Group is the period between two to five years. It is linked to the Group's strategic aspirations, subject to the expected macro-economic conditions.

The long-term horizon for Piraeus Group is defined as the period after five years. To proceed with a long-term assessment, beyond the typical business planning horizon for corporate clients, a longer period (greater than five years) is required to capture climate-related risks, for assessing the resilience of the current business model against a range of possible future scenarios relevant to estimate climate-related and environmental risks.

Piraeus Group recognises that climate-related risks are expected to intensify in the longer term, and thus, is launching initiatives to take due account of climate change and environmental considerations in the business targets, strategies, risk management and decision-making process.

### C&E for Climate and Environment

Climate-related and environmental risks are potential adverse effects caused by an organisation's activities to the environment and society, as well as to its long-term viability, reputation, and brand. ESG risks, especially those related to climate, are becoming more and more relevant in the financial sector. These risks have resulted in significant losses in recent years. Subsequently, this has increased the attention of Banks to incorporating ESG risk strategy, monitoring, and measurements into their business models and that of regulators to establishing a sound supervisory framework ensuring that such risks are being well managed. Piraeus Group has in place a Sustainability Strategy to support, through its subsidiary Piraeus Bank, responsible and sustainable banking by applying criteria in its actions regarding the environment, social cohesion, and governance that balance growth and economic performance with social and environmental sustainability. The Strategy is aligned with the Paris Agreement, the UN Sustainable Development Goals (SDGs), and the UN Principles for Responsible Banking (PRB).

As part of its Sustainability Strategy, Piraeus Group promotes responsible and sustainable banking by adopting ESG criteria and has embarked on preparing an Energy Transition Project that will support its clients in moving to a low-carbon economy. Piraeus Group has started its journey to become net zero by 2050 at the latest and has defined intermediate science-based targets (by 2030).

As the Group aspires to align its loan and investment portfolios to become net zero, it has committed to the the Science-Based Targets initiative (SBTi), submitting targets that were validated in December 2022, while taking action and monitoring progress. In line with Greece's national climate targets as stipulated with the legislative framework in force (National Climate Law), the Bank has committed to zero new investments in new coal mines or/and expansion of existing mines, as part of further consolidating its exclusion list. Therefore, Piraeus Group has a clear commitment to sustainability and attaches importance to social and environmental considerations, including climate change. It supports sustainable operations, integrating sustainability criteria into its financing processes such as RES projects, green buildings, and clean transportation projects.

Piraeus Group understands the environmental dimension of sustainability as the management over time of the impacts, risks and opportunities linked to the battle against climate change, the transition to a low-carbon economy and the protection and regeneration of natural capital.

***Definitions, methodologies, and international standards on which the environmental risk management framework is based:***

The Group identifies the climate risks as the potential negative impacts on an institution's financial health and operations, potentially caused by climate changes, such as extreme weather. In addition, environmental risks are regarded as the risks of any negative financial impact on the institution stemming the current or prospective impacts of environmental factors on its counterparties or invested assets.

The Group considers all major climate and ESG related regulatory requirements and guides that have been published in recent years, including:

- European Banking Authority's (EBA) Action Plan on Sustainable Finance
- EBA's advice to the Commission on KPIs for transparency on institutions' environmentally sustainable activities, including a green asset ratio, etc.
- ECB's Guide on climate-related and environmental risks – Supervisory expectations relating to risk management and disclosure
- Basel Committee on Banking Supervision's (BCBS) Principles for the effective management and supervision of climate-related financial risks
- EU Taxonomy Climate Delegated Act
- ITS on prudential disclosures on ESG risks in accordance with Article 449a CRR (Pillar III Disclosures)
- Sustainable Finance Disclosure Regulation (SFDR)
- Corporate Sustainability Reporting Directive (CSRD).

Taking into consideration the above, the two main risk drivers associated with climate and environmental risk are commonly recognized as the following:

- Physical Risk refers to the potential financial losses a company may face as a result of changing climate conditions. These changes may be due to long-term alterations in climate patterns, referred to as chronic, or an increase in the number and severity of extreme events, often classified as acute.
- Chronic effects: the long-term impacts on the production unit like agriculture or renewable energy sources, product demand such as ice cream, raw materials prices, and tourism appeal caused by shifts in factors like temperature, rainfall, wind speed, cloud coverage, sunlight, and water scarcity, impacting heating-cooling needs and more.
- Acute effects: the impacts of extreme events such as floods, droughts, heatwaves, severe winds, storms, waves, and forest fires on areas like production, for example agriculture, and infrastructure.
- Transition risk involves the extra expenses a company may encounter as it adapts to a more carbonefficient economy. These risks are triggered by regulatory changes (policy and legal), the integration of new low-carbon technologies, shifts in market conditions, consumer preferences, and more. Physical and transition risk drivers impact economic activities, which in turn impact the financial system. This impact can occur directly, through for example lower corporate profitability or the devaluation of assets, or indirectly, through macro-financial changes. These risks also affect the resilience of an institution's business model over the medium-to-long term, and predominantly those institutions with business models that are reliant on sectors and markets which are particularly vulnerable to climate-related and environmental risks. In addition, physical and transition risks can trigger further losses, stemming directly or indirectly from legal claims (commonly referred to as "liability risk") and reputational loss as a result of the public, the institution's counterparties, and/or investors associating the institution with adverse environmental impacts ("reputation risk").

## Climate risks and their financial implications for Piraeus Group

## II.2

Piraeus Group has established a comprehensive (RMF) to identify, measure, control, and mitigate underlying risks, including climate and environmental risks. Piraeus' updated RMF is presented in detail in Pillar III "Risk Management". The Group identifies the Climate-related and Environmental Risks as the loss arising from climate and environmental change and is divided into transition and physical risk:

- Transition Risk considers how changes in policy, technology, and market preference to address climate change (e.g., carbon price policies, power generation shifts from fossil fuels to renewable energy) can lead to changes in the value of assets, commodities, and companies.
- Physical Risk considers how chronic and acute climate change can directly damage physical assets or otherwise impact their value or productivity.

Please refer to Pillar III "Risk Management".

## Climate related opportunities and their financial impacts on Piraeus Group

### Business Plan 2024-2026

Piraeus Group announced its business plan aspirations for 2024-2026 in February 2024. The Group's strategy is based on its role as a catalyst of growth and innovation for the Greek economy by funding viable investment plans, offering liquidity to businesses, supporting its customers and people, and continuing to generate value for its shareholders. Piraeus Bank has been working hard in the last few years to create a solid, de-risked, and sustainably profitable bank. Building on the successful completion of Project Sunrise in 2021 and the strategic measures taken in 2022 and 2023 to boost Piraeus Bank's profitability profile, the 2024-2026 business plan sets clear strategic goals for the medium term. These measures are aimed at increasing stakeholders' trust in the potential of the Group's franchise, representing a significant progress in the Group's dedication to sustained growth and stability. Besides the financial performance objectives, the Group is actively pursuing new commercial and strategic measures. These measures include a stronger focus on wealth asset management, real estate management, energy transition business development, and exploiting digital ecosystem commercial opportunities. At the same time, the Group is improving its digital offering and value proposition. The Energy Transition Project consists of a specific commercial programme/action plan, which will enable the Group to take a leading role in its clients' transformation in order to build a better and more sustainable economy. The Group will use a structured approach and develop a deep understanding of the particular needs of each sector with priority focus on power generation, real estate/buildings, and agriculture, as well as customised approaches to assist small businesses and individuals. Beyond financial performance, the Group is committed to promoting sustainable banking. The Group is systematically setting up the infrastructure, policies, and strategies that incorporate ESG criteria into its operations. This commitment aligns with the Group's aim to contribute maximally to the targets of the Paris Climate Agreement and the United Nations' Sustainable Development Goals (SDGs).

Moreover, the Group has incorporated several actions related to C&E aspects in its Business Plan, aiming to ensure that its future business model and portfolio will be diversified and aligned with its net-zero strategy. The Group has included its commitment in its Business Plan to develop sustainable products, measuring specific indicators (e.g., sustainable loan disbursements, green asset ratio, % of eligible activities, etc.) and setting relevant targets. In this direction, Piraeus Group presented its updated business plan estimates for the period 2024-2026. The goal for 2030 is to increase its sustainable financing from €2.7 billion to over €10 billion. It also aims to boost its green funding from €0.5 billion to more than €5 billion. Additionally, it expects to raise its sustainable assets under management from €0.3 billion to above €1.5 billion.

## Responsible Investment Banking

### *Sustainability-Linked Loans*

As part of its strategy for supporting the sustainable development of the Greek economy, in 2023, Piraeus Bank continued providing targeted financing that incorporates performance indicators related to environmental, social, and governance (ESG) issues, actively supporting the connection of growth and economic efficiency with social and environmental sustainability.

Sustainability-linked loans are financial instruments that incentivise corporate clients to achieve agreed targets that improve their ESG performance. These targets must be clear, measurable, material, and aligned with the client's overall sustainability strategy and action plan.

In 2023, taking into account the current ESG regulatory environment and aiming to support corporate clients that set sustainability targets for their operations, Piraeus Bank formulated its Sustainability-Linked Loans Framework. This framework was created on the basis of the principles of sustainability linked financing frameworks of the Loan Market Association (LMA) and the International Capital Market Association (ICMA), while additional guidance was provided by analysing relevant international standards such as the European Sustainability Reporting Standards (ESRS), the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the Task Force on Climate Related Financial Disclosures (TCFD), and the United Nations Global Compact (UNGC). The framework describes in detail the appropriate process for the origination of a sustainability-linked loan.

In 2023, Piraeus Bank continued to integrate ESG criteria in the lending process for mid-caps, prompting its customers to achieve measurable targets related to:

- energy efficiency improvements;
- CO<sub>2</sub> emissions reductions;
- efficient water usage;
- reduction and management of manufacturing waste; and
- recycling increases, as well as additional targets focusing on:
- labour issues, such as increased training and percentage of women employed.

The Bank's objective is to promote the environmental and social responsibility of businesses, supporting their transition path to a model of sustainable development, and leveraging appropriate funding instruments that promote the green transition of Greek society. The reduction of the clientele's business climate risk is also something that the Bank intends to support with targeted green financing. Recent legislative developments and voluntary emission reduction targets set by businesses have also led the Bank to formulate a coherent climate strategy regarding its corporate lending portfolio.

As of 31/12/2023, the total amount of signed agreements exceeded €650 million.

### ***Green Products***

Since 2006, Piraeus Bank has been providing lending to individuals and companies opting for environment-friendly technologies to help them improve the energy efficiency of their homes and facilities, ensure self-production for their energy needs, produce electricity from Renewable Energy Sources (RES) and, generally, promote investment in sustainable entrepreneurship. The Bank's comprehensive product portfolio for Greek companies and retail customers includes financing under favourable terms and advisory services to promote environmentally and socially responsible products and services. Piraeus Bank aims to support companies in their transition to the new model of sustainable development, build up their competitiveness in the international market, reduce their operating costs, improve energy efficiency, enter new innovative sectors, and smoothly adapt to the transition to a net-zero economy.

At the same time, the Bank offers green consumer loans for the purchase of energy efficient home appliances and equipment, the installation of photovoltaic systems in their homes (net metering), and financing repairs to their homes that improve energy efficiency.

Total financing to individuals and companies for sustainability purposes, energy transition, and green investments amounts to €2.69 billion (active loan balances at the end of 2023). Most of the loans have financed renewable energy projects including photovoltaic systems, wind farms, small hydroelectric plants, and biomass/biogas projects. €103 million of these financings have been given to individuals while approximately €2.59 billion to businesses. Green financings constitute 1.3% of Piraeus Bank Group's retail portfolio and 11.4% of the business portfolio.

## **ESG Mutual Funds**

### ***Piraeus Asset Management MFMC***

With assets under management of €4.4 billion (as of 31/12/2023) and a multi-year presence in collective and personal portfolio management, Piraeus Asset Management MFMC is one of the top asset management companies in Greece. It is a reliable partner in professional management as it offers customized, high-end investment solutions to private and institutional investors.

Piraeus Asset Management MFMC, a member of the Piraeus Bank Group, has one of the most experienced investment teams, with a prestigious academic background in Greece and abroad and a number of distinctions. It is undoubtedly the most dynamic company in the sector in recent years, with a number of competitive advantages:

- Innovative products and services for all types of investors.
- Sophisticated investment methodology with the adoption of the principles of responsible investment (ESG).
- Multi-year experience in professional portfolio management with numerous distinctions and awards.
- Profound knowledge of the Greek and global capital markets.
- Experienced and competent management staff.

As part of the Piraeus Bank Group's broader policy, Piraeus Asset Management MFMC demonstrates in practice its strategic choice to support modern initiatives in relation to sustainable development and promoting responsible investment policy, having participated since 2019 in the global Principles for Responsible Investments (PRI) initiative. It has also incorporated into its portfolio strategy the principles of responsible investment, which are aligned with the interests of the environment and society.

Piraeus Asset Management MFMC, as a member of the PRI Initiative, demonstrates its strategic choice to participate with coordinated actions for the implementation of the principles so as to enhance social welfare and sustainable development.

Moreover, with the completion of the annual PRI Assessment (2023, PRI Assessment), the company achieved excellent results and a high score. This internationally accepted and acclaimed assessment recognises the effectiveness of the Company's policies and procedures in favour of transparency, promotion, acceptance, and application of responsible investment principles within the fund management industry.

The Company updated its ESG Policy to ensure compliance with the Regulatory Frame-

work and to establish a mechanism for possible violations of the guidelines it sets. These guidelines are key to achieving the integration of ESG criteria in the investment process and were incorporated into the new ESG Policy, creating the two main pillars of the Company's sustainability strategy. One pillar is risk mitigation aimed at reducing a portfolio's exposure to ESG risks and the other is generating outperformance (alpha) by identifying companies with a positive sustainability impact.

New concepts have also been incorporated, such as double materiality, which are used to identify material ESG issues (impacts of sustainability risks on companies) as well as the potential impact (financial impact) on the value of the investee.

Another important addition is the Active Ownership / Engagement approach, consisting of a proactive mechanism that focuses on addressing long-term themes. At the same time, the active communication approach is achieved through voting rights exercise mechanism. This approach is based on 5 key principles that help address issues such as Board Accountability, Executive Compensation, Long-Term Value creation and Sustainability Alignment.

Finally, the Company contributed significantly to the integration of the adverse effects of sustainability at Piraeus Bank Group (PAI Policy).

The above initiatives prove in practice the commitment of Piraeus Asset Management MFMC in the adoption of ESG principles in financial management. As a consequence of the above strategy, the company currently manages more than €300mn (as of 31.12.2023) in funds with ESG characteristics (Article 8 funds), consolidating its leadership position in the Greek market.

The 2024 goals focus on strengthening ESG Funds and further integrating ESG criteria into the management of the Occupational Pension Funds (PEFs).

## **Agricultural Banking**

Piraeus Bank has long realized that it is imperative for the agricultural sector and the agricultural ecosystems to adjust to the new climate conditions and, therefore, the development and production of high-quality agricultural banking products in a "clean" environment is a one-way road for the Bank. In the past 20 years, Piraeus Bank has made several steps in this direction, to substantially improving the quality of agricultural products. The Bank strategically plays the role of the financial booster and provides holistic solutions to the agri-sector, so that the necessary actions be made, to adapt to climate change and the new climatic conditions.

To achieve sustainable agriculture, the Bank has the dedicated Agricultural Banking Unit that designs and implements investment plans and innovative solutions, focusing on precision/smart agriculture, a concept based on resource conservation and environmental protection. In addition, Piraeus Bank also offers a new series of financial solutions for its customers in the agricultural sector, who invest in photovoltaics.

The ESG Unit and the Agricultural Banking Unit of Piraeus follow all developments on the EU new Common Agricultural Policy (CAP) and draft propositions to the Management. Furthermore, Piraeus has commissioned a new study on the impacts of climate change on agrifood. The study will be submitted to relevant policy makers at central and regional levels.

## The impact of climate-related risks and opportunities on Piraeus' businesses, strategy, and financial planning

### Environmental Management System (EMS)

The Environmental Management System (EMS) integrates procedures and processes for monitoring and managing the Bank's environmental performance. The aim is to set targets for the reduction of the Bank's carbon footprint and improving the overall environmental performance of the organisation. The EMS is implemented in all the Bank's administration buildings and branches in Greece. Bank employees are appointed as Environmental Coordinators in each branch and administration building to help in the actual implementation of the EMS. The Bank's Environmental Management System is registered under the EU Eco-Management and Audit Scheme (EMAS) and is certified in accordance with ISO 14001:2015, whereas from 2024 onwards it will also be certified according to the International Standard ISO 50001:2018 for energy management.

### Annual Assessment of Environmental Aspects and Impacts in own operations

Specific environmental aspects and impacts are associated to the Bank's activities; the significance of those impacts is annually assessed and monitored. Environmental aspects include specific activities, products, or services of the Bank that may directly or indirectly interact with the natural environment and therefore have an environmental impact. Environmental impacts include any positive or negative alteration to the environment stemming from the environmental aspects of the Bank.

The most material environmental aspects/impacts of the activities of the Bank are the following:

- total annual electricity consumption in buildings;
- Greenhouse Gas (GHG) emissions resulting from electricity consumption;
- consumption of conventional paper; and
- solid waste resulting from the use of consumables (paper and ink/toner cartridges).

### Identification and Assessment of Risks and Opportunities in own operations

The following potential risks and opportunities were identified through the processes of the EMS, considering the activities of the Bank as well as variations in external conditions (environmental, economic, technological, regulatory, etc.):

- The impact of climate change
- The impact of legislative changes
- The reorganisation of the building stock
- Biodiversity and business
- The socioeconomic crisis

Each potential risk is evaluated on a 3-point scale (high, medium, low), considering changes in external circumstances. Climate change may directly affect Piraeus's infrastructure by affecting the energy needs for its buildings (minor direct impacts).

## **Environmental Management System Databases and Applications**

### ***EcoTracker, Piraeus' Carbon Footprint Calculation Database***

Piraeus has developed the application EcoTracker to monitor the environmental impacts that derive from its operations, i.e., purchased goods and services, fuels and energy related activities, upstream transportation and distribution, waste generation, business travel and staff commuting. Through the EcoTracker, Piraeus manages:

- the automated collection of data for calculating the Bank's carbon footprint (Scope 1, Scope 2, and Scope 3 categories 1-14);
- the more efficient process and cross checking of the environmental data; and
- the holistic environmental reporting.

In addition, EcoTracker allows for the monitoring and management of the implementation of environmental programmes that ultimately result in a reduction of Piraeus's operational costs.

