

PIRAEUS GROUP TCFD REPORT

PIRAEUS
FINANCIAL HOLDINGS



November 2022

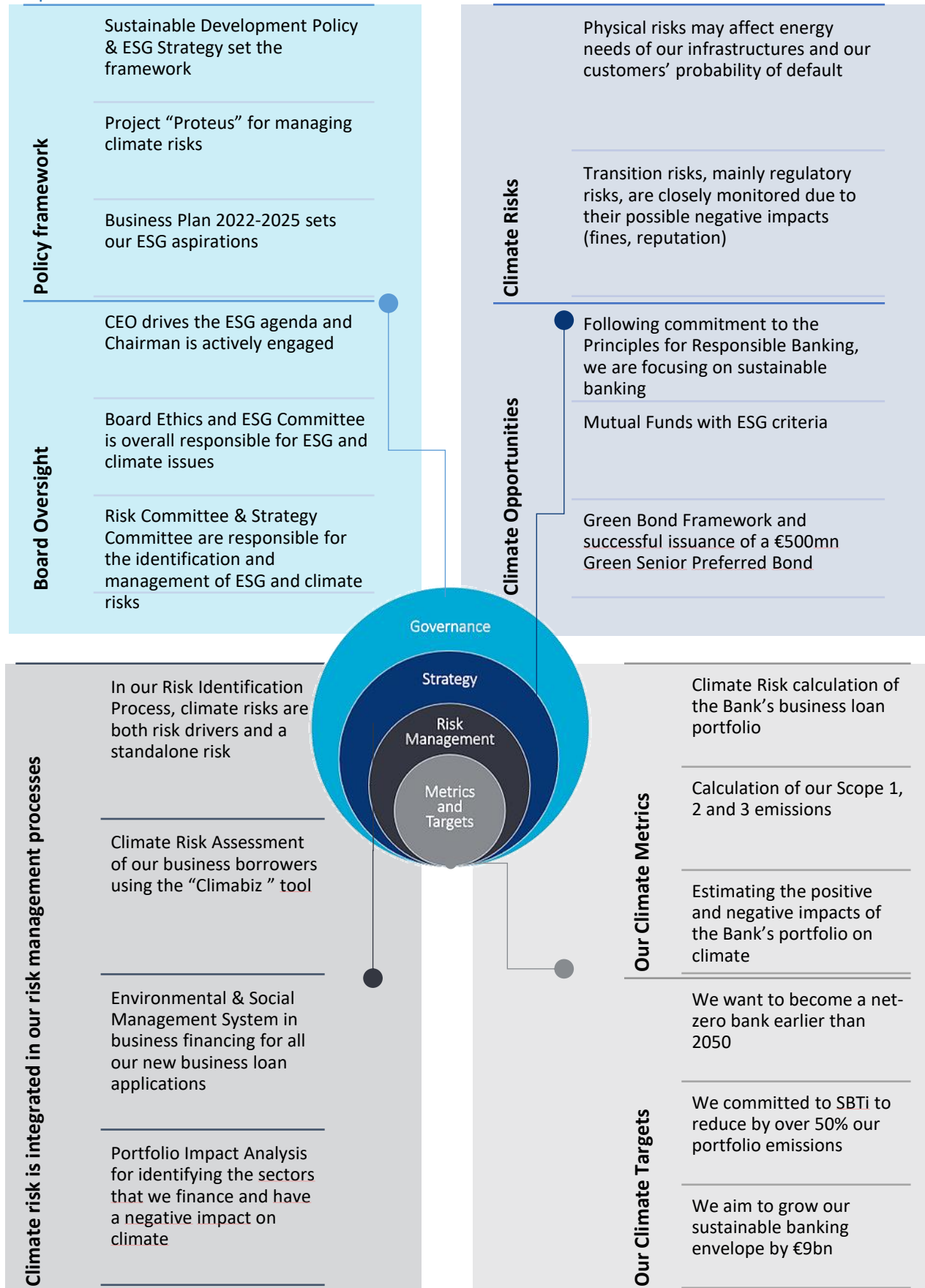


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Report Overview





Piraeus Group is committed to sustainability

Our new Corporate Profile

On 30 December 2020, the core banking business of Piraeus Bank SA was demerged, by way of hive-down, and was transferred to a newly formed credit institution, incorporated under the corporate name “Piraeus Bank Société Anonyme” (“Piraeus Bank” or “Bank”). Piraeus Bank and its subsidiaries constitute the “Piraeus Bank Group”.