### ***Energy Office reduces Piraeus' carbon footprint***

The Energy Office uses a web-based, real-time, monitoring software, recording the energy and water consumption in 312 of the Bank's buildings. It is an innovative programme designed to save resources, reduce environmental footprint, and operational costs. It enables the remote intervention for timely correcting energy and water overconsumption and allows for readily energy data reporting. Through the Energy Office, Piraeus submits all legally required information to the Energy Audit Record (AEE), as a company that implements an EMS certified by an accredited, independent company, according to European and international standards.

### ***Piraeus Bank's Carbon Footprint***

Piraeus Bank tracks and reports its carbon footprint on an annual basis, using the methodology set out by the GHG Protocol Corporate Accounting and Reporting Standard of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Specifically, Scope 3 category 15 emissions are measured and reported under the Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials (PCAF).

With the use of the proprietary Carbon Footprint Calculation Data Base (EcoTracker), Piraeus Group monitors the environmental impacts that derive from its operations (e.g. energy and water, expendables consumption, staff commuting). The above database works in combination with two other applications: the Energy Office, which, through sensors, measures in real time the energy and water consumption in the Bank's Branches, and the Bill Management that feeds EcoTracker directly with energy data from power providers.

With the use of the Carbon Footprint Calculation Database (EcoTracker), the data for calculating the Group's carbon footprint (Scope 1, Scope 2, and Scope 3 categories 1-14) is collected, processed, and crosschecked faster and a more comprehensive environmental reporting is generated. A major benefit from the use of the EcoTracker is that the Group monitors and manages the implementation of environmental programmes that ultimately result in a reduction of its operational costs.

### ***Implementation of the National Climate Law 4936/2022***

The implementation of the National Climate Law commenced in 2023, as part of the transition to climate neutrality by 2050 and adaptation to climate change. Piraeus Bank, along with 4 other subsidiaries of the Group (Piraeus Financial Holdings SA, Piraeus Asset Management MFMC, Piraeus Securities, and Trastor REIC) timely submitted their carbon footprint report to the competent authority, following verification by an independent auditor.

### ***Green procurement***

Piraeus Bank, in accordance with the Group's procurement policy, selects environmentally friendly products, such as paper with environmental certification, recycled consumables and energy-saving light bulbs. Electrical and electronic equipment (screens, laptops and refurbished PCs) are gradually being replaced with energy-efficient appliances (Energy Star label) and new generation laptops.



# Risk Management

## **Piraeus' processes for identifying and assessing climate-related risks and how they are integrated into the organisation's overall risk management**

**III.1**

### **Environmental risk identification and materiality assessment**

Piraeus Group has established a comprehensive Risk Management Framework to identify, measure, control, and mitigate underlying risks, including climate-related and environmental risks.

The annual Risk Identification (RID) process is applied to identify the relevant and material risks by taking into consideration the environment in which it operates and its business model. The risks that are expected to have a substantive financial or strategic impact on the Group's business are deemed material.

The materiality assessment could be performed on a quantitative or qualitative basis or through a combination of both. During the RID exercise, climate change (physical and transition risks) has been recognised as a driver for many key risk categories (i.e., credit, market, liquidity, operational, business and strategic, and reputational risks). Moreover, ESG and climate-related risks have been identified as a standalone risk subcategory. Moreover, since the Group recognises that climate change-related risks are expected to intensify in the longer term (i.e., over the next five years), it has launched several initiatives to take account of environmental considerations in the business targets, strategies, risk management, and decision-making process.

### ***Climate Risk Classification***

Piraeus Group has introduced a common language and understanding/method for decision-making and for business and strategic planning regarding climate-related risks. It aims to provide useful insights to the Group's current exposure to climate-sensitive sectors, areas, and customers and create a basis for materiality assessment in terms of credit, market, liquidity, operational, reputation, and business and strategic risks. The analysis is based on potential impact from climate-related risks on the Group's material portfolios representing the majority of its exposures (i.e., business portfolio and immovable property held as collateral), using quantitative and qualitative analyses that conclude to certain heat maps.

Piraeus Group understands the environmental dimension of sustainability as the management over time of the impacts, risks and opportunities linked to the battle against climate change, the transition to a low-carbon economy and the protection and regeneration of natural capital.

All strategic decisions related to material climate-related and environmental factors are gradually integrated into the institution's policies. For instance, Piraeus Group has already updated its credit policy framework, incorporated climate-related and environmental considerations into its business planning, budgeting, and Risk Appetite Framework (RAF) procedures, and has augmented its risk reports with additional ESG-related metrics and KPIs.

## **Business Portfolio Classification**

The assessment of climate risk for business portfolio, including Large Corporates, SMEs, and Small Businesses, is based on the Group's internal proprietary tool Climabiz.

The Climabiz tool assesses in quantitative terms the climate risk (both physical and transition) of the Group's business borrowers (bottom-up approach), based on their general operational and technical features (i.e., field of activity), for those economic sectors considered to be mostly affected by climate change and translates climate change impact to monetary terms.

Piraeus Group has leveraged on the Representative Concentration Pathways (RCP) climate scenarios adopted by the Intergovernmental Panel on Climate Change (IPCC) and their outcome is assessed in 10-year periods. The analysis is performed on the two main sub-categories of climate risk:

- Transition risk due to changes in the regulatory framework, fast technological developments, changes in market conditions, and the transition to a low-carbon economy.

The list of climate risk drivers which have been identified and included in the sectors' assessment is presented below:

- Environmental taxation and subsidies
- Regulatory requirements (e.g., sustainability certificates, disclosures)
- Behavioural changes of consumers, suppliers, and employees
- Technological developments
- Energy and transport policies (e.g., reduction of CO<sub>2</sub> emissions)

For the classification of the business portfolio, the transition risk score has been calculated for each sector as the financial impact expressed as a percentage of the sector's turnover. Based on that score, the Group has classified its business portfolio sectors in 5 categories (high, moderately high, moderate, moderately low, low).

- Physical risk due to variations in climatic conditions –including both chronic and acute. The list of physical climate risk drivers which have been identified and included in the sectors' assessment is presented below:
  - Heat waves and wildfires
  - Droughts
  - Riverine and sea floods
  - Hail and storms
  - Changing rainfall patterns
  - Lack of sunshine and wind
  - Extreme precipitation
  - Landslides

- Storms and storm surges
- Water stress

Based on the aforementioned analysis, the Group has classified its business portfolio sectors into three categories (high, moderate, and low).

This analysis helps the Group to support its customers in their climate transition, focus on supporting a green economy, and financing their energy transition (Piraeus Group Energy Transition Project), as well as to take measures against upcoming potential physical risks from extreme or chronic events.

The table below presents the percentage of physical risk and transition risk over total climate risk per each RCP climate scenario for the Bank's FinRep (category: Non-Financial Cooperations) corporate portfolio for 2023.

Climate Scenarios	% of Physical Risk over Total Climate Risk	% of Adjusted Transition Risk over Total Climate Risk
RCP2.6	6.1%	93.9%
RCP4.5	16.5%	83.5%
RCP8.5	40.2%	59.8%

The abovementioned climate-related risk output per each climate scenario applies to 99.2% of the Non-Financial Cooperations portfolio.

The key differences concerning climate-related risk outputs between the climate scenarios are primarily identified in the fluctuations of the transition risk components, with the carbon emissions allowances price as the major driver. For the cost of direct and indirect emissions, three (3) different prices of carbon emission allowances €/tCO<sub>2</sub> for each period (2021-2030, 2031-2040, 2041-2050) were used, per each RCP climate scenario.

	Carbon Price RCP2.6 (€/tCO <sub>2</sub> )	Carbon Price RCP4.5 (€/tCO <sub>2</sub> )	Carbon Price RCP8.5 (€/tCO <sub>2</sub> )
2021-2030	80	69	25
2031-2040	173	80	23
2041-2050	365	135	20

## Classification of immovable property held as collateral

An additional analysis for climate risk of immovable property (commercial real estate, residential real estate, mortgage collateral) used as collateral is performed on the two main sub-categories of climate risk:

### **Transition Risk**

For this type of risk, the Group has examined the Energy Performance Certificate (EPC) label distribution of the said collaterals. The analysis relies on data collected from clients and on proxies (internal scoring model), assigning EPC labels to the eligible part of the Group's collateral pool. The score of the transition risk is based on the EPC label, resulting in three categories (high, moderate, and low).

## Physical Risk

For this type of risk, the Group has analysed the impact of various climate hazard events on the geographical areas of collaterals (NUTS3). This analysis aims at the impact assessment of certain acute climate events (indicatively fluvial flood, coastal flood and wildfire) on the Group's collaterals (immovable property). The methodology applied is a combination of historical data and future projections and is based on NUTS3 level relying on official and publicly available databases and RCP8.5 climate scenario (using 10-year periods). The final physical risk score of geographical areas is based on the percentage of buildings being affected in each area, resulting in three categories (high, moderate and low).

This analysis helps the Group to support its clients in their climate transition, focus on supporting a green economy, and financing the energy performance efficiency of their properties, as well as to optimise the value of its collaterals by requiring insurance protection for certain hazards. The consumer portfolio is excluded from this analysis due to its low materiality, stemming from its low exposures and short-term maturity, which makes it less relevant for climate change impact analysis.

## Materiality assessment

Based on the internal classification methodology described above, the Group has conducted an analysis in order to determine the materiality of the impact of C&E risks on its main risk categories. More specifically:

The outcome of the materiality assessment is summarized in the following table per risk type and also distinguished per horizon i.e., short, medium and long-term (the outcome for environmental risk covers all time horizons).

<b>Summary of materiality assessment outcome per risk type along with horizons</b>						
Group's main Risk Categories	Outcome of Climate Risk Materiality Assessment				Outcome of Environmental Risk Materiality Assessment	
	Short-term horizon (<=1 year)		Medium/Long-term horizon (2-5 years/>5 years)		Across time horizons	
	Material Impact	Immaterial Impact	Material Impact	Immaterial Impact	Material Impact	Immaterial Impact
Credit Risk	✓		✓			✓
Market Risk		✓		✓		✓
Liquidity & Funding Risk		✓		✓		✓
Operational Risk		✓		✓		✓
Reputation & Litigation Risk		✓		✓		✓
Business & Strategic Risk	✓		✓			✓

## Risk Appetite Framework (RAF)

Piraeus Group has made efforts to include environmental and climate-related risks in its RAF using both qualitative and quantitative statements, and it pledges to evaluate and improve them periodically.

The Group is also dedicated to incorporating the risks related to climate and ESG factors at all appropriate steps of the lending process. The Group considers climate-re-

lated and environmental risks and social standards at all pertinent steps of the loan-approval process. It also acknowledges that creating solutions and collaborating with clients to guide them towards a more sustainable direction is essential for the Group's business strategy and practices.

The Group, as part of RAF 2024, has defined the following KRIs:

- Sustainable Finance (new disbursements in corporate and retail portfolios): the proportion of sustainability-related new production over total new production amount.
- Exposures to Taxonomy-eligible activities: the proportion of the Group's exposures to Taxonomy-eligible activities over total assets.
- Exposure to High Transition Risk Sectors: The ratio of total exposures of borrowers in Group's high-risk sectors in terms of transition risk (as defined by the Group's internal classification methodology) excluding green, sustainable, and sustainability-linked exposures over the total exposures of business loans.

When relevant, the Bank assigns risk appetite indicators to lower levels of segment/business line. For example, the Sustainable Finance indicator that the Bank uses in the RAF is also tracked at Level 3 (Corporate/Retail); this Level-3 indicator is based on more detailed data at management unit/portfolio level. All KRIs are reported quarterly at Group level and the Group also sets a risk appetite limit and an early warning level to help with the escalation process. As the calculation methods and internal monitoring improve, the Group will further develop its RAF by adding more indicators.

## **Policies and tools related to environmental risk management**

The Group, through Project Proteus, has already identified the business functions across all three Lines of Defence related to or affected by C&E risks and the respective policies in order to map any gaps and ensure that climate and ESG aspects are incorporated accordingly. In this context, a review of Group policies has been initiated and separate working groups per function are formed to support responsible Business Units to review policies under their ownership through a C&E lens.

The Group has been monitoring developments regarding all major climate and ESG related regulatory requirements and guides that have been published in recent years including:

- European Banking Authority's (EBA) Action Plan on Sustainable Finance.
- EBA's advice to the Commission on KPIs for transparency on institutions' environmentally sustainable activities including a green asset ratio, etc.
- ECB Guide on climate-related and environmental risks (Supervisory expectations relating to risk management and disclosure).
- Basel Committee on Banking Supervision (BCBS) principles for the effective management and supervision of climate-related financial risks.
- EU Taxonomy Climate Delegated Act.
- ITS on prudential disclosures on ESG risks in accordance with Article 449a CRR (Pillar III Disclosures).
- Sustainable Finance Disclosure Regulation (SFDR).
- Corporate Sustainability Reporting Directive.

## ***Risk implementation tools***

As climate risks become increasingly relevant, the Group has started to evaluate the potential negative impacts they could have on its business, utilizing various climate scenarios on key portfolios and activities. Transition risks as well as physical risks could impact the Group's clients and the Greek economy as a whole.

The Group assesses its vulnerabilities towards climate-related risks in the ICAAP, under both economic and normative perspectives, through targeted Climate Risk scenarios, following the key steps described below:

- Analysis of the type of climate risk driver to be focused on (i.e. physical / transition), in line with the ECB Guide on climate related and environmental risks
- Identification of the counterparties that may be exposed to it
- Design of scenario analysis exercise targeting specific sectors /portfolios, based on content and guidelines published by regulatory and other relevant authorities and internal assumptions
- Quantification of regulatory Climate Stress Test "ECB CST" scenarios' impact (when such information is available)

The risk assessment and quantification under the Economic Perspective analysis is based on the impact of climate risk in internal required capital estimates of unexpected losses, while for the Normative Perspective, on ECL shocks across the Group's credit portfolios, over the 3-year horizon assessed in the ICAAP Stress scenarios.

## ***Geographic Information System (GIS) for physical risks***

GIS has emerged as a powerful risk assessment tool and is being used to assess risk to property and life stemming from climate change and natural hazards. Its objective is the geospatial estimation of credit and operational risks of the Group's assets that are driven by physical C&E risks. With the ability to clearly visualise different types of data, the Group is enabled to uncover patterns, understand trends, monitor changes, and respond to events – facilitating risk translation and better decision making.

The Group cooperates with the Centre for Research Technology Hellas (CERTH) Information Technologies Institute (ITI) to develop and integrate in its GIS an application for the analysis of bioclimatic indicators (regarding temperature, rainfall, relative humidity, wind speed, discomfort, and fire weather) and the estimation of credit and operational risks to support overall risk strategies and management.

Through this tool, the Group will be able to assess physical impacts (fluvial floods, pluvial floods, coastal floods, wildfires, heatwaves, drought, and landslides) on the buildings it uses for its own operation, its immovable collaterals, and its business borrowers for three time periods – historical (1971-2000), near future (2031-2060), and far future (2071-2100) – and for three different climate emission scenarios – RCP2.6, RCP4.5, and RCP8.5 – based on EURO-CORDEX climate models and de-escalation for regional granular analyses suitable for DSS applications.

## **Double Materiality Analysis Methodology**

In pursuit of transparency and responsible reporting of the non-financial aspects of its business, every year Piraeus reports important information about the Group's ESG strategy.

Piraeus discloses non-financial information in accordance with the Global Reporting Initiative Standards (GRI), which provide organisations with a set of principles so that they may prepare a complete report about their impacts on sustainable development. Furthermore, the adoption and implementation of GRI Standards contributes to better ranking for Piraeus, which is actively involved in international initiatives and included in corporate sustainability indices.

Acknowledging the growing importance of the 17 Sustainable Development Goals, Piraeus Bank has linked the material topics with its priority sustainability goals. Material topics are those that reflect the Company's significant economic, environmental, and social impact or substantively influence the assessments and the decisions of stakeholders.

Piraeus identifies its key stakeholders, i.e., customers, employees, suppliers, investors/shareholders, investment analysts, media, supervisory and regulatory authorities, the investors' community, societal/environmental/cultural bodies, NGOs, with which it maintains ongoing dialogues aspiring to remain responsive to their needs and expectations and to highlight material sustainable development topics. These topics are used to design and activate mechanisms that are aimed at continuously improving its business operations.

In addition to the regular two-way dialogue with each stakeholder group, Piraeus applies the reporting principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness, in accordance with the GRI Standards, to prioritise its sustainable topics. Piraeus conducts a Materiality Survey and holds focus group discussions to identify material sustainable development topics.

In 2022, Piraeus Bank adopted the GRI Standards 2021 and for the first time applied Double Materiality in the Materiality Survey which was implemented during Q2 2023, in accordance with the current European framework for the publication of non-financial information. Double Materiality is the combination of impact materiality and financial materiality, namely it defines and assesses sustainability topics that are also important for the economy, society, and the environment and also affect the Group's business value.

As part of the process, all participants are invited to evaluate, according to a standardised scale, the impact of sustainable development topics within and outside the Group as follows:

The Management and shareholders of the Group are asked to evaluate the extent of the financial impact that the topics have on the Bank. The remaining stakeholders are asked to evaluate the scope and extent of the impact that the topics have on the Bank and to highlight those with the strongest effects on the environment, society, human rights, and the economy. Furthermore, it is examined to what extent Piraeus Bank contributes to resolving a negative impact. Stakeholders are also encouraged to provide feedback on areas where improvements can be made.

Among the material issues presented in detail in the most recent annual Sustainability & Business Report of the Group, the following topics emerged, which are also related to climate change and climate risks and opportunities:

- Responsible Banking: Financing Sustainable Development with Environmental and Social Criteria
- Financing Energy Transition

# Responsible banking: Financing sustainable development with environmental and social criteria

The Bank is shaping the next day in financing, by incorporating environmental, climate, social, and corporate governance (ESG) criteria in its decisions, with the aim to transition to a sustainable model of the Greek economy, without degrading the environment and social exclusions.