In connection with the demerger:

1. Piraeus Bank substituted the former Piraeus Bank SA, by way of universal succession, to all the transferred assets and liabilities of the core banking operations of the former Piraeus Bank SA.
2. Piraeus Bank SA ceased to be a credit institution, retained activities, assets and liabilities not related to core banking activities, and changed its corporate name to “Piraeus Financial Holdings Société Anonyme” (hereinafter the “Company”).

The Company became the 100% shareholder of Piraeus Bank and the direct or indirect holding company for all other companies that, prior to the Demerger, formed the group, comprising the new Piraeus Financial Holdings Group (hereinafter the “Group” or “Piraeus” or “Piraeus Group”).

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.”, headquartered in Athens and generating 95% of the Group’s revenues. Piraeus Bank offers a full range of financial products and services to 5.7mn customers in Greece and has approximately 8.9 thousand employees. The Piraeus Group’s total assets stood at €79.5bn on 31.03.2022.

Sustainability & ESG Commitments

Piraeus Group actively participates in initiatives that promote sustainability and has played a leading role in shaping the UN Principles for Responsible Banking (PRB). The PRB constitute the financial sector’s response to the environmental and social challenges and aim for the alignment of bank operations with the Sustainable Development Goals and the Paris Climate Agreement. Piraeus Bank was the only Greek bank to participate in preparing the global Principles and is also elected on the UNEP FI Banking Board, while it participates in various working groups to develop methodologies for setting climate targets, estimating positive and negative impacts of banks’ portfolios, and investigating impacts and business opportunities in biodiversity.

Piraeus has also signed the UNEP FI Collective Commitment to Climate Action, pledging to finance the low-carbon, climate-resilient economy required to limit global warming to well-below 2 degrees Celsius, the UNEP FI Commitment to Financial Health and Inclusion, 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.

Piraeus is focusing on supporting the following SDGs:





Sustainable Banking

Piraeus Bank, with a vision to be the most reliable bank in Greece, pursues the integration of climate risks and other environmental and social factors in its business strategies and practices.

Along with the financial performance aspirations, Piraeus Group systematically moves forward in the direction of sustainable banking and creates the infrastructure, policies, and strategies, that incorporate Environmental, Social and Corporate Governance criteria (ESG) in all operations. This strategy will enable us to maximise our contribution to the achievement of the Paris Climate Agreement's targets and the United Nations' Sustainable Development Goals. For the period 2022-2025 we aim to grow our sustainable banking envelope by approximately €9bn.

Our third TCFD report

This third TCFD report of Piraeus Group, aims to inform its 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 Settings.



PILLAR I – Governance

Piraeus' Policy framework on Climate Change

New Sustainable Development Policy and the Principles for Responsible Banking

In 2020 Piraeus updated its Sustainable Development Policy, which was published in 2021, following the approval of the Executive Committee. The Policy reflects the Group's intentions for business strategies and targets that meet the UN Sustainable Development Goals and the Paris Agreement, by 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.

ESG Strategy

Having a strong Top Management commitment, Piraeus Group has established an ESG Strategy, which rests on four dimensions: Literacy, Target Settings Operating Model, Products and Services, and Operational Footprint. For climate and environment/nature we have four strategic priorities with an integrated approach:

- Reach net zero in own operations: by monitoring and managing environmental impact closely, investing in operational efficiency solutions and sourcing 100% renewable energy for the bank's buildings
- Steer portfolio towards net zero by 2050 or sooner: by focusing on the carbon intensive sectors and measuring alignment of lending with our climate and nature solutions
- Support and advise 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.
- Manage climate and nature risks: by fully integrating climate and environmental risks in risk management framework and by helping clients protect their business from climate and environmental risks providing advice and financing their transition.

In line with its ESG strategy:

- Piraeus committed to the Science Based Targets initiative and in 2021 assessed the indirect emissions of its business portfolio (Scope 3 cat.15, to adopt emissions reduction targets and submit them to the SBTi within 2022.
- Piraeus has committed to 2030 interim targets, using SBTi's scientific guidelines to achieve "net-zero" by 2050. Targets are pending validation by SBTi.

Piraeus's new Climate Strategy

Under the dedicated Project Proteus and following the Group's participation in the SBTi and the Collective Commitment to Climate Action, Piraeus is currently developing a new Climate Strategy that outlines the climate governance and the framework and methodology for a net-zero pathway. The Strategy also structures the mobilization of private and institutional capital toward investments that facilitate climate change mitigation and adaptation, and the transition to a low-carbon economy. Specific indicators are being selected for monitoring and disclosing the identified climate-related risks and opportunities.

The Strategy is expected to be overseen by the Board Committees, i.e., the Board Ethics & ESG Committee and the Risk Committee and is fully aligned with the TCFD Recommendations.



Business Plan 2022-2025

Piraeus Group outlined its strategic plan for 2022-2025, which enables the Group to attain a single-digit NPE ratio this year and builds a clear path for tomorrow. The core of the strategy is to further expand Piraeus's position as a leading contributor of stability for the Greek economy.

Our ambition involves a targeted loan expansion of c.€7bn in 2022-2025, reaching c.€35bn performing loans at the end of the period, by focusing on priority sectors such as manufacturing, hospitality, and energy.

Along with our financial performance aspirations, at Piraeus Group, we systematically move forward in the direction of sustainable banking and we create the infrastructure, policies, and strategies of our operations, incorporating ESG criteria. This strategy will enable us to maximise our contribution to the Paris Climate Agreement's targets and the UN Sustainable Development Goals.

For the period 2022-2025 we aim to grow our sustainable banking envelope by approximately €9bn.

Piraeus Board's oversight of climate-related risks and opportunities

Chief Executive Officer

The Chief Executive Officer (CEO) of Piraeus Group drives the ESG agenda and is regularly updated and engaged in environmental and climate change issues of the Group. The CEO has signed the UNEP FI Principles for Responsible Banking, the (UNEP FI) Collective Commitment to Climate Action, pledging to harmonize the Bank's portfolio with a well below 2 degrees Celsius economy, and 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 and no exclusions.

The UNEP FI "Leadership Council", where Piraeus Group's CEO participates, brings together CEOs and Chairpersons of banks and insurers currently represented on one of the three elected UNEP FI governance bodies (Piraeus Financial Holdings currently holds an elected seat on the UNEP FI Banking Board). The Council, chaired by UN Under-Secretary General and Executive Director of the UN Environment Programme, addresses issues of climate change and responsible banking and provides vision and strategic direction to UNEP FI in deepening sustainability integration across the industry. It is designed to further mobilise the financial community to support a sustainable, resilient, and inclusive economy.

Board Ethics & ESG Committee of Piraeus Group

The objective of the Board Ethics & ESG Committee is:

- a. to consider the material ethical, environmental, social and governance issues relevant to Piraeus Group's business activities and
- b. to support the Group in maintaining its position as a reference 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.

Environment & Society / Culture Related Matters:

The Committee is responsible for monitoring the strategy, policies, initiatives and programs of the Group with respect to society, culture and the environment, including climate change, as well as natural and human-built environments. Where necessary, the Committee consults and works or convenes together with the rest of the Board Committees in order to understand and assess properly certain ESG matters that may be presented and discussed during other Board Committee meetings.



The Committee (selected points):

- 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 the area of 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;
- Considers the institution's response to the Paris Agreement (2015), EU environmental-related policies, local and national policies, as well as the outcomes of well-founded climate-related and environmental assessments and makes recommendations to the BoD.

Chairman of the Board of Directors

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.

Board Risk Committee

The Risk Committee is nominated by the Board of Directors and consists of non-executive members of the BoD, who possess appropriate knowledge, skills and expertise to understand and monitor the strategy regarding the risk appetite of the Bank. The Committee's mission is to ensure that all types of risks (including the operational risk and the environmental – climate risk), which are connected to the Bank's activities, are managed effectively.

The mission of the Risk Committee is, inter alia, to ensure:

- a. That the Bank has a well-defined strategy for risk management and risk appetite. The Bank's risk appetite is structured through a few quantitative and qualitative statements, including specific limits, for the main categories of undertaken risks.
- b. That all forms of risk (including environmental & climate risk) connected to the activity of the Bank are managed effectively.
- c. That the Bank's risk appetite is clearly communicated to the entire Bank and constitutes the basis for the development of risk management policies and risk appetite limits at the Group and the Bank level.
- d. The integrated control of risk management, the specialized management of risks and the necessary coordination at the Group and Bank level.