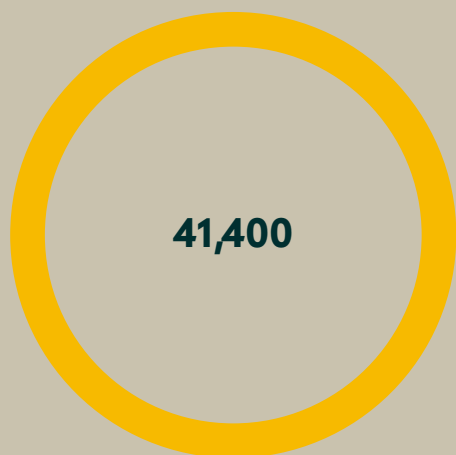
Mapping with Sustainable Development Goal **Climate Action**



Mapping with Sustainable Development Goal **Life on Land**



Assurance by independent body **GRI FS8**



Green customers

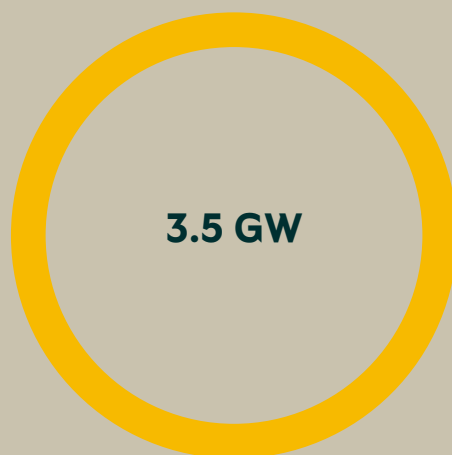


Approved credit limits for green financing



CO<sub>2</sub> emissions that are not released annually due to Piraeus Bank's funding of Renewable Energy Sources (RES)

\*The calculation of 2023 is based on a revised methodology in accordance with international GHG accounting practices.



Total power of RES projects that have been funded by Piraeus Bank

Piraeus systematically promotes sustainable banking and continuously upgrades its strategy to incorporate ESG criteria in all operations.

Piraeus continues to significantly contribute to financing investments in Renewable Energy Sources (RES) projects with the aim of reducing the carbon footprint of Greek energy production.

## Goals

1. Helping the economy shift towards low-carbon energy by financing transition and enabling Greek companies in their efforts to exploit new technologies and innovative business models.

2. Integrating climate and ESG risks in the Environmental & Social Risk Management System to help customers protect their business from climate, societal, and governance related risks providing advice and financing their transition.

# Financing energy transition

The Bank implements a plan to support businesses and households for their energy transition, taking into account the need for energy security, autonomy, and the national goals for reducing CO<sub>2</sub> emissions.



Mapping with Sustainable Development Goal **Affordable and Clean Energy**

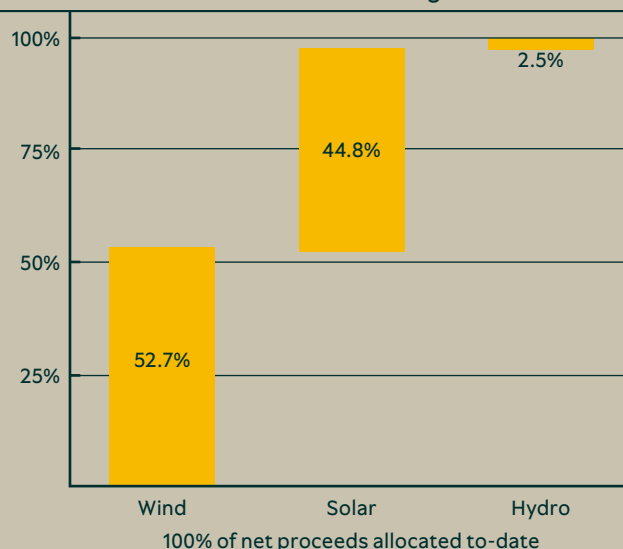


Mapping with Sustainable Development Goal **Climate Action**

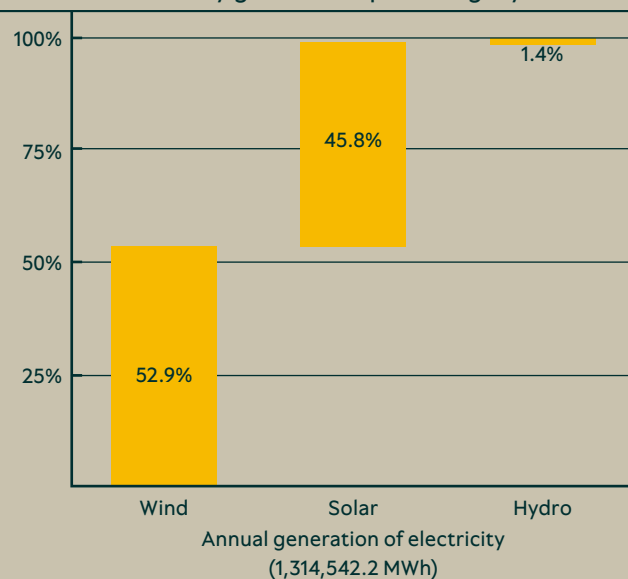


Assurance by independent body **GRI FS8**

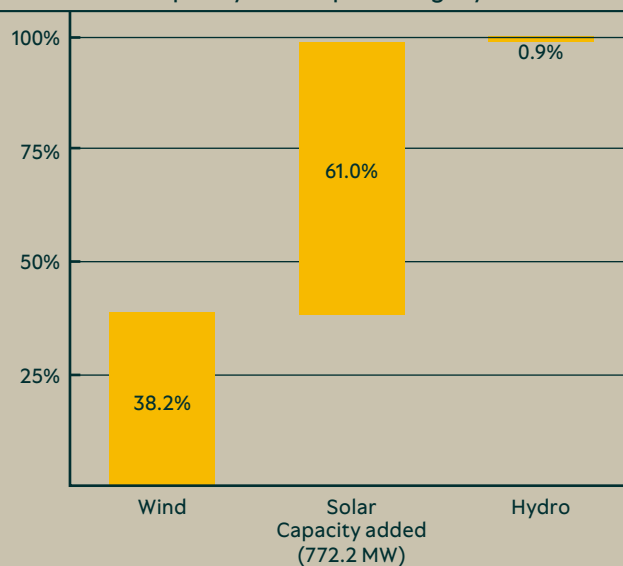
Proceeds allocation of €0.5 bn green bond



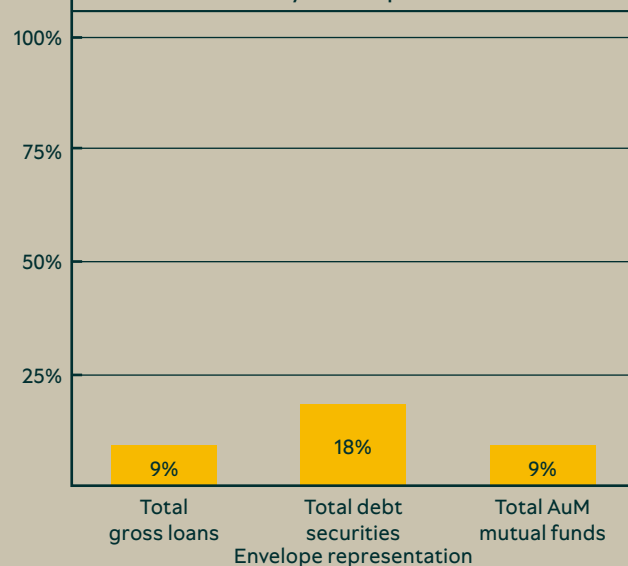
Electricity generation per category



Capacity added per category



Sustainability envelope distribution



Piraeus Bank has over the years supported sectors such as Renewable Energy Sources (RES), Energy Storage, Responsible Agriculture, etc., playing an essential role in the sustainable development of the Greek economy.

Piraeus is taking steps to become the Leading Bank in supporting the financing needs of the country's energy transition.

## Goals

1. Sustainable banking by 2026
  - Sustainable financing volumes: >€5.0 bn
  - Green funding (deposits & bonds): >€1.5 bn
  - Sustainable assets under management: >€0.6 bn

2. The goal for 2030 is to increase Piraeus' sustainable financing from €2.7 bn to over €10 bn.

## Piraeus' processes for managing climate-related risks and how they are integrated into the organisation's Risk Management

### Environmental and Social Management System (ESMS) in business financing incorporated in Credit Policy

The Executive Committee has approved the ESMS and, consequently, the Group's Credit Policy incorporates new environmental and social (E&S) criteria in line with international standards, in addition to traditional credit criteria. The main objective of the ESMS is to identify and assess the environmental and social impacts, in addition to the economic impact, of the lending activities to be used in the Group's credit approval process.

Specific parameters are integrated into the existing loan approval processes and in new business financing projects for the evaluation and management of the environmental and social risks of each project. With the implementation of the ESMS, environmental and social risks are integrated into the credit assessment. The assessment procedure requires that the process starts with the loan applications and/or during the due diligence review. The Group carries out a holistic business approach for companies and proposed business plans, recognising, assessing, and managing all relevant risks, to protect the Group's customers and shareholders.

Piraeus Group has integrated the Climabiz climate risk results and ESMS evaluation system into the loan due diligence and evaluation process. Also, the Group has incorporated C&E risks in credit decision-making through targeted amendments of the Bank's Credit Policy to differentiate treatment of obligors deemed to be high-risk from a C&E perspective. Finally, the Bank has introduced a C&E controversy assessment process to evaluate ESG controversies at obligor level and has developed a dedicated questionnaire and respective process for the identification and assessment of such controversies to mitigate reputation risk.

### ***Exclusion List***

The Group has incorporated into its Credit Policy a list of business activities that are excluded from financing. Furthermore, environmental, social, reputational and litigation factors are integrated in the Group's Credit Policy.

### ***Environmental and Social factors***

The Group does not provide credit facilities to companies operating in sectors included in the Exclusion List according to the ESMS, except for certain sectors (i.e., tobacco, alcohol) where the Group's cumulative exposure does not exceed 5% of the total loan portfolio. As part of Project Proteus, the Group further consolidated its Exclusion List, committing to:

- zero new investments in new coal mines or/and expansion of existing mines;
- zero new investments in electricity production from coal; and
- zero financing to customers with income from coal-fired electricity generation, unless they have adopted a diversification strategy with a transition plan to sustainable fuels and a commitment to a reliable, time-bound exit plan from coal-fired electricity generation.

In addition, rigorous due diligence is applied for activities within environmentally protected areas (e.g., Natura 2000 Network).

Reputational and litigation factors: The Group is particularly cautious in providing any type of credit facility to legal entities or individuals who are accused (based on reliable published information, reports, court cases) of environmental crime, money laundering, violation of human and labor rights, bribery, etc. In such cases, Bank officers must immediately inform the competent approval body and, if necessary, the Group Compliance Officer.

### ***Credit Policy***

The Financial and Technical Assessment of Green Projects (e.g., solar panels, wind farms, biogas projects, small hydroelectric, self-generating and electrical storage, etc.) is part of the Group's Credit Policy since 2013. The Group assesses new projects, scrutinising the technology adopted, work components, infrastructure capacity, and expected utilisation rate, skills, and experience of the staff within the organisation implementing the project, etc. The licensing process is monitored throughout the investment, as per national legislation and European standards.

The Financial and Technical Assessment of project sustainability is also carried out at various stages of the project to ensure the continued and uninterrupted operation of the installed equipment and infrastructure, the expected utilisation, and the relevant conditions and estimates set initially. The assessment aims to prevent any operational failures and risks, to the benefit and protection of both the customer/investor and Piraeus Group.

### ***ESMS Questionnaire***

The Group, as part of its ESMS Policy and in order to proceed with an initial screening of its customers' behaviour towards environmental and social issues, has produced a relevant questionnaire that draws information regarding the business activities of its customers. More specifically, customers are invited to provide the following environmental information:

- significant accidents or incidents causing significant environmental damage in the last two years;
- fines or penalties for non-compliance with environmental regulations;
- potential Health, Safety, and Environment (HSE) liabilities, such as those arising from land/groundwater contamination, related to the company's past/ongoing operations, or related to individuals or legal entities with dominant influence over the project/company from their past/ongoing operations; and
- location of the company/project (proximity) relative to environmentally sensitive areas.

### ***Interbank ESG Risk Assessment Questionnaire***

Further to the ESMS Questionnaire and process and considering the need for banks to obtain detailed and accurate ESG-related information from their counterparties, while avoiding unduly burdensome requirements, a collaborative initiative has been launched by Greek banks and introduced a common ESG Questionnaire that has been disseminated to counterparties in their corporate portfolios and is being leveraged by each bank for credit assessment purposes. The construction of this common ESG Questionnaire, along with a classification score, is an initiative of the Hellenic Bank Association (HBA), in partnership with six Greek banks. The initiative also includes the design and implementation of an IT platform to host the common questionnaires. The Interbank ESG Questionnaire captures important environ-

mental issues (physical and transition risks, pollution, waste disposal systems, etc.), social issues (human rights policies, labour practices, harassment, etc.) and governance issues. The content of the Interbank Questionnaire is aligned with relevant international standards, guidelines, and supervisory expectations, such as the ones included in the ECB Guide on Climate-Related and Environmental Risks. Standardised ESG questionnaires that adopt internationally recognised standards, guidelines, and best practices have been developed and are available at ESGr, the interbank platform.

Since 2023, relevant communication actions to the corporate clientele have been initiated. Within this context, companies operating in Greece, depending on their size and sector of activity, will be called upon to respond promptly.

Advantages of standardised ESG questionnaires for companies include the following:

- Companies are required to provide less information volume.
- They are a fully-fledged automated solution that accelerates recording processes, ensuring at the same time the correct completion of data and their protection.
- They establish a common approach for companies of the same size and sector.
- The requested data are harmonised, among others, with the provisions of Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive – CSRD). Upon the operationalisation of the interbank questionnaires the Bank will be able to assess, in quantitative terms, the performance of its obligors across all material environmental, social, and governance risk factors. This joint initiative will facilitate, thanks to its convenience and the low costs it entails, the ESG transition of the Greek companies. The Greek banking system remains committed to support by all means the transition of companies towards a green and socially responsible operating model, promoting thus the sustainable development of the Greek economy, society, and entrepreneurship. Piraeus Group will further engage with its customers, requesting targeted action plans to remediate issues, mitigate ESG-related risks, and support their transition to low-carbon operations.

### ***Availability, quality, and accuracy of environmental risk data***

The Group acknowledges the challenges and limitations around data and IT infrastructure; nevertheless, the Group is committed to apply its data governance principles to the greatest possible extent and further develop and enhance its data infrastructure following the most recent regulatory requirements and market practices for C&E related data.

Additionally, the Group is committed to continuously enhance its processes and the availability of data and estimates in order to improve reporting under the Taxonomy Regulation.

Two approaches have been adopted to successfully set-up Piraeus Group's data model and governance:

- A tactical approach (short-term) that uses proxies and third-party data where actual information is not available.
- A strategic approach (medium-, long-term) that refers to further engagement with clients to capture actual data.

### ***As a supplementary approach for data collection, the Group examines the interbank database initiative***

The Group continuously updates its key policies, procedures, and systems in order to incorporate the aforementioned data in the Group ecosystem. The requirement for more accurate data is anticipated to intensify in the future. The Group's goal is to limit its reliance on proxies over time and collect more granular data from clients. The Group, through its the governance practices set out in the Data Governance Framework, supports the ESG initiatives by ensuring that the data is accurate, reliable, transparent, and secure. The Group has laid down a dedicated ESG Data Strategy and has been embedding it in its overall data strategy, taking into consideration that ESG factors have now become an integral component of risk management and investment decision-making. A Hub & Spoke operating model has been established, to improve how ESG data is managed and utilised within the Group. The Group Data Management & Analytics (GDM&A), acting as the Hub, centralises the collection, validation, and management of ESG data, based on standardised processes and systems. Meanwhile, the business units, the Spokes, use these structured and clean ESG data to generate insights and drive strategic decision-making in their respective domains. Of course, data-related improvements are considered part of the business-as-usual ongoing improvements that the Group pursues, particularly as to streamlining and automating data flows, from capturing information in the front systems to consolidating the relevant data in the Group's data warehouse and dedicated data marts, where applicable.

### **Project Sustainability Assessment in Business Credit**

As part of the transition to a net-zero economy, Piraeus Bank promotes sustainable finance through the Development and Sustainable Banking/Financial Institutions Unit. In this context, it applies two Risk Assessments for Sustainable Finance in business credit:

- The Environmental and Social Risk Assessment for business credit, a holistic risk assessment for new investments and/or existing corporate activities and facilities.
- The Financial and Technical Assessment of Green Projects for the evaluation of new green investments, examining, inter alia, technology adopted and estimated cost, works components, infrastructure capacity, and expected utilisation rate, along with the skills and experience of the companies implementing the project and licensing maturity.

Following the implementation of the Environmental and Social Risk Management System (ESMS) in 2018, the Environmental and Social Risk Assessment became part of the Bank's Credit Policy and the business credit appraisal process. In 2023, the Bank's Credit Policy incorporated provisions related to the inclusion of climate risk parameters in the business financing process. The main objective of the current system is to apply environmental, social, and climate criteria, in addition to the economic ones, in the Bank's credit approval process for the lending activities. According to the Greek institutional framework and international standards, environmental, health, safety, and social risks should be considered in risk assessment for credit facilities. The climate crisis that affects a business' viability is also taken into account, via additional steps that lead to the mitigation of an enterprise's climate risk. Piraeus Bank carries out a holistic business approach for companies and proposed business plans, recognising, assessing, and managing all relevant credit risks, to protect Bank customers and shareholders. This process is part

of the ongoing efforts to deal with ESG risks that have been identified as important in the Bank's Operational Risk Management and Internal Control Policy.

The Financial and Technical Assessment of Green Projects (e.g., photovoltaics, wind farms, biogas projects, small hydroelectric, self-generation and electrical storage, circular economy, etc.) has been part of the Bank's Credit Policy since 2013. The Bank assesses new projects by scrutinising the technology adopted, works components, infrastructure capacity and expected utilisation rate, skills and experience of the companies implementing the project, etc. The licensing process is monitored throughout the investment, as per national legislation and European standards. The Financial and Technical Assessment of project sustainability is also carried out at various stages of the project to ensure the continued and uninterrupted operation of the installed equipment and infrastructure, the expected utilisation rate, and the relevant conditions and estimates set initially. The assessment aims to prevent any operational failures and risks to the benefit and protection of both the customer/investor and the Bank.

In 2023, Piraeus Bank carried out a total of 1,287 assessments, of which 319 were related to new RES projects, while a specific tool, maintained by the Unit, calculates the appropriate replacement values to be included in insurance contracts renewals for PV systems.

### ***Goals for 2024***

European and international regulations, as well as investor interest, have recently focused on channelling funds to sustainable investments. The green transition of corporations is a major EU policy goal leading the field, along with the Taxonomy Regulation, as well as the European Sustainability Reporting Standards, play a major role in achieving EU goals.