Chief Risk Officer

The CRO is responsible for the supervision of the Group Risk Management & consequently for the overall management of C&E Risks that are integrated in the Risk Management Framework. The CRO is Chair of Project Proteus Steering Committee (dedicated project to Climate and Environmental Risks) and reports directly to the Executive & Board level Committees. During 2021, Group Risk Management and the CRO continued developing the Group's risk management framework in alignment with the strategic plan.



Chief Credit Officer

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.

Strategy Committee

The Chair of the committee is an Independent, non-executive Director. The Strategy Committee has the following responsibilities:

- Determines the targets of the Bank's Strategic Plan and provides the guidelines for the Bank's Action Plan, which shall be developed by the Managing Director and the Executive Committee in order to be approved by the BoD.
- Follows up and monitors the execution of the approved Action Plan.
- Follows up on a regular basis, analyzes and introduces issues of the Bank's strategic choices to the BoD (e.g., capital increases or reductions, acquisitions, mergers, investments or liquidations of stakes, strategic collaborations, etc.), assigns special missions to executives for the accomplishment of objectives and, when required, sets out the relevant recommendation to the Bank's BoD.
- Monitors, detects and analyzes the emerging risks in the execution of the approved Business Plan and submits proposals to the Board of Directors for their treatment.
- Introduces the afore-mentioned issues for their inclusion in the Daily Agenda of the Bank's Board of Directors or the General Meeting.
- Follows up and introduces to the BoD all the issues of strategic importance for the Group.
- It operates as a crisis management committee.
- The responsibilities of the Strategy Committee refer to both Piraeus Bank and the Group Subsidiaries.
- The Representative of the Hellenic Financial Stability Facility (HFSF) in the Committee has the rights provided for in Law 3864/2010 and the Relationship Framework Agreement entered between the HFSF and Piraeus Bank.

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

The new ESG & Corporate Responsibility Committee

In August 2022, the ESG & Corporate Responsibility Committee was established, chaired by the Group's CEO, to promote responsible and sustainable banking and integrate ESG criteria into Piraeus Group's activities. The Committee monitors ESG and corporate responsibility issues and makes suggestions to the Board and the Board Ethics & ESG Committee.

The Committee monitors, assesses and suggests:

- The corporate responsibilities and ESG policies and strategies that harmonise the Group's governance and business decisions with the UN SDGs.
- Actions that contribute to the regulatory requirements on climate and environmental risks and to the reduction of the environmental footprint of both the Group and its clients / partners.
- The implementation of the Group's values and the creation of a culture that strengthens the role of employees in achieving the Principles of Responsible Banking.
- Programmes, collaborations, initiatives that promote culture and boost social cohesion
- Actions that reinforce transparency, meritocracy and corporate responsibility and strengthen the Group's extroversion.

Piraeus has also established four dedicated units to support its commitment to sustainable and responsible banking and strengthen its ESG strategy implementation: "Group Corporate Development & ESG" under Group Business Planning, IR & ESG, "Group Cultural & Social Initiatives", "ESG Risks" under Group Risk Management and "ESG Business Development" under CIB / Development & Sustainable Banking. Executives from the units collaborated on formulating an action plan for the implementation of the Principles for Responsible Banking.



- The Corporate Development & ESG (former Sustainability Unit) is, since 2004, responsible for the Bank's sustainability policies and ESG strategies and falls under Group Business Planning, IR & ESG.
- The Development & Sustainable Banking Unit has been developing green banking products and services, since 2006.
- The Environmental and Social Management System evaluates and manages the E&S risks, from the business activities of financed business customers.

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. The Credit Policy of the Bank 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.

Launching "Project Proteus" for 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", in late 2021, Piraeus launched the ambitious 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 governance structure facilitates effective and timely decision-making related to climate and environmental risks, permits the holistic monitoring and implementation of the Project Proteus, and ensures the Piraeus Group's operational readiness to participate in dedicated regulatory exercises (i.e., climate stress test).

Project Proteus Steering Committee

A dedicated Steering Committee is established to provide direction and set the strategy for the implementation of the ECB Roadmap as well as the climate stress test. Furthermore, the Steering Committee has the overall responsibility for the project, and:

- Defines the strategy and provides directions as well as sets priorities for the implementation of the Project Proteus (ECB Roadmap, Climate ST)
- 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 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 submission to ECB / SSM / BoG
- Ensures adequate staffing for the implementation of the ECB roadmap and Climate ST
- The Head of the SteerCo regularly updates the respective BoD's Committees, and ExCo.

Central Project Management Office

To coordinate and assist in the implementation of the project a dedicated central PMO was established, that informs the Steering Committee and Working Groups on the ECB requirements and the deadlines set for the implementation of the ECB roadmap, while having the overall project management. Due to the broad scope of the project, the PMO members are executives from various functions (ESG Unit, ESG Risks Unit, 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

Workstream Managers

Eight Workstream Managers were appointed to support, coordinate, monitor, and report Task Groups' activities. The workstream managers' responsibilities:

- Supports project management and PMO
- Coordinates and facilitates the implementation of the ECB roadmap/Climate ST
- Escalates any issues and informs CPMO
- Reports the progress to the CPMO
- Cooperates with dedicated Task Groups.

ECB Climate Stress Test 2022

The Project Proteus Steering Committee oversaw Piraeus' participation in the first ECB Climate Stress Test that took place in 2022, to assess supervised institutions' level of preparedness for properly managing climate risk. Overall, Piraeus scored at par with the average of the European participating banks in the Exercise, demonstrating that the status of challenges the economy and the Bank itself face regarding climate change are similar. The results indicated an advanced climate risk stress testing framework (module 1), where Piraeus achieved a top ranking among European peers, while it also performed well on data quality. On the other hand, income reliance on carbon intensive activities was higher than the EU average, also reflecting country-specific characteristics.

Group Corporate Development & ESG

- The unit coordinates Piraeus' contribution to the achievement of the SDGs and the Paris Agreement, and systematizes the integration of the Principles for Responsible Banking into the Group. The new unit has integrated the former Sustainability Unit, currently called ESG unit.
- The unit regularly informs the Chairman of the Board, the CEO and relevant committees on environmental and social aspects in matters relating to corporate governance, the economy and the relationship with the broader society. The formulation of ESG policies and strategies and the monitoring of their implementation are part of the mission of Corporate Development & ESG.
- The ESG unit works to reduce the Bank's environmental and carbon footprint, contributes to assessing environmental and climate risks and continuously improves the organization's corporate sustainability assessments, seeking to create a culture of responsible banking and to enhance transparency. The ESG Manager (member of ESG unit) coordinates the Environmental Management Team of the Bank.

Capital Management, Risk Strategy & ESG Risks Unit

- A dedicated ESG Risks Unit has been established (2021) within Group Risk Management
- Incorporates ESG & Climate-related risks in the Group Risk Management (GRM) framework and identifies measures, manages and reports ESG & Climate-related risks in close collaboration with other GRM and Business Units.
- Provides subject matter expertise on ESG & Climate risks in the context of risk frameworks, governance, management and measurement, scenario analysis and stress testing, strategy, regulatory expectations and disclosures.
- Ensures appropriate information flow and progress on the ESG & Climate risks roadmaps inside the GRM organization.
- Identifies potential areas for enhanced analysis and improvements in the management of ESG & Climate risks, their respective implementation plans and co-leads Project Proteus.



- Participates in the development of training courses and contributes to industry dialogues, working groups or drafting teams established with key internal & external partners (e.g. HBA, EBF, SSM, etc.).

Development & Sustainable Banking and Bank Relations

- The mission of the unit is to provide support to the Bank and the Group in promoting and setting boundaries for Environmental and Sustainable Entrepreneurship through specific products and services that will finance and support innovative, growth ideas, valued business opportunities and environmentally and socially beneficial actions.

The unit:

- Develops specialized products and services related to all types of development programs, guarantee programs, interest rate subsidies and co-financing in cooperation with Development agencies (e.g., ETEAN, European Investment Bank, Investment Fund, etc.).
- Develops a strategy in matters of Green Banking and Development Programs and plans the development of the clientele and the distribution of the relevant financing.
- Develops and monitors the Bank's relations and operations with Greek and foreign credit institutions.