The transition to a more resilient and sustainable operation of European firms is a European priority that compels businesses to include ESG considerations in their business strategy. Piraeus Bank, through its considerable experience in sustainable finance, is expected to support this transition.

In this context, Piraeus Bank in 2024 plans to:

- Create tailor-made financing products for the support of green and digital investments.
- Fulfil all supervisory requirements by adapting products and processes to include climate risk parameters.
- Strengthen the holistic assessment and management of ESG risks by continuing the incorporation of additional environmental and climate issues into the ESMS process.

Piraeus Bank is ready to commit to a transparent model of operations where, in accordance with the European legislative framework, businesses of all sectors (and especially those in the Banking sector) extensively document their impacts on climate, environment, and society.

INW

# Metrics & Targets

## Metrics used by Piraeus to assess climate-related risks and opportunities

IV.1

### Disclosures in accordance with the EU Taxonomy Regulation

The EU Taxonomy is a classification system establishing a list of environmentally sustainable economic activities. According to the EU Taxonomy Regulation (EU 2020 / 852), an environmentally sustainable economic activity meets simultaneously the following four criteria:

- **Substantially Contributes (SC)** to at least one of the following (six Climate-related & Environmental (C&E) Objectives) environmental objectives:
  - climate change mitigation;
  - climate change adaptation;
  - sustainable use and protection of water and marine resources;
  - transition to a circular economy;
  - pollution prevention and control; and
  - protection and restoration of biodiversity and ecosystems.
- **Complies with Technical Screening Criteria (TSC)** set in relevant delegated acts of the Taxonomy Regulation.
- **Meets the Do No Significant Harm (DNSH)** rule to any of the environmental objectives.
- **Complies with Minimum Social Safeguards (MSS).**

An economic activity is considered as Taxonomy-aligned if it meets all the above-described criteria. In case the activity is described in the delegated acts but does not meet the remaining C&E criteria, it is considered as Taxonomy-eligible.

Pursuant to the disclosure obligations of article 8 of the EU Taxonomy Regulation (EU Regulation 2020/852), as supplemented by the Commission Delegated Regulation (EU) 2021/2178, in February 2024, Piraeus disclosed the EU Taxonomy Alignment ratios for the financial year 2023. For wholesale customers, disclosed ratios were calculated based on their official Taxonomy alignment disclosures according to revenues and capex. Piraeus' turnover based alignment ratio stood at 0.90%, whilst capex-based alignment ratio stood at 2.91%.

## EU Taxonomy alignment KPIs

EU Taxonomy alignment (as proportion of Group's covered assets, %) 31/12/2023	Taxonomy aligned based on turnover € million	GAR % based on turnover	Taxonomy aligned based on CAPEX € million	GAR % based on CAPEX
GAR for credit institutions	-	-	-	-
GAR for other financial undertakings	26	5.57%	143	30.96%
GAR for non-financial undertakings	263	7.50%	1,010	28.79%
GAR for loans collateralized by residential immovable properties	38	0.68%	38	0.68%
GAR for building renovation loans	58	8.89%	58	8.89%
GAR for motor vehicle loans	-	-	-	-
GAR for loans to local governments for house financing and other specialised lending	-	-	-	-
GAR for collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-
<b>Total</b>	<b>385</b>	<b>0.90%</b>	<b>1,249</b>	<b>2.91%</b>
Total covered assets	42,965	-	42,965	-
Group's total assets	76,450	-	76,450	-

## Portfolio Impact Analysis using the UNEP FI Tool for Banks

Following its commitment to the UN Principles of Responsible Banking, Piraeus is conducting on an annual basis an impact analysis, estimating positive and negative contributions that its financing has on the sustainable development of Greece, i.e., on the natural environment, social and socio-economic pillars. The key subsidiary of Piraeus Financial Holdings S.A. is Piraeus Bank S.A., and it is headquartered in Athens Greece, generating 95% of the Group's revenues, hence, the impact analysis concerns Greece.

### Piraeus Bank Portfolio Cartography

#### Consumer Banking

Provision of products and services to individuals and professionals without NACE CODES	<b>100%</b> of the Bank's Consumer portfolio was analysed, regarding Current accounts & savings and Credit cards & loans, in the product categories suggested by the Module
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#### Institutional Banking

##### Business Banking

Provision of products and services to local businesses and the state and professionals with NACE CODES: Public and Non-profit Organisations, Small Business, SMEs, MSMEs, Agricultural, SME Recovery clients, professionals	<b>62%</b> of the Bank's business portfolio was analyzed, i.e., the 50 most highly financed sectors (NACE CODES)
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##### Corporate Banking

Provision of products and services to larger clients with NACE CODES: Corporates, Multinationals, Sovereigns, Financial Institutions, Shipping, Tourism sector (hotels), Interbank loans	<b>94%</b> of the Bank's corporate portfolio was analyzed, i.e., the 50 most highly financed sectors (NACE CODES)
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##### Investment Banking

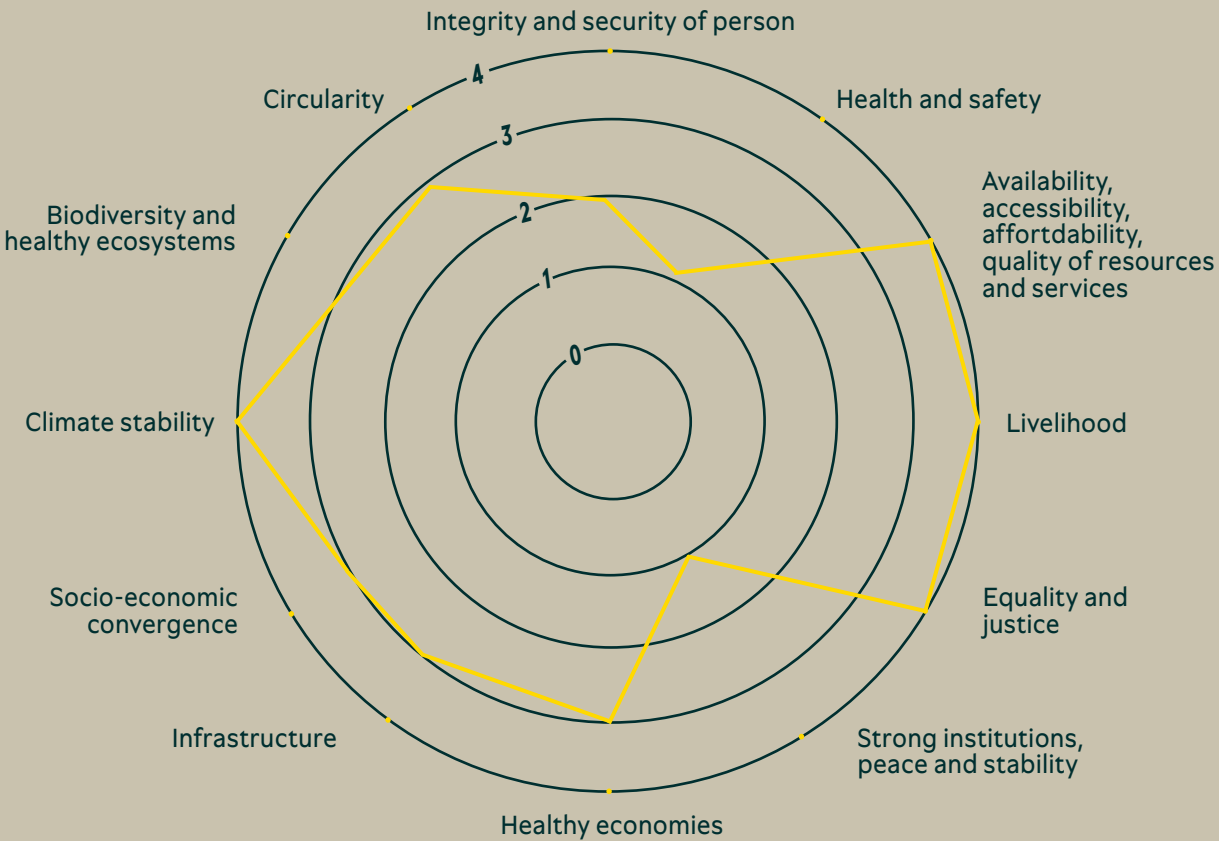
Provision of access to capital markets & raising of capital, on capital markets and related services: bonds and equity with NACE CODES	<b>98%</b> of the Bank's investment portfolio was analyzed, i.e., the 23 most highly financed sectors (NACE CODES)
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**Impact Analysis results**

Overall, the financing activities of Piraeus Bank have strong positive contributions to the sustainable development and the healthy economy of Greece. The Bank is supporting the financial inclusion and well-being of the people in the country through the provision of retail products in the categories of “Current accounts and savings” and “Credit cards and loans”. The financing of businesses supports the economy of the country and positively affects crucial social topics such as employment, wages, and social protection, while the support that the Bank provides to SMEs is strongly associated with positive impacts on the topics of Finance, Sector diversity and Flourishing MSMEs.

Certain key sectors such as the production of electricity, construction, agriculture, and manufacturing are associated with GHG emissions and are resource and waste intensive, thus their financing may be linked to high energy demands and water consumption.

**The Most Significant Sustainability Issues In Greece**



The methodology provides a “Context Analysis” for each country, that highlights the most material sustainability issues, where peoples’ needs are high, and actions need to be taken. For the case of Greece, the Context Module considered the national priorities, strategies, and trends, as well as the country needs, concluding to the impact areas as shown in the diagram above.

## Impact Analysis results per analysed portfolio<sup>1</sup>

### Consumer Banking

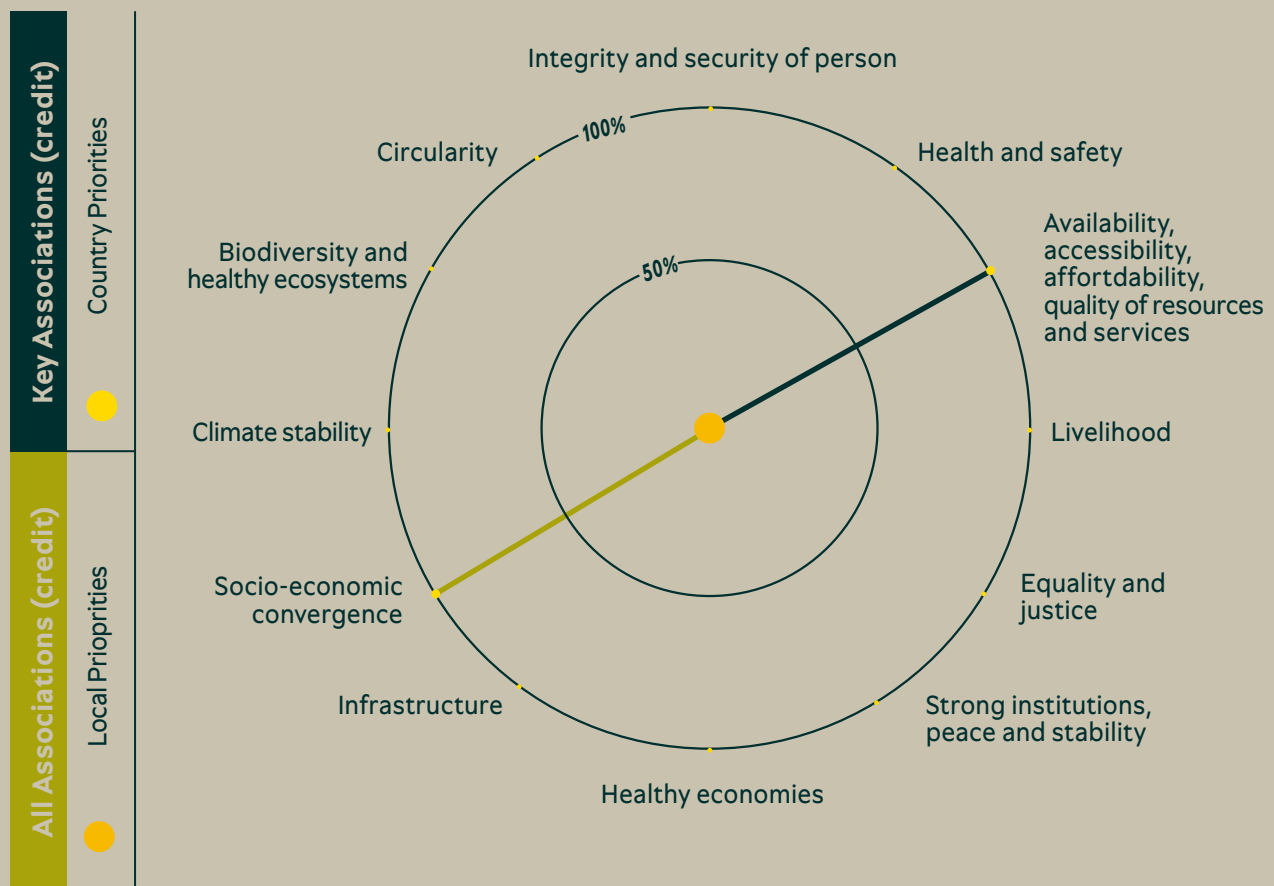
According to the analysis, Piraeus has positive impacts on the society of Greece, through the banking operations that fall under the categories of "Current accounts and savings" and "Credit cards and loans". The strong positive impacts are observed in the area of "Availability, accessibility, affordability, quality of resources and services", and on the topics of Finance, Housing, Education, Mobility, Flourishing MSMEs and Socio-economic Convergence, which are also of great significance for the people in Greece. In addition to that, the Bank is supporting vulnerable groups of the population, such as small farmers, with products targeted to rural populations and with microcredit products.

For these results, the Model considers the high percentage of customers who maintain current and savings accounts and therefore the important role the Bank plays in enhancing accessibility to banking services. Through these products the Bank is supporting the financial well-being of people in Greece.

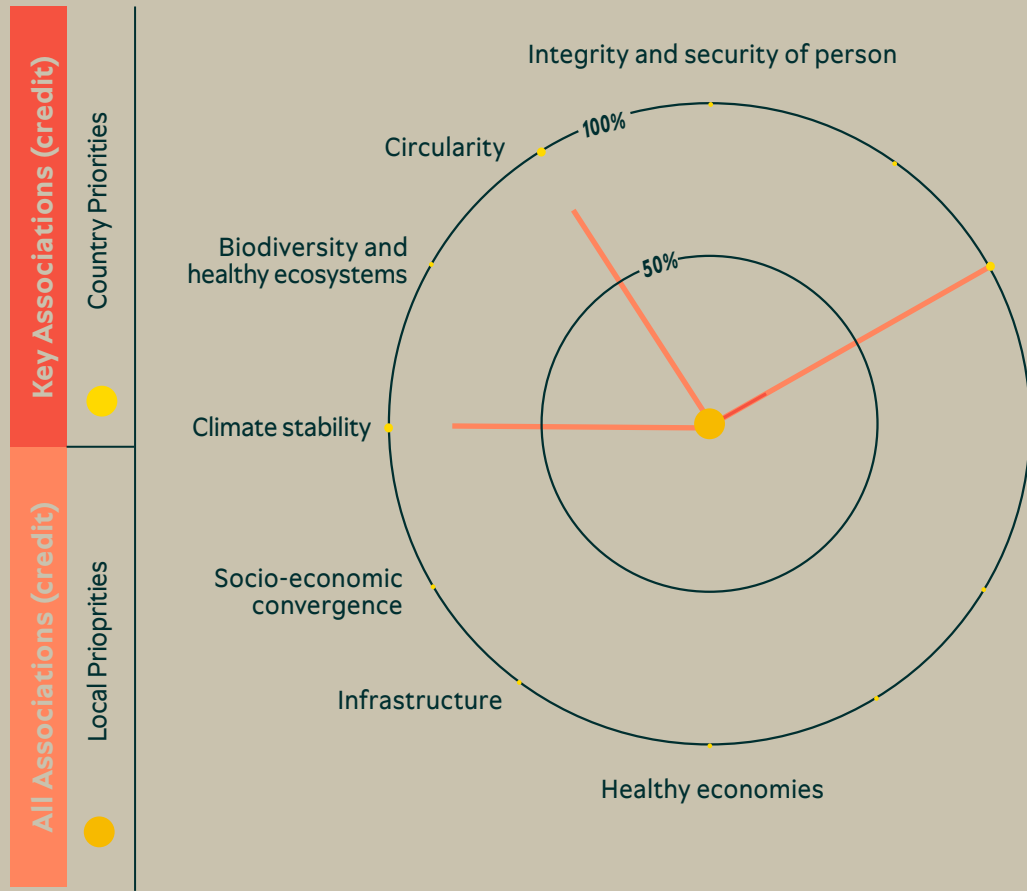
The methodology suggests that possible negative impacts may also emerge from the products of consumer portfolio, due to the risk of debt overburden on Greek households.

<sup>1</sup> In the diagrams that follow the dots do not represent a value. They only show if an impact area is a priority in the country/locations (based on data in the Context Module).