PILLAR II – Strategy

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

Short term

- On an annual basis: The short-term horizon is defined by Piraeus Bank as the one-year period, where the Group performs the materiality assessment of all risk drivers and key risks that has identified (by taking into consideration the environment in which it operates and its business model) and focus on delivering its short-term strategic agenda.

Medium term

- The medium-term horizon for Piraeus Bank is two to five years. It is linked to the Group's strategic aspirations, subject to the expected macro-economic conditions.
- Business Plan 2022-2025:
 - Piraeus Group outlined its strategic plan, which enables the Group in attaining a single-digit NPE ratio this year and builds a clear path for tomorrow. The core of the strategy is to further expand Piraeus's position as a leading contributor of stability for the Greek economy.
 - Our ambition involves a targeted loan expansion of c.€7bn in 2022-2025, reaching c.€35bn performing loans at the end of the period, by focusing on priority sectors such as manufacturing, hospitality, and energy.
 - For the period 2022-2025 we aim to grow our sustainable banking envelope by approximately €9bn.

Long term

- The long-term horizon for Piraeus Bank is identified as the after the five-year period.
- To proceed with a long-term assessment beyond the typical business planning horizon for corporate clients, a longer period (>5 years) would be 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.
- Due to Piraeus's commitment to the Principles for Responsible Banking (PRB), all strategic decisions related to material climate-related and environmental factors are expected to be gradually integrated into the institution's policies, for example in its credit policy framework.
- During the Risk Identification exercise, climate-related risks have been identified both as risk drivers into many key risk categories as well as a standalone risk subcategory under Environmental and Social Risks. Moreover, even though Piraeus Group recognizes that climate-related risks are expected to intensify in the longer term (i.e., over the next five years), it has launched several initiatives to take due account of climate change and environmental considerations in the business targets, strategies, risk management and decision-making process.

Climate risks and their financial implications for Piraeus Group

Transition Risks

REGULATORY RISKS

Piraeus closely monitors the published and emerging EU regulations and all relevant developments. Piraeus's ESG Risks Unit, Regulatory and Resolution Affairs, and also the Corporate Development & ESG monitor the developments and decisions of European Authorities on climate related risks and inform the organization's functions on changes that may affect the Group's operations directly or indirectly.

The Group considers legal implications regarding climate related risks as relevant due to possible litigation claims related to its financial activities or via parties seeking damages or other legal recourse.



Piraeus analyses all major recently announced climate - related and ESG regulatory requirements and guides

- 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.
- European Central Bank's Guide on climate-related and environmental risks - Supervisory expectations relating to risk management and disclosure,
- Basel Committee on Banking Supervision's 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 3 Disclosure)
- Sustainable Finance Disclosure Regulation (SFDR).

ECB Guide on climate-related and environmental risks

Following the publication of the ECB Guide on climate-related and environmental risks (November 2020), Piraeus participated in the self-assessment, based on the supervisory requirements described in the Guide. In addition, Piraeus launched a roadmap to fully integrate climate risk in all its operations and decision processes by 2023, responding to the ECB supervisory expectations regarding climate and environmental risks:

- integrate climate risks into Strategy & Governance
- create proper infrastructure for data management and processes
- Develop capabilities to meet ECB's expectations.

Monitoring Environmental Legislation and Case Law

The ESG Unit (under the Group Corporate Development & ESG) has built a dedicated "Database on Environmental Legislation and Case Law" that provides detailed legal support for developing the Group's Sustainable Development Policy, ensuring compliance with applicable environmental legislation, including climate commitments.

TECHNOLOGY RISKS

Climate adaptation via technological upgrades of:

a) The Bank's clients

Climate related risks associated with technology improvements could assist and accelerate the transition to a low-carbon economy. The Bank acknowledges that decisions related to late adoption of technological improvements by its clients can have possible direct / indirect financial impacts for the Bank itself.

The Bank has significant exposure to major economic sectors in Greece; furthermore, it undertakes Financial and Technical Assessments of Green Projects, to evaluate the new green investments, scrutinizing the applied technology and the applicable cost.

b) The Bank's premises

Piraeus implements a technology shift regarding its facilities, since it is considered a key assessment