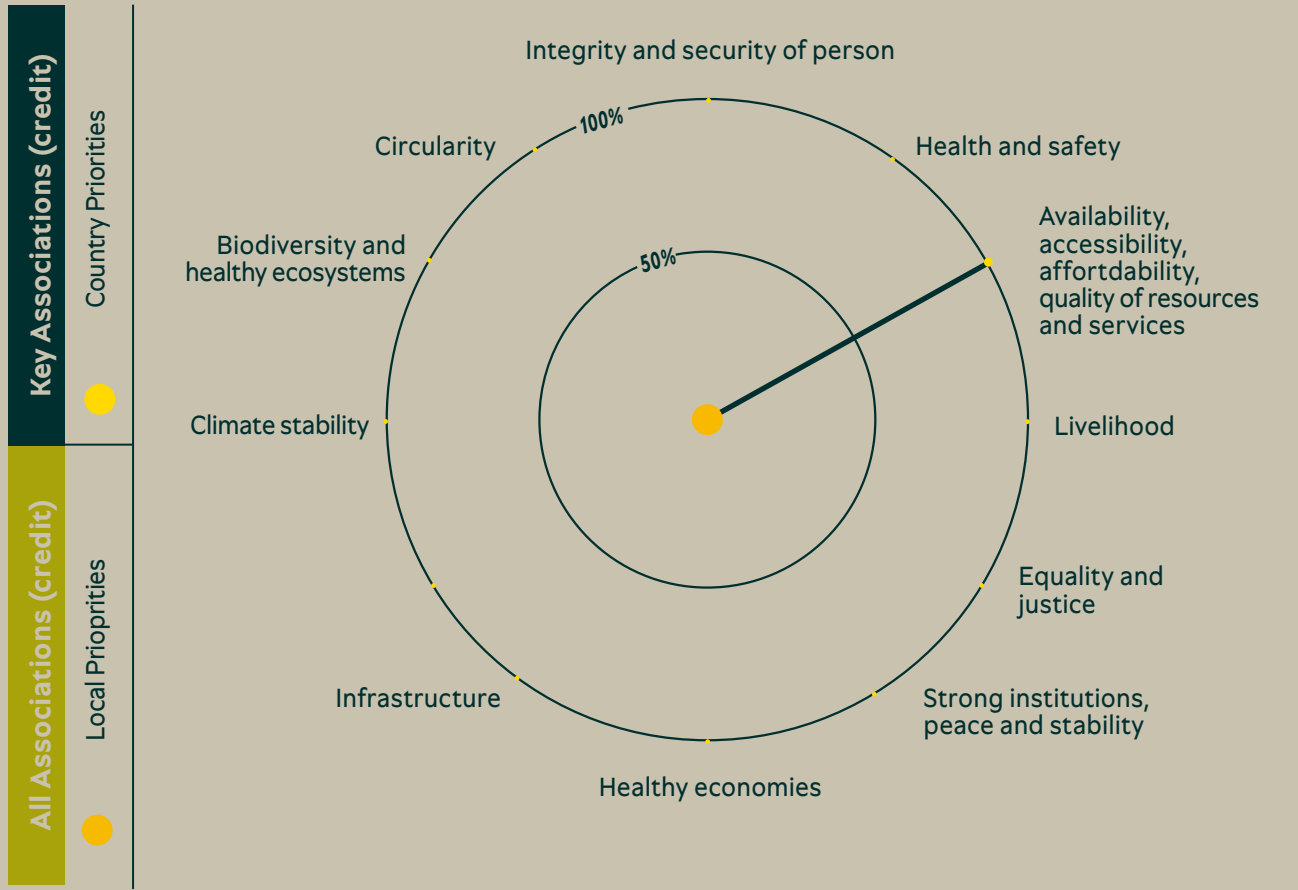
### Consumer Banking - Positive impacts (Credit)



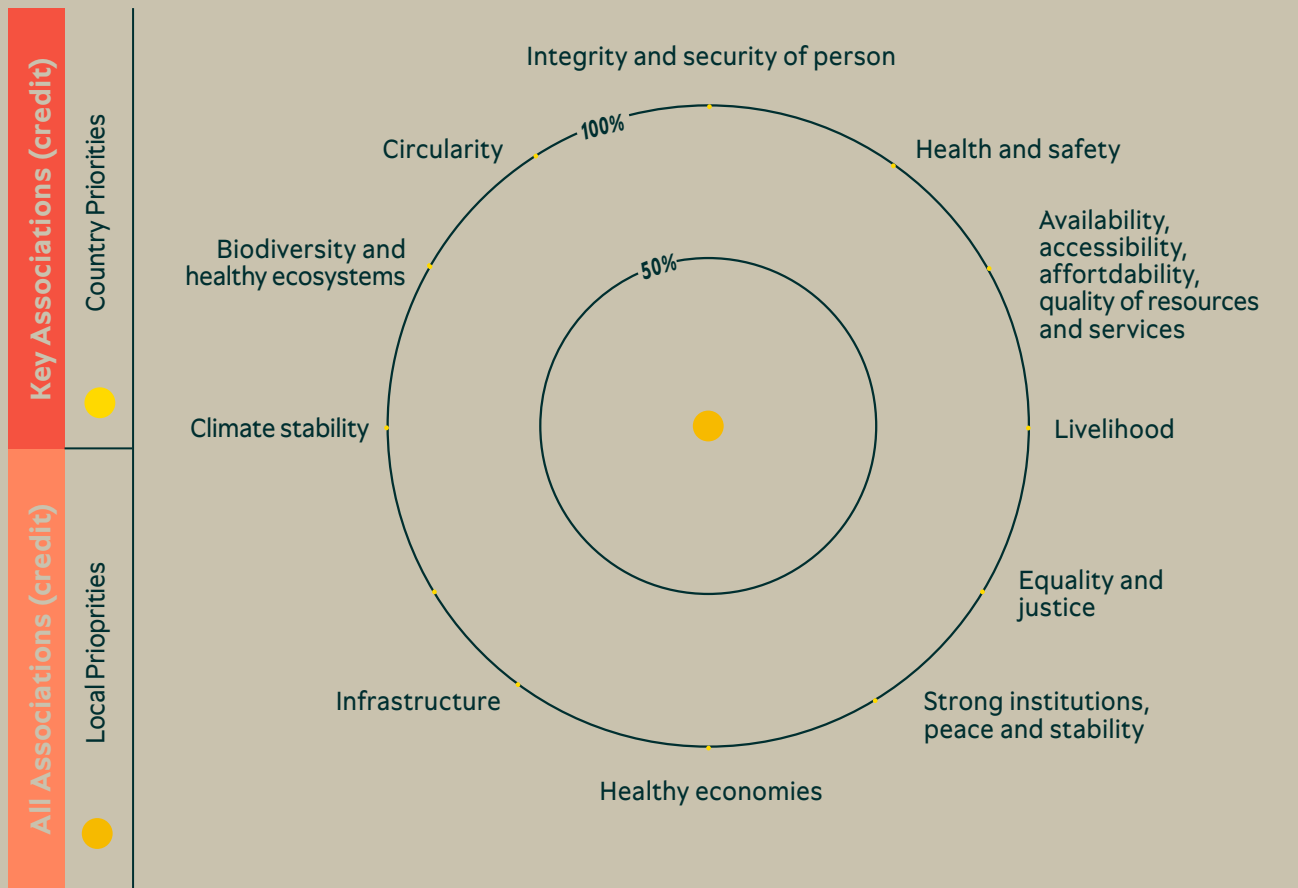
## Consumer Banking - Negative impacts (Credit)



## Consumer Banking - Positive impacts (Current accounts and savings)



## Consumer Banking - Negative impacts (Current accounts and savings)



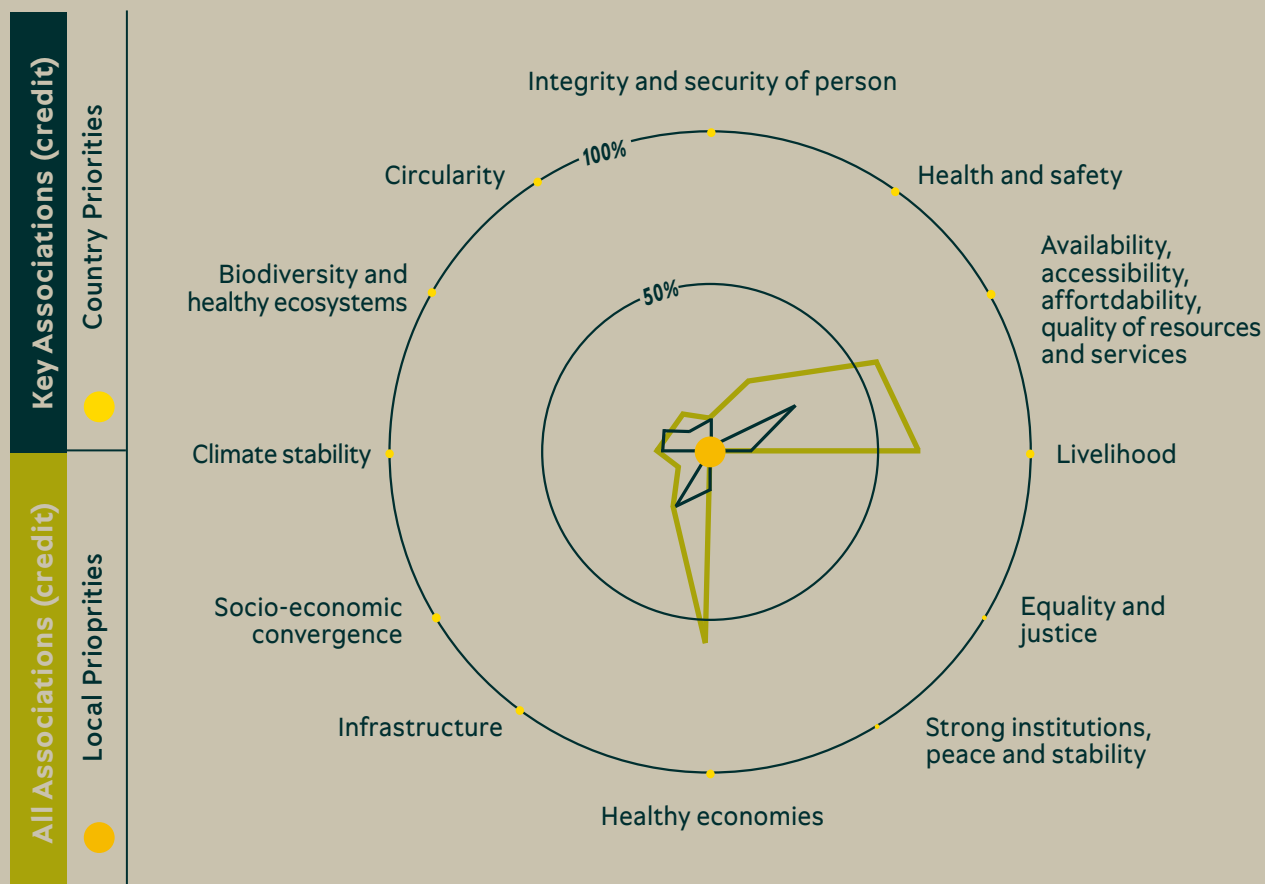
## Business Banking

According to the analysis, the entire Piraeus's business portfolio that was analysed (62%) has positive impacts on the society of Greece and the area of "Livelihood", which is also significant for the needs of the country, and more specifically on the topics of Employment, Wages and Social Protection.

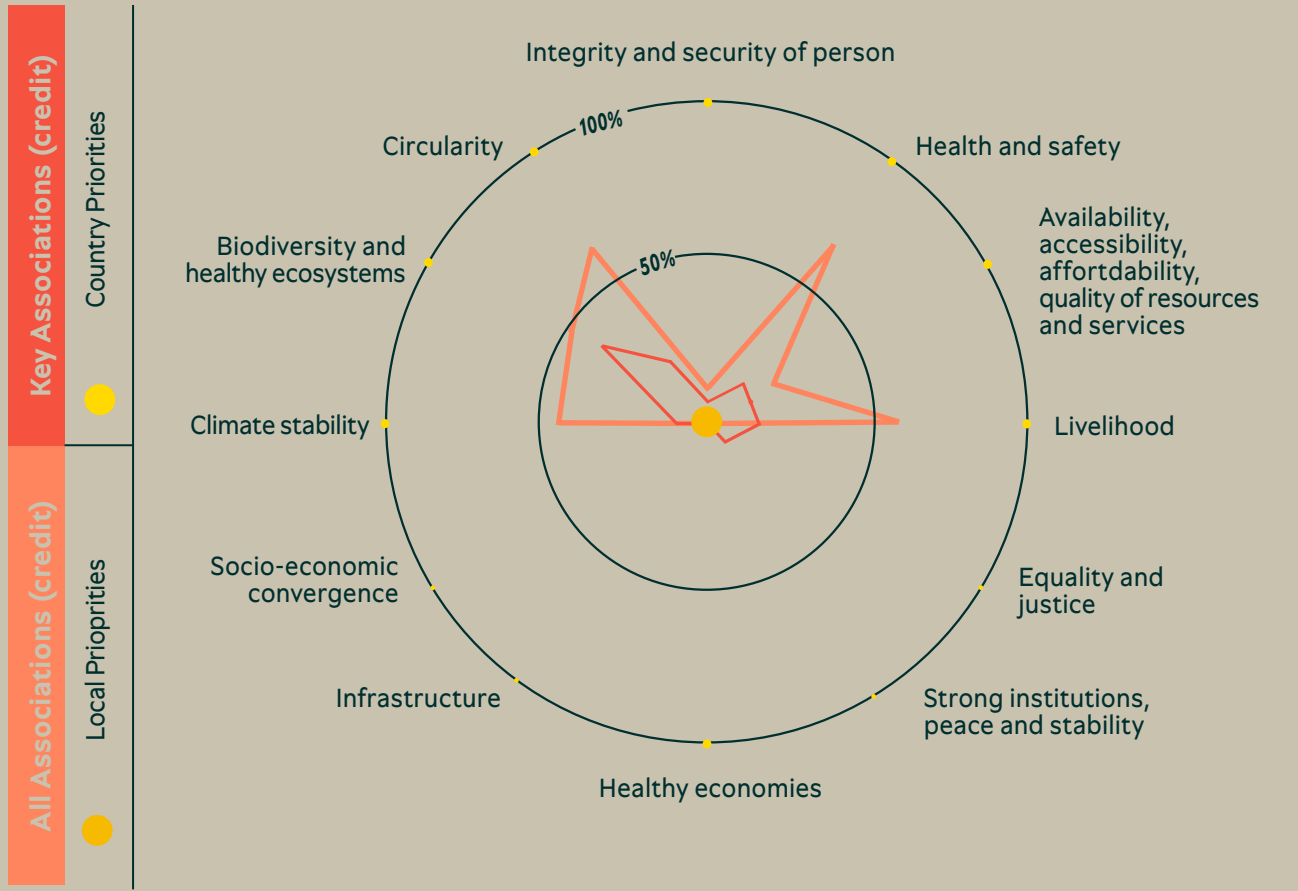
Positive impacts are also observed in the area of "Availability, accessibility, affordability, quality of resources and services", and on the topics of Food, Energy, Housing, Healthcare & Sanitation, Education, Mobility, Culture and Heritage, and Finance, which are also of great significance for the people in Greece. The financing of SMEs has positive contribution to the "Healthy economy" of the country, while the areas of "Infrastructure" and "Climate stability" also benefit from the activities financed in the Business Banking portfolio.

The most financed sector of the business banking portfolio "Hotels and similar accommodation" has positive impacts on supporting Flourishing MSMEs, Wages, Employment, Culture & Heritage, and Health & Safety while negative impacts may be observed mainly in the area of "Biodiversity and healthy ecosystems" and specifically on Waterbodies, and secondly on Soil, Species and Waste. The topics of Wages, Social Protection and Health & Safety may also be affected, due to the possibility of inadequate wages and lack of social benefits such as health insurance and maternity leave.

### Business Banking - Positive impacts (impact areas)



## Business Banking - Negative impacts (impact areas)

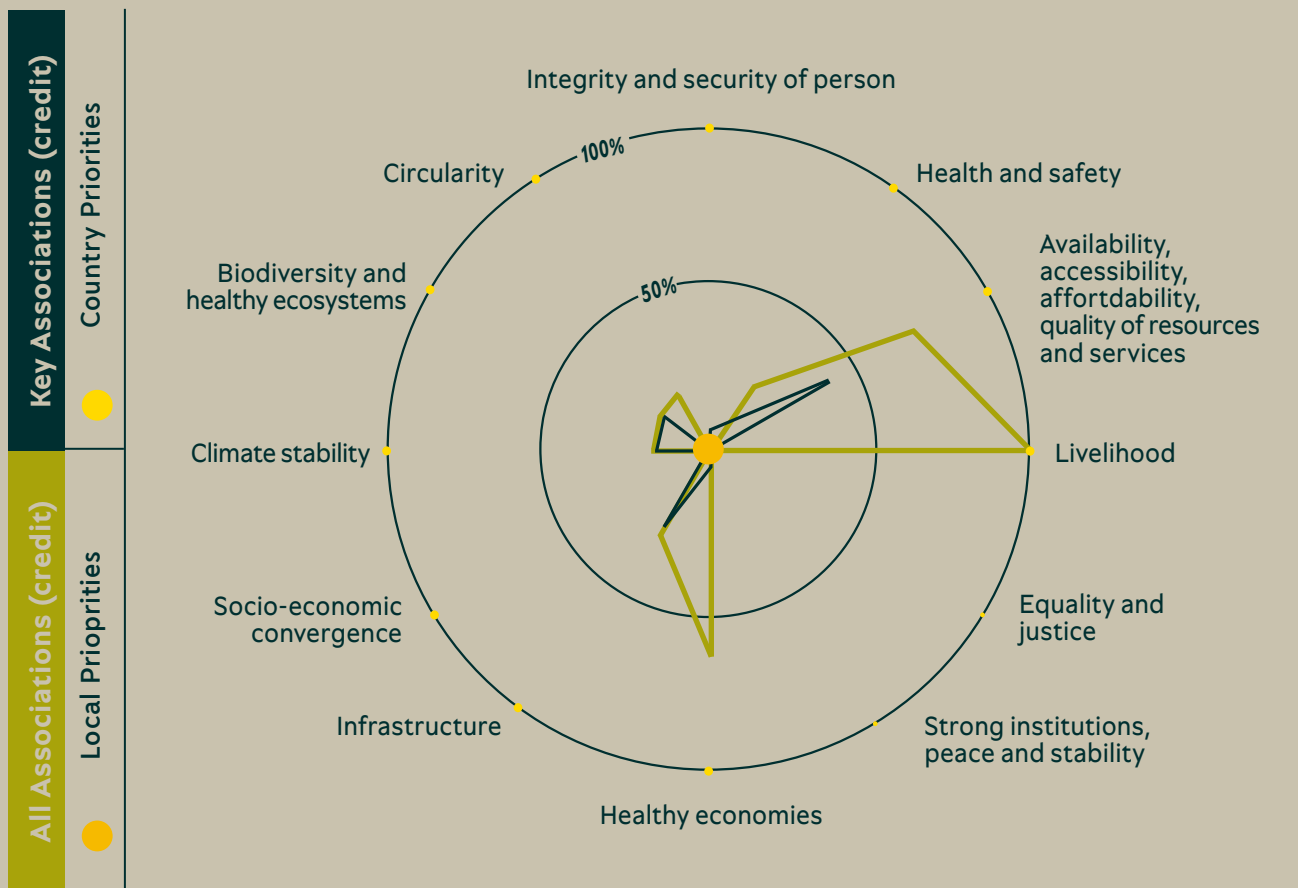


## Corporate Banking

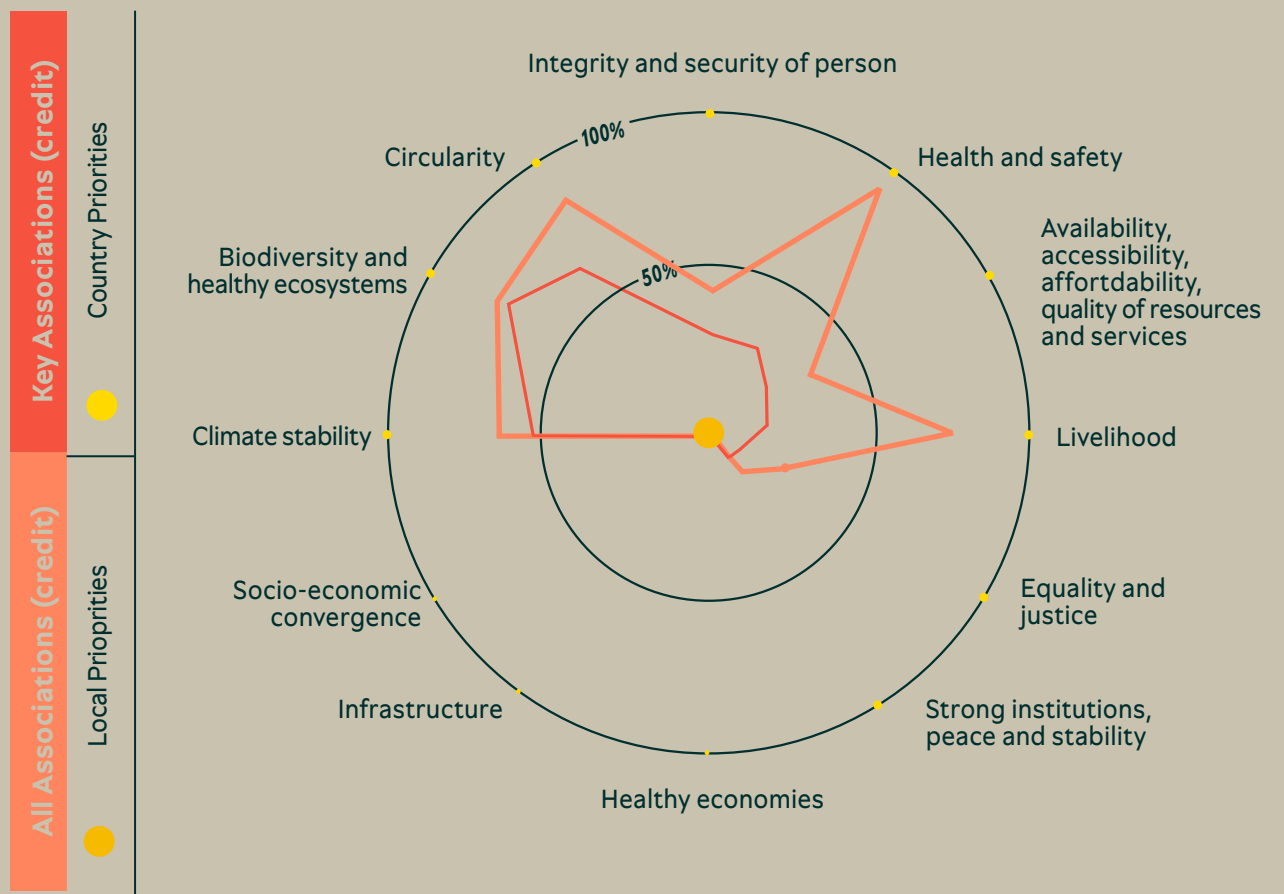
According to the impact analysis, the financing of corporations, i.e., the entire corporate portfolio that was analysed (94%), has positive impacts on the “Livelihood” of the country, supporting the topics of Wages and Employment. The area of “Availability, accessibility, affordability, quality of resources and services” and mainly the topic of Energy is strengthened by the corporate financing, as well as the topics of Food, Housing, and Education. The financing of sectors related to electricity and construction further support the infrastructure of the country, while the financing of corporations within the sectors related to retail trade constitute an integral part and an enabler of the flourishing of MSMEs.

The methodology of the Tool suggests that negative impacts may be associated with the financing of corporations, mainly deriving from the working conditions and the pollution related issues linked to certain sectors. The environmental pillar and the areas of “Climate stability”, “Biodiversity and healthy ecosystems” and “Circularity” may be negatively affected by the financing of sectors such as the manufacturing of foods, refined petroleum products, pharmaceutical preparations, cement, aluminum and copper production, water and air transport, electricity, and certain real estate activities.

### Corporate Banking - Positive impacts (impact areas)



## Corporate Banking - Negative impacts (impact areas)

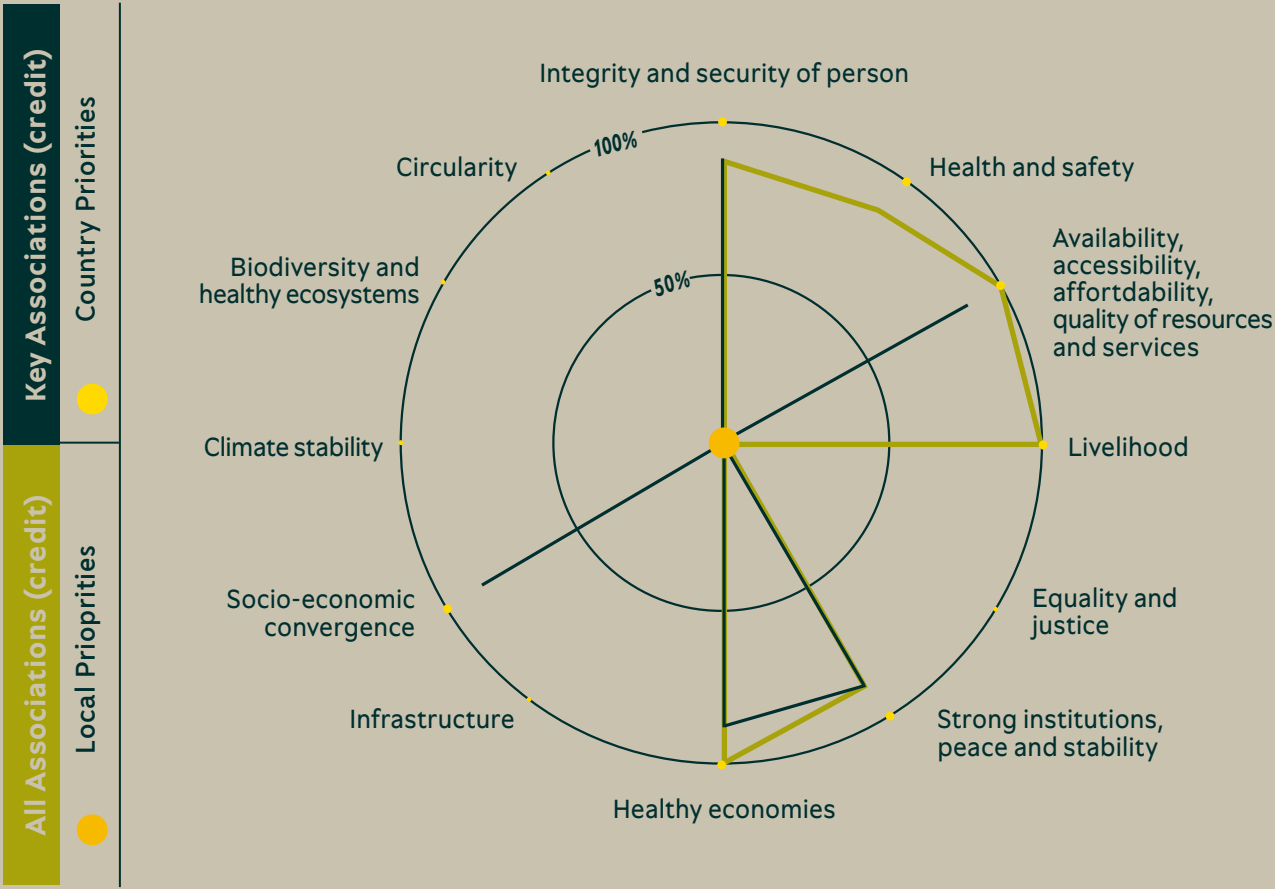


**Investment Banking**

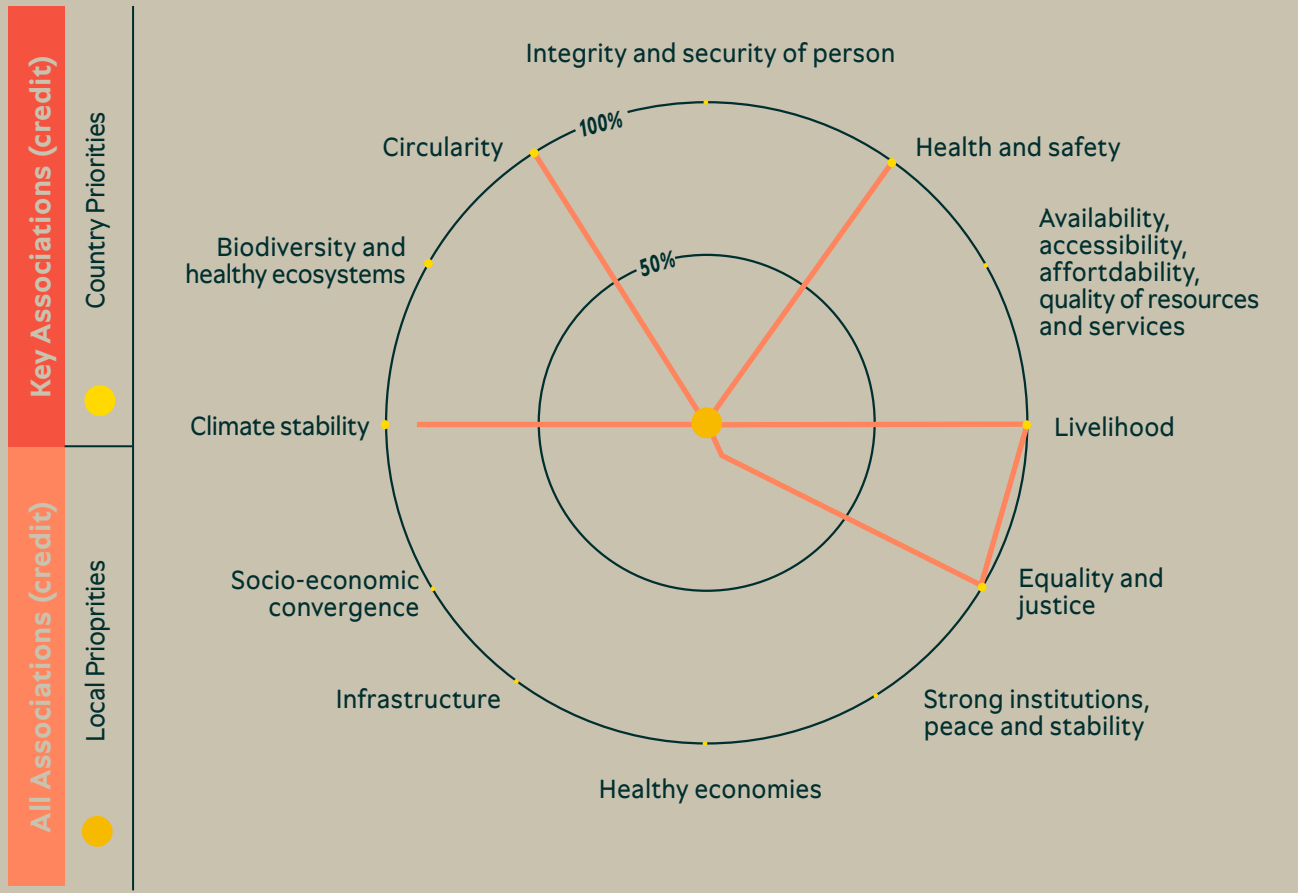
The sector of General public administration activities is the most financed in the investment banking portfolio, including 86% of the portfolio analysed. According to the methodology, this sector is strongly associated with positive impacts in the areas of: "Integrity and security of person", "Finance", "Strong Institutions, peace and stability", "Healthy economies" and "Socio-economic convergence", since governments are key players in such matters, contributing to economic convergence and securing access to justice, while enabling the economic activity of the country.

Potential negative impacts may be linked to less than 1,5% of the analysed portfolio.

**Investment Banking - Positive impacts (impact areas)**



## Investment Banking - Negative impacts (impact areas)



## *Focusing on Climate and Financial Inclusion (prioritized impact areas)*

Following the Impact Analysis, the needs in Greece and the strategic priorities of the organisation, Piraeus prioritises the following areas and topics as the most significant:

- Climate Stability
- Financial Health & Inclusion, focusing on Healthy Economies and Flourishing MSME

### ***Climate is a strategic priority for Greece and for Piraeus Group***

- Climate stability is a global high priority, also highlighted in Europe and in Greece, scoring as a high need for the country in the relevant analysis (Country Context Module).
- Addressing Climate Change is a long-term priority for Piraeus Group. Piraeus Group has started its journey to become net zero by 2050 at the latest and has defined intermediate science-based targets (by 2030). Piraeus aspires to be a market leader in Green Financing and in energy transition among Greek banks, while being the only Greek company in the Financial Times list of EU Climate Leaders for four consecutive years, since 2021.

Piraeus recorded a 74% reduction of own CO<sub>2</sub> emissions in the past 5 years and pursues extensive effort to reduce them even further in line with the Paris Agreement.

### ***Climate is a highlighted area in Piraeus Impact Analysis results***

- Significant proportions of the analysed business and corporate portfolio (45,5% and 65,5% respectively) may have potential negative impacts on "Climate stability", deriving from the financing of key sectors such as Sea and coastal freight water transport, Electricity, Manufacture of refined petroleum products and Construction of roads and pathways. The most financed sector of Piraeus's corporate portfolio is "Sea and coastal freight water transport", which may have negative associations to Climate Stability.
- By mitigating potential negative impacts on climate stability, Piraeus can address other potential associated impacts on "Circularity" and "Biodiversity and healthy ecosystems", where there is also a part of the Bank's portfolio with potential negative impacts (interlinkages).

### ***Financial Health & Inclusion (Healthy economies and Flourishing MSMEs)***

Small Businesses are the backbone of Greek economy

- Healthy Economies is a high priority in Greece, scoring "4" in the Country Context Module, especially for the topic of flourishing MSMEs.
- The issue of Financial Health & Inclusion is a high priority for Piraeus Group, having signed the UNEP-FI Commitment for Financial Health and Inclusion, in the context of the Principles for Responsible Banking. The purpose is to support the most vulnerable people to have opportunities to secure and maintain their standard of living and take steps to improve their financial health, such as long-term financial planning and access to credit and insurance.

### ***Healthy economies and Flourishing MSMEs are highlighted areas in Piraeus***

- Business portfolio: 53,6% of the business portfolio has positive impacts to

“Healthy economies” in Greece, leading with the highly financed sectors of Piraeus’s business portfolio, Hotels and similar accommodation, and Regulation of and contribution to more efficient operation of businesses, while no negative impacts are associated.

- Investment portfolio: 86% of the investment portfolio, derives from financing the key sector “General public administration activities” that is strongly linked to positive impacts on “Healthy economies”, enabling economic activities on the topics of Sector diversity and Flourishing MSMEs.

Piraeus publishes its progress on the Principles for Responsible Banking on an annual basis:

Principles for Responsible Banking | Piraeus Bank <https://www.piraeusbank.gr/en/idiwtetes/unep-fi>

## Piraeus’ Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions

IV.2

For the calculation of the Bank’s total CO<sub>2</sub> equivalent emissions, the following sources of emissions are taken into consideration:

### Direct GHG emissions (Scope 1 –S1)

- Consumption of heating oil.
- Fuel consumption by company-owned cars.
- Total of refrigerants added to air-conditioning and cooling units, and heat pumps.

Scope 1 emissions saw a reduction in 2023 of 40.6% due to the decreased heating oil consumption, and the decreased use of refrigerants added to air-conditioning systems.

Since 2019, direct emissions (Scope 1) have dropped by 58%.

Refrigerants added to A/C Systems* (in kg)	2023
R-410A	87.5

\*In accordance with existing legislation.

### Indirect GHG emissions associated with electricity consumption in the Bank’s buildings (Scope 2 –S2)

#### *Consumption of electricity in all buildings and Branches*

In 2023, there was a reduction in Scope 2 emissions by approximately 9.3%, following the reduction of electricity consumption in the Bank’s building infrastructure, due to the energy saving interventions, the change in the country’s energy mix and the decreasing branch network. Scope 2 emissions dropped 56% over the period 2019-2023.

Piraeus Bank secured Guarantees of Origin (GOs), certifying that 100% of the electricity consumed on the Bank’s premises were sourced from renewable energy, and achieving zero Scope 2 market- based emissions. In total, 35,295 MWh were cancelled in the electronic certificate registry.

## Other indirect GHG emissions (Scope 3 –S3):

- Purchased goods and services (e.g. fixed equipment, courier services, security services, etc.) – Category 1.
- Fuel and energy related activities (emissions not included in Scope 1 and 2) –Category 3.
- Upstream transportation and distribution (e.g. furniture, electrical and electronic equipment, archive, etc.) – Category 4.
- Waste generated in operations (including management/transport) – Category 5.
- Business travel (rental or privately- owned car, air travel, sea travel) – Category 6.
- Employee commuting – Category 7.
- Equity investments (listed equity and unlisted equity) – Category 15.
- Mortgages – Category 15.
- Commercial Real Estate (loans and investments) – Category 15.
- Corporate loans – Category 15.
- Sovereign debt (sovereign bonds and sovereign loans) – Category 15.
- Motor vehicle loans – Category 15.
- Corporate bonds – Category 15.

For 2023, the indirect GHG emissions from the operational activities of the Bank (Scope 3 Categories 1-14) and the financing and investment activities of the Group (Scope 3 Category 15) were assessed.

With reference to the Bank's Scope 3 operational footprint (Categories 1-14), there was an overall annual decrease of 21.7%. The reduction is mainly due to the completion of the WFA (work from anywhere) project which led to the decrease of supplies and transportation of hardware (Categories 1 and 4) and the reduction in number of employees (Categories 3 and 7). It is noted that to calculate the emissions for employee commuting (Category 7), the results of the 2022 questionnaire filled out by the Bank's employees for employee commuting were used, adjusted to the number of employees and teleworking days of 2023. Business travel (Category 6) was increased by almost 23%, something that was expected following the post pandemic period and the abolition of all travel restriction measures.

The GHGs included in the calculations of the Bank's operational footprint (Scope 3 Cat. 1-14) are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and hydrofluorocarbons (HFCs). Upstream Scope 3 emissions for Category 3 associated with the extraction, refining and transportation of fuels (e.g., petrol, LPG, and heating/motor oil), prior to their combustion, are calculated using DEFRA's Well-to-Tank (WTT) conversion factors. In respect with electricity consumption, due to the use of guarantees of origin that verify that electricity consumed in the premises of the Bank is produced with renewable sources (mainly hydro), the most recent LCA default emission factor for electricity produced by hydro, provided by the Joint Research Centre of the European Commission, is used. DEFRA's conversion factors are also used for Category 7 for passenger land transport, as well as for waste generation and disposal in Category 5. Emissions from products consumption, such as paper, toner, or water in Category 1, are based on the respective carbon footprint emission factors. For all other emissions related to spend-based data (in Categories 4, 6, and rest of 1), the relevant published input-output tables are used.

Particular emphasis is placed on the calculation of Piraeus's financed emissions (Scope 3 Category 15), which includes the estimation of GHG emissions from the financed and investment activities and the share of emissions that must be attributed to the Group based on the amount of each loan or investment.

In 2023, all Scope 3 Category 15 emissions were measured and reported according to the PCAF (Global GHG Accounting and Reporting Standard for the Financial Industry, 2nd edition) methodology, for all asset classes included in PCAF. Specifically, equity investments, mortgages, CRE loans and investments, corporate loans, sovereign debt, motor vehicle loans and corporate bonds were included in the calculation of the carbon footprint from Piraeus' financing and investment, including S1, S2 and S3 emissions of the Group's portfolio.

With reference to the Scope 3 emissions associated with CRE loans and investments, there was a 41% year-on-year increase, following a change in the methodology for emission calculation, with the use of emissions factors from the PCAF database per type of buildings instead of total area of the portfolio's building stock which was used in previous years.

For the asset class of corporate loans, a 51% annual increase was noted (in S1 and S2 emissions) due to the increased corporate loan portfolio and the wide use of published emissions of large borrowers, replacing the I-O approach that was used in 2022.

Finally, yet importantly, the emissions from sovereign debt were decreased by 46%, as a specific perimeter was defined, and emissions from equity investments saw a substantial decrease of 74% due to a significant change in the portfolio structure and the level of exposure of 2 large companies that are considered high emitters.

## GHG Emissions

	2023	2022	2022-2023 Trend
Direct emissions CO <sub>2,eq</sub> (tonnes) - Scope 1	1,238.41 <sup>1</sup>	2,083.36 <sup>2</sup>	-40.6%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 2 (location-based) <sup>3</sup>	13,629.87 <sup>1</sup>	15,026.83 <sup>2</sup>	-9.3%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 2 (market-based) <sup>4</sup>	0.00 <sup>5</sup>	0.00 <sup>6</sup>	-
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 1- Purchased goods and services)	10,629.98	17,411.75	-39.0%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 3- Fuel and energy related activities)	4,282.27	4,508.11	-5.0%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 4- Upstream transportation and distribution)	224.40	280.09	-19.9%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 5- Waste generated in operations)	131.64	127.89	2.9%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 6- Business travel)	4,546.35	3,704.90	22.7%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 7- Employee commuting)	6,148.02	7,113.96	-13.6%
Total Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Categories 1-14)	25,961.66	33,146.70	-21.7%
Total emissions CO <sub>2,eq</sub> (tonnes) - Scope 1, 2 (location-based), Scope 3 (Categories 1-14)	40,829.94 <sup>1</sup>	50,256.89 <sup>2</sup>	-18.8%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 15- Equity investments) (financed S1+S2 emissions)	38,267.52	148,265.07	-74.2%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 15- Equity investments)(financed S3 emissions) <sup>7</sup>	64,158.11	-	-
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 15- Mortgages) (financed S1+S2 emissions)	66,759.06	67,396.74	-0.9%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 15- Commercial Real Estate loans and investments) (financed S1+S2 emissions) <sup>8</sup>	66,569.42	47,304.60	40.7%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 15- Corporate loans) (financed S1+S2 emissions) <sup>9</sup>	4,339,832.49	2,882,892.03	50.5%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 15- Corporate loans) (financed S3 emissions)	10,846,866.95 <sup>10</sup>	1,946,507.94 <sup>11</sup>	457.2%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 15- sovereign bonds and loans) (financed S1 emissions) <sup>12</sup>	2,397,132.22	4,461,448.02	-46.3%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 15- Motor vehicle loans) (financed S1+S2 emissions)	24,917.16	26,771.47	-6.9%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 15- Corporate bonds) (financed S1+S2 emissions)	280,885.22	265,439.50	5.8%
Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 15- Corporate bonds) (financed S3 emissions) <sup>7</sup>	406,739.70	-	-
Total Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 15) (financed S1+S2 emissions)	7,214,363.09	7,899,517.43	-8.7%
Total Indirect emissions CO <sub>2,eq</sub> (tonnes) - Scope 3 (Category 15) (financed S1+S2+S3 emissions) <sup>13</sup>	18,532,127.85	9,846,025.37	88.2%

<sup>1</sup> The following Global Warming Potential (GWP) coefficients have been used for the conversion of emissions estimates into the common unit of CO<sub>2,eq</sub>: 1 for CO<sub>2</sub>, 28 for CH<sub>4</sub> and 265 for N<sub>2</sub>O.

For details see: Table 1.3 Greece – National Inventory Report 2023.

<sup>2</sup> The following Global Warming Potential (GWP) coefficients have been used for the conversion of emissions estimates into the common unit of CO<sub>2,eq</sub>: 1 for CO<sub>2</sub>, 28 for CH<sub>4</sub> and 265 for N<sub>2</sub>O.

For details see: Table 1.3 Greece – National Inventory Report 2022.

<sup>3</sup> Source of data used for the calculation of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O emission estimates: the national GHG inventory and the national energy balance on the final electricity consumption and the electricity consumption of the energy sector in n-2 year (where n is the referenced year).

<sup>4</sup> For data calculation, GOs have been taken into account according to L.4951/2022 and Ministerial Decision YPEN/DAPEEK/81331/3661 (FEK B' 4246/10.08.2022) and cover 100% of total electricity consumption from the grid.

<sup>5</sup> The Bank has acquired GOs for 35,295 MWh.

<sup>6</sup> The Bank has acquired GOs for 38,900 MWh.

<sup>7</sup> The specific indicator was calculated for the first time in 2023.

<sup>8</sup> CRE investments concern only Piraeus Bank's owned properties. The data regarding CRE Investments is up to 30.09.2022 and 2023 respectively, as, at the time of writing, the data was not available until 31.12 of the referenced year.

<sup>9</sup> Not including loans provided to CRE companies.

<sup>10</sup> S3 emissions refer to Scope 3 emissions of all counterparties.

<sup>11</sup> S3 emissions refer to sectors with required Scope 3 emissions inclusion as defined by the EU TEG and according to PCAF 2022 methodology.

<sup>12</sup> Financed emissions are related only to S1 emissions of the country since, based on PCAF requirements, the approach allows to account for production emissions as defined by UNFCCC national emissions inventory (Scope 1).

<sup>13</sup> S3 emissions were calculated for the first time in 2023 for equity investments and corporate bonds.kj

## Piraeus Bank Environmental Footprint Key Environmental Indicators<sup>14</sup>

	2023	2022	2022-2023 Trend
<b>Energy consumption</b> (Electricity, heating oil, and transport)			
Total electricity consumption (GWh)	36.57 <sup>15</sup>	39.8816	-8.3%
Total electricity consumption (GJ)	131,668.60	143,563.00	-8.3%
Electricity consumption (kWh/m <sup>2</sup> )	104.72	103.28	1.4%
Heating oil consumption (litres)	71,179.61	117,777.00	-39.6%
Heating oil consumption (GJ) <sup>16</sup>	2,582.94	4,273.85	-39.6%
Air travel – jet fuel (tn)	48.25	39.28	22.8%
Motor travel – diesel fuel (litres)	246,385.29	268,713.00	-8.3%
Motor travel – gas fuel (litres)	1,855,264.46	1,666,787.58	11.3%
LPG consumption (litres)	28,755.61	23,394.77	22.9%
Total fuel consumption (GJ) <sup>17</sup>	14,678.61	23,479.29	-37.5%
Total energy consumption (GJ) - inside the Organisation	146,347.16	167,042.03	-12.4%
Total energy consumption (GJ) - outside the Organisation	61,007.76	48,117.86	26.8%
Total distance travelled (km)	42,144,828.00	38,854,236.00	8.5%
Travel prevented by opting for e-learning (km)	13,914,452.00	5,385,167.60	158.4%
<b>Water</b>			
Water consumption (m <sup>3</sup> )	55,050.00	46,267.00	19.0%
Water consumption (m <sup>3</sup> /employee <sup>18</sup> )	6.66	5.31	25.5%
<b>Consumables</b>			
Conventional paper consumption (tonnes) [I]	23.62	273.81	-91.4%
Eco-label paper consumption (tonnes) [II]	287.09	398.13	-27.9%
FSC paper consumption (tonnes) [III]	53.26	63.41	-16.0%
Total paper consumption (tonnes) [I]+[II]+[III]	363.98	735.34	-50.5%
Total paper consumption (kg/employee)	44.05	84.42	-47.8%
Percentage of environmentally certified paper (FSC or recycled) vs total consumption (%)	93.51	63.90	46.3%
Total cartridge/toner consumption (items)	7,308.00	10,099.00	-27.6%
Total cartridge/toner consumption per employee <sup>18</sup> (items/employee)	0.88	1.16	-23.7%
Percentage of refilled cartridge/toner vs original (%)	41.46	43.56	-4.8%
<b>Solid Waste Management</b>			
Paper recycled (tonnes)	772.32	138.25	458.2%
Toners and cartridges reused/recycled (items)	9,186.00	10,017.00	-8.3%
Other electrical and electronic equipment recycled (tonnes)	23.72	37.90	-37.4%

<sup>14</sup> Calculations for 100% of Piraeus Bank's operations in Greece.

<sup>15</sup> Of the 36.57 GWh, 1.28 GWh comes from PV systems and 35.29 GWh from the grid.

<sup>16</sup> Of the 39.88 GWh, 0.98 GWh comes from PV systems and 38.90 GWh from the grid.

<sup>17</sup> The specific indicator includes the total consumption of heating oil and fuel (diesel, gas, LPG/CNG) of company fleet cars.

<sup>18</sup> The number of employees is calculated as the average number of employees per month for the referenced year, according to data uploaded to EcoTracker.

## Piraeus' targets to manage climate-related risks & opportunities and performance against targets

### Climate

The following targets have been set:

- Piraeus Bank aspires to align its loan and investment portfolios to be net-zero. The Group is committed to SBTi and submitted 2030 targets that were validated in December 2022. The financed emissions targets are for below 2°C and refer to nine asset classes representing well over 50% of total financed emissions.
- Electricity at Bank facilities is by 100% sourced from renewables, leading to zero Scope 2 emissions (market-based) from 2020 and onwards. A target of 73% reduction of Scope 1 and Scope 2 (2019 reference year) emissions by 2030 has also been set under the SBTi. Piraeus Group also participates in a wide variety of global initiatives for sustainability. Acquiring knowledge from its involvement.

Piraeus Group has developed a methodology (the PHYSIS toolkit), based on existing databases, to assess biodiversity impacts due to its financing. In 2023, Piraeus Group completed its first impact assessment of business portfolios on terrestrial, freshwater, and marine ecosystems. The output is expressed in Potentially Disappeared Fraction of species (PDF) per km<sup>2</sup> per year. Additionally, avoided biodiversity loss for 2022 was estimated from RES projects of the electricity production sector. In 2024, the second impact assessment will be conducted based on the ENCORE tool.

### Science-Based Targets for reducing emissions

In line with its Climate Strategy, Piraeus Group submitted interim science-based emission targets to the Science-Based Targets initiative (SBTi), that were validated in December 2022. The targets aim to reduce by 2030 (with 2019 as the base year) emissions both in operations, lending, and investment portfolios accounting for well over 50% of its financed emissions, as part of Piraeus' journey to become net zero by 2050.

Piraeus adopted the SBTi methodology as science-based targets provide a clearly defined pathway for financial institutions to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.

In 2024, Piraeus will review and ramp up its targets by:

- Defining and adopting 1.5 °C pathways.
- Preparing the validation process of Net-Zero Targets.
- Supporting and advising clients in their transition to a low-carbon environment – the Group supports its clients in their own climate transition journeys and focuses on supporting clean technologies economy, leading the market in terms of related commercial strategies.
- Further engaging with large corporates from high-emitting economic sectors concerning the need for implementing emissions reduction targets if required.
- Applying specific measures for the energy transition of its corporate

portfolio, according to the existing strategy.

- Achieve positive impact on climate action through financing.
- Focus on sectors that are carbon-intensive, measure whether financing is aligned with target ambition and business decisions, and work with clients to collectively address the effects of climate change.

The table below shows the annual progress of the SBTI targets.

## SBTi Annual Target Progress

Operations	GHG emissions Scope 1 & 2 (tCO <sub>2eq</sub> ) (base year 2019)	GHG emissions Scope 1 & 2 (tCO <sub>2eq</sub> ) (target year 2030)	GHG emissions reduction (%)	Actual GHG emissions (2022)	Actual GHG emissions (2023)	Actual GHG emissions reduction % (2023)	
Direct and indirect GHG emissions from branches and administrative buildings	7,880	2,136	-73%	2,083	1,238	-84%	✓*
Continue annually sourcing 100% renewable electricity through 2030							✓
Portfolios under the Sectoral Decarbonisation Approach***	GHG emissions intensity (base year 2019) in kg CO <sub>2</sub> /m <sup>2</sup>	GHG emissions intensity (target year 2030) in kg CO <sub>2</sub> /m <sup>2</sup>	GHG emissions reduction (%) per m <sup>2</sup>	Expected GHG emissions intensity (2023) in kg CO <sub>2</sub> /m <sup>2</sup>	Actual GHG emissions intensity (2023) in kg CO <sub>2</sub> /m <sup>2</sup>	Deviation from expected intensity	
Commercial Real Estate Loans in residential buildings managed by companies	34	17	-50%	28	27	-3%	✓
Commercial Real Estate Loans in commercial buildings managed by companies	59	25	-58%	46	34	-26%	✓
Commercial RE investments in residential buildings	33	16	-50%	27	27	0	✓
Commercial RE investments in commercial buildings	71	30	-58%	56	43	-23%	✓
Investments in listed REITS (RE companies)	59	25	-58%	46	42	-11	✓
Investments in bonds issued by companies active in the electricity production	0.66tn CO <sub>2</sub> /MWh	0.34tn CO <sub>2</sub> /MWh	-49%	0.54tn CO <sub>2</sub> /MWh	0.72tn CO <sub>2</sub> /MWh	33%	[]**
Electricity generation sector: continue financing and investing only in renewable electricity activities							✓
Portfolios under the Temperature Rating Method	Portfolio temperature score (base year 2019)	Portfolio temperature score (target year 2027)	Temperature reduction per annum	Actual temperature score for 2022	Expected temperature score for 2023	Actual temperature score for 2023	
Investment in listed stocks	2.83°C	2.42°C	-0.051°C	3.19°C	2.62°C	1.82°C	✓
Long-term (>1 year) loans (for large corporates with 500+ employees)	2.85°C	2.43°C	-0.052°C	2.56°C	2.64°C	2.37°C	✓
Investment in corporate bonds of listed companies	1.83°C	1.80°C	-0.004°C	2.26°C	1.81°C	2.59°C	[]

\* Progress

\*\* Continue working in order to achieve targets

\*\*\* The portfolio includes loans from both Piraeus Bank and Piraeus Leasing

# Energy Transition

## *Climate & ESG roadmap and strategy*

Greece would need to abate approximately 80 megatons of carbon dioxide equivalent. On this net-zero pathways, abatement occurs in every sector.

It is essential to be able to address the structural challenges of individual sectors and the timing mismatch between investments and returns to facilitate strategic investments in new technologies.

The leading sector would be the power sector. It would mainly decarbonise by replacing lignite, primarily with RES. The proportion of power generated from renewable sources would increase steadily to 97% of the generation mix by 2050. By 2050 the transition to a net-zero economy would have a major impact on every sector.

As the power sector decarbonises, it would more than double its energy output helping other sectors decarbonise.

The truth of the matter is that every sector will follow a different pace – collectively, the power, transport and industry sectors account for nearly 80% of Greece's decarbonisation. Buildings, waste and agriculture would abate 15%.

The power, waste and buildings sectors would advance the fastest with energy sector fully decarbonised and building almost there in 2050. Transport would begin more slowly and accelerate its transition more rapidly in the next decade after 2030.

Agriculture currently emits approximately 8.4 Mt CO<sub>2</sub> approximately 10% of Greek GHG emissions. Two prominent sources are responsible for 80% of agricultural emissions: enteric fermentation causes 44%, while emissions released from soils account for 37%. The remaining 20% of agricultural emissions come from manure and equipment use.

Several challenges stand in the way of agriculture transitioning to a net-zero target. Farmland is geographically fragmented with many small landholders. There are more than approximately 700,000 farmers in Greece averaging 7 hectares. This fragmentation makes it hard to roll out emission reduction initiatives at scale.

Second, it can be difficult to influence farmers to adopt new ways of farming that produce lower emissions. The Greek farming culture typically values continuity and, furthermore, has limited exposure to the science and practices of reducing emissions, and even among farmers who wish to pursue lower emissions.

With the vast majority of agricultural abatement actions likely to cost less than €100 per tCO<sub>2</sub>, 70% of abatement efforts in the sector should be cost positive or neutral.

Incentives are needed for the Greek agriculture sector to embrace new sustainable farming practices and tools.

Transition finance is critical to the net-zero transition, driving capital and investment towards reducing emissions in hard-to-abate sectors with credible transition plans. However, challenges to mobilising transition finance remain, including concerns about greenwashing, lack of market standardisation, and risk of carbon lock-in.

Enabling the transition of hard-to-abate sectors requires Piraeus to work closely with clients to understand their needs and progress on decarbonisation, encourage ambi-

tious transition plans, and help develop strategies and provide solutions for their transition, with approaches tailored by sector and region to address the unique challenges, opportunities, and context of each.

Piraeus Group has launched its Energy Transition Project as a concrete commercial programme/action plan, which will allow Piraeus to assume a frontrunning role in its clients' transformations to building a better and more sustainable Greek economy. Piraeus will leverage a structured approach and its deep understanding of the specific needs of each sector with priority focus on power generation, real estate/buildings, and agriculture and promote a tailor-made approach to support small businesses and individuals.

Piraeus Bank has a longstanding track record for implementing actions that protect the environment and support sustainable development. In February 2024, along with its business plan targets for the period 2024-2026, Piraeus Group disclosed its Sustainability Roadmap with guidance for 2026 and its aspirations for 2030.

<b>Sustainability Roadmap under formulation to structure the direction of travel</b>			
	<b>2023</b>	<b>2026 guidance</b>	<b>2030 aspiration</b>
<b>Sustainable banking</b>			
Sustainable financing volumes	€2.7bn	>€5.0bn	>€10.0bn
Green funding (deposits and bonds)	€0.5bn	>€1.5bn	>€5.0bn
Sustainable assets under management	€0.3bn	>€0.6bn	>€1.5bn
<b>Clients</b>			
Net promoter score	25%	>26%	>28%
Percentage of digitized services	73%	~80%	~85%
Corporate and SME clients with energy transition plans	10%	>25%	>50%
<b>People</b>			
Average compensation per employee (% of market average)	~80%	~95%	~100%
Training hours per employee per year	43	~60	~60
Gender pay gap (delta between average male/ female comp per level)	€3.3mn	€0mn	€0mn
<b>Portfolio decarbonisation</b>			
Green asset ratio - EU taxonomy alignment (turnover/capex)	~1% / ~3%	tbd	tbd
EU taxonomy eligibility (turnover/capex)	~22% / ~24%	~30%	~40%
Mortgages carbon intensity (kgr CO <sub>2</sub> per m <sup>2</sup> )	25	~21	~16
CO <sub>2</sub> financed emissions (Mt CO <sub>2</sub> )	8	SBTi	SBTi
<b>Governance</b>			
Weight of sustainability in LT variable remuneration	10%	~20%	~20%
Data – actual emissions info (% of total for corporate and SMEs)	33%	>75%	>90%
Data – actual EPC info (% on collateralized value)	8%	>25%	>90%
MSCI ESG rating	A	AA	AAA

Piraeus has committed to becoming net zero by 2050 the latest and aspires to be the first bank in Greece to do so. The journey to becoming net zero is just starting with the validation by SBTi of 2030 (with base year 2019) emission targets for its operation and for selected asset classes.

Specifically, Piraeus Bank commits to reducing its operational emissions (Scope 1 and Scope 2) by 73% by 2030 and to use 100% renewable energy for its Branches and administration buildings. Furthermore, it aims to reduce financed emissions (Scope 3) by 50% by 2030 or reduce temperature scores by 2027, within 9 discrete asset classes, while committing to continue financing renewable electricity activities. Overall, the targeted reductions represent over 50% of financed emissions of the Bank's business and investment portfolios.

Approaches to managing climate risks and opportunities are evolving rapidly. Piraeus aims to make sure that it is actively contributing to, and up to date with, the latest methodologies and approaches in these areas. The Group plans to continue expanding its approach to cover more of the carbon-intensive parts of Piraeus' lending portfolio. Furthermore, it intends to continue to partner with expert organisations like the SBTi and sector working groups to help standardise the way banks measure their alignment with climate goals. Furthermore, the Group aims to keep exploring ways to link and integrate biodiversity, and the circular economy into its approach to climate action.

## **Financial Health and Inclusion**

Since 2021, Piraeus signed the UNEP-FI Commitment for Financial Health and Inclusion, in the context of the Principles for Responsible Banking. The purpose is to allow the most vulnerable, both individuals and businesses, to have opportunities to secure and maintain their standard of living and take steps to improve their financial health, such as long-term financial planning and access to credit and insurance.

Piraeus was a member of a report published in July 2023, which consolidated the targets initially set by 20 out of the 34 banks in the Commitment, aiming to shift their portfolios to include vulnerable groups in their markets of operation, advance financial inclusion beyond basic banking products, and enhance the financial resilience and well-being of their customers. According to its first target announced, Piraeus will provide at least 3,000 young farmers with effective access to loans, to start or continue their own farmer business and remain in rural areas. Farmers and the agricultural production are of high priority for Piraeus.

### **Piraeus' commitment to support young farmers and MSMEs**

In the context of this commitment, Piraeus has established an internal working group, aiming to fully analyze the needs of Greece in the area of Financial Health & Inclusion and to better identify associated impacts from its actions.

Piraeus Bank has disbursed more than €50 million in funding to more than 4,000 young farmers in 2023 in Greek rural areas. Funding enabled young farmers to benefit from competitive financing terms in order to address their specific needs. It covered investment plans (subsidized or not) and liquidity needs with a range of products and services that helped young farmers grow their farm business.

### **Piraeus' Financial Health & Inclusion targets are aligned with regional and national policies and EU Common Agriculture Policy (CAP) 2023-2027**

- The EU Common Agriculture Policy (CAP) 2023-2027 provides for several interventions specifically for young farmers. EU countries and Greece,

in particular, tailor their measures to national conditions in their CAP Strategic Plans.

- Complementary income support for young farmers (CISYF) is a voluntary scheme under CAP providing enhanced income support to young farmers who are newly set up for the first time and who are entitled to basic income support.
- More than 65,000 young farmers will benefit from setting-up support in Greece over the period 2023-2027.

## **Greece's CAP Strategic Plan**

- The Greek agricultural sector employs approximately 400,000 people, representing 10% of employment in all sectors. The farm labor force consists mainly of family holdings.
- Unemployment in rural areas remains an issue, especially for young people, in light of the aging population.
- More than 70% of the Greek agricultural area faces natural or otherspecific constraints (for example: extreme slopes, low temperatures, dryness of soil, unfavorable soil texture, borderline areas, island regions) which significantly affect farming.
- The Greek CAP Plan focuses on improving competitiveness by promoting innovation and new technologies, fostering young entrepreneurship, and securing a fair income for farmers.

# Appendix

# Appendix

## Participating in Sustainability Initiatives

To conduct its business in an environmentally and socially sound manner the Group adheres to sustainability standards and principles with transparency.

### *United Nations Sustainable Development Goals (SDGs)*

Piraeus Group supports the UN SDGs, pledging to make a substantial contribution to the global efforts for achieving them.



### *Paris Pledge for Action*

Piraeus Group has pledged to support the Paris Climate Agreement and is a signatory to the Business Coalition Statement on Climate in 2015.

### *United Nations Global Compact*

Piraeus Group is a UN Global Compact active participant since 2004, promoting its ten principles regarding human and labor rights, environmental protection, and anti-corruption.

### *United in the Business of a Better World*

Piraeus Group is a signatory to the UN Declaration "United in the Business of a Better World", a common statement from business leaders for cooperation beyond borders, where all public and private bodies prove their responsible operation with transparency.

### *Women's Empowerment Principles*

Piraeus Group is the first bank in Greece to sign the Women's Empowerment Principles of the UN Global Compact and UN Women Principles and is committed to strengthening and promoting gender equality in the workplace.

### *Caring for Climate*

Piraeus Group is a signatory to the United Nations Global Compact Statement "Caring for Climate: The Business Leadership Platform," which provides a framework for businesses to advance practical solutions and raise public awareness on Climate Change issues.

### *United Nations Environment Programme Finance Initiative (UNEP FI)*

Piraeus Group is a member of the United Nations Environment Programme Finance Initiative (UNEP FI) since 2007, currently serves on the banking Board, and is committed to environmental protection, social responsibility, and sustainable development in its business decisions.

### *Principles for Responsible Banking (UNEP FI)*

Piraeus Group has signed the Principles for Responsible Banking (PRB) and was the only Greek bank that participated in their development. The PRB aim to align banks' operations with the UN Sustainable Development Goals and the Paris Climate Agreement.

The Group also participates in various UNEP FI working groups, such as the Impact Assessment and the Financial Health & Inclusion.

### *UNEP FI Commitment to Financial Health and Inclusion*

Piraeus Group has signed the Commitment, aiming to drive positive outcomes for individuals, entrepreneurs, and the wider economy, leaving no one behind.

### *UNEP FI Leadership Council*

The CEO of Piraeus Group is one of the 19 leaders of banks and insurance companies from around the world who participate in the UNEP FI "Leadership Council", an international advisory body created in 2021, aiming to shape the strategy of the financial sector so that the goals of sustainable development are met.

### *Principles for Responsible Investment*

Piraeus Asset Management and Iolcus Investments, both subsidiaries of Piraeus Group, are signatories to the Principles for Responsible Investment (PRI), a global initiative for the adoption and implementation by investors of Environmental, Social, and Governance (ESG) principles.

### *Science-Based Targets initiative*

Piraeus has committed to the Science Based Targets initiative (SBTi). The SBTi suggests methodological tools for measuring carbon emissions and setting targets for their reduction, both from the Bank's operational and financing activities. Piraeus Group has submitted its targets to the SBTi and has published its carbon reduction commitments.

### *TCFD Recommendations*

The recommendations for the disclosure of financial climate-related information were launched in 2017 by the Financial Stability Board task force and propose the voluntary disclosure of detailed information on climate change management in four pillars: Governance, Strategy, Risk Management, and Metrics and Targets. Piraeus published its fourth TCFD report in 2023.

### *Finance for Biodiversity Pledge*

Piraeus Group has signed the global "Finance for Biodiversity Pledge" in order to set goals and strengthen the business activities that protect and enhance the natural environment, reversing the rate of biodiversity loss.

### *EU Business@Biodiversity Platform (EU B@B Platform)*

Piraeus Group actively participates in the EU Business@Biodiversity Platform, a forum for ongoing strategic dialogue on the interconnection of business with biodiversity and natural capital.

## CSR HELLAS

Since 2007, Piraeus Group is a full member of CSR Hellas (Hellenic Network for Corporate Social Responsibility) and participates in initiatives aiming to promote the corporate responsibility of Greek businesses.

### *Hellenic Bank Association – ESG, Sustainable Finance, and Corporate Governance Committee*

Piraeus Bank is a member of the ESG, Sustainable Finance and Corporate Governance Committee of the Hellenic Bank Association, with active participation in the integration of sustainability in the Greek banking sector.

## EMAS

Piraeus Group's Environmental Management System is certified under the European EMAS regulation (Eco-Management Audit Scheme) and ISO 14001:2015, for all the Bank's Branches and administration buildings, since 2011.

## ESG Ratings and Sustainability Performance

ESG ratings track the performance of the world's leading companies in terms of economic, environmental, and social criteria, and promote the best performers in ESG. Rating agencies systematically monitor Piraeus' climate and corporate sustainability performance, motivating the Group to improve its practices.

### Piraeus Group ESG Ratings and Sustainability Distinctions

#### Sustainability index

	2023	2022
CDP Climate Change	Management Score: B	Management Score: B
MSCI ESG Ratings	Level: A	Level: A
ISS Environment Risk (12/2023)	Low Environmental Risk Score: 1/10	Low Environmental Risk Score: 1/10
ISS Social Risk (12/2023)	Low Social Risk Score: 2/10	Low Social Risk Score: 1/10
ISS Governance Risk (12/2023)	Low Governance Risk Score: 2/10	Low Governance Risk Score: 2/10
ISS ESG Corporate Rating (12/2023)	Level: Medium Score: C-	Level: Medium Score: C-
FTSE4Good Index	✓ Constituent	✓ Constituent
Bloomberg Gender Equality Index	✓ Constituent	✓ Constituent
Financial Times	Member: Europe's Climate Leaders 2023	Member: Europe's Climate Leaders 2022
ATHEX ESG Transparency Score	✓ Constituent Score: 90%	✓ Constituent Score: not available

## Independent limited Assurance Report to the Management of Piraeus Financial Holdings S.A.

Independent limited Assurance Report by Deloitte Certified Public Accountants S.A. (“Deloitte” or “us”) to the Management of Piraeus Financial Holdings S.A. (“Company” or “you”) on the Selected Information, as defined in section “Scope of our work”, within the Task Force on Climate-Related Financial Disclosures Report (hereinafter “the Report”) of Piraeus Financial Holdings S.A. which has been prepared by the Management of the Company and Piraeus Bank S.A. (the “Bank”) (collectively referred to as “Piraeus”) based on the Annex: Implementing the Recommendations of the Task Force on Climate-Related Financial Disclosures (Section D (1. Banks)) - October 2021 for the reporting period 01 January 2023 - 31 December 2023.

### Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information within the Report for the period 01 January 2023 - 31 December 2023 has not been prepared, in all material respects, in accordance with the Applicable Criteria<sup>1</sup> defined by the Management as set out in the section “Scope of our work”.

### Scope of our work

Piraeus has engaged us to perform an independent limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000” (Revised)), issued by the International Auditing and Assurance Standards Board (“IAASB”) and our agreed terms of engagement.

The Selected Information in scope of our engagement for the period 01 January 2023 - 31 December 2023, is as follows:

Selected Information	Applicable Criteria
Assurance Services on the Task Force on Climate-Related Financial Disclosures (“TCFD”) Report	Annex: Implementing the Recommendations of Task Force on Climate – Related Financial Disclosures (Section D (1. Banks) – October 2021)
The accuracy and completeness of quantitative data and the reasonability of statements that correspond to the TCFD Disclosures (excluding the EU Taxonomy metrics).	
Adherence of the TCFD Report to the Recommendations of the Task Force on Climate-related Financial Disclosures.	

<sup>1</sup> Where the term ‘Applicable Criteria’ is used, it includes the basis of reporting.

## **Scope of our work – Continued**

Our work concerned the Bank as the Report did not include any information relating to other Piraeus Financial Holdings Group (“Group”) entities. Our work also related to assurance on data and information for the period 1 January 2023 – 31 December 2023 and we did not provide assurance over any prior reporting period data or information presented in the Report.

## **Inherent limitations of the Selected Information**

We obtained limited assurance over the preparation of the Selected Information in accordance with the Applicable Criteria. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

The self-defined Applicable Criteria, the nature of the Selected Information, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Selected Information reported by different organisations and from year to year within an organisation as methodologies develop.

We did not evaluate the design of particular internal control activities, nor obtained evidence about their implementation or tested their operating effectiveness. Our assurance procedures did not include testing the Information Technology systems from which data was extracted and aggregated by Piraeus for the Report.

We did not provide any assurance relating to future performance, such as estimates, expectations or targets, or their achievability.

Our assurance services were limited to the English version of the Report. In the event of any inconsistency between the English and Greek versions, as far as our conclusions are concerned, the English version of the Report prevails.

## **Managements’ responsibilities**

The Management is responsible for:

- Selecting and establishing the Applicable Criteria.
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.
- Publishing the self-defined Applicable Criteria in advance of, or at the same time as, the publication of the Selected Information.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspon-

dence, information and explanations to allow the successful completion of our limited assurance engagement.

- Confirming to us through written representations that you have provided us with all information relevant to our services of which you are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters, are reflected in the Selected Information.

## **Our responsibilities**

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the Piraeus' Management.

## **Our independence and competence**

We conduct our engagement in accordance with the International Ethics Standards Board of Accountants "International Code of Ethics for Professional Accountants (including International Independence Standards)" (IESBA Code), the related provisions of L. 4449/2017 as amended and currently in force and Regulation (EU) 537/2014.

Our audit firm applies the International Standard on Quality Management (ISQM) 1, "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" and accordingly, maintains a comprehensive system of quality management including documented policies and procedures regarding compliance and ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Key procedures performed**

We are required to plan and perform our work to address the areas where we have identified that a material misstatement in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment.

In carrying out our limited assurance engagement in respect of the Selected Information, we performed the following procedures:

- Assessment of the Applicable Criteria selected by you to determine whether they were suitable for the engagement circumstances, and, where necessary, discussed with the Management the need for the basis of reporting.
- Analytical review procedures to understand the underlying subject matter and identify areas where a material misstatement of the Selected Information was likely to arise.
- Through inquiries of employees from various organizational levels and Management of Piraeus, obtained an understanding of the Group's Environmental, Social & Gov-

ernance (“ESG”) policies and activities for the reporting period and the disclosures related to Governance, Strategy, Risk Management and Metrics & Targets.

- Through inquiries of employees from various organizational levels and Management of Piraeus, obtained an understanding of the Bank, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify and further assess risks of material misstatement in the Selected Information and provide a basis for designing and performing procedures to respond to assessed risks and to obtain limited assurance to support a conclusion.
- Through inquiries of employees from various organizational levels and Management of Piraeus, documented whether an external expert had been used in the preparation of the Selected Information, then evaluated the competence, capabilities and objectivity of that expert in the context of the work performed and also the appropriateness of that work as evidence.
- Through inquiries of employees from various organizational levels and Management of Piraeus, obtained an understanding of internal controls relevant to the Selected Information, the quantification process and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information. We did not evaluate the design of particular internal control activities, obtained evidence about their implementation or tested their operating effectiveness.
- Considered the risks of material misstatements of the Selected Information.
- Inspected documents relating to the Selected Information to understand the level of Management awareness and oversight of the Selected Information.
- Performed procedures over the Selected Information, including recalculation of relevant formulae used in manual calculations and assessment whether the data had been appropriately consolidated.
- Performed procedures over underlying data on a statistical sample basis to assess whether the data had been collected and reported in accordance with the Applicable Criteria, including verifying to source documentation.
- Reviewed documentation relating to the governance, strategy, metrics and targets and risk management processes.
- Through inquiries of those responsible within the organisation, obtained an understanding of:
  - The role of the Board in relation to climate-related risks and opportunities and management’s role in assessing and managing climate-related risks and opportunities;
  - The nature of climate-related risk and opportunities identified including time horizons; the impact of climate-related risks and opportunities on the business, strategy, metrics and targets; and the impact of identified and considered climate scenarios on the strategy; and
  - The process for identifying climate-related risks; the process for managing climate-related risks; and how these processes are integrated into the overall risk management;
- Accumulated misstatements and control deficiencies identified, assessing whether material.
- Evaluated and reviewed the TCFD disclosures for consistency of knowledge and understanding obtained during course of our work.

We were not engaged to and did not perform the following procedures as part of our assurance work:

- An assessment as to if the activities undertaken, as described in the TCFD disclosures, fulfil the requirements to comply in full with TCFD.
- An assessment as to the appropriateness of assumptions made including those made in preparation and application of climate scenarios and setting of targets.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## **Use of our report**

This report is made solely to the Management of Piraeus in accordance with ISAE 3000 (Revised) and our agreed terms of engagement. Our work has been undertaken so that we might state to the Management of Piraeus those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than Piraeus and the Management of Piraeus, we acknowledge that the Management of Piraeus may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Piraeus and the Management of Piraeus as a body, for our work, for this report, or for the conclusions we have formed.

Athens, 11 September 2024

The Certified Public Accountant

**Konstantinos Kakoliris**

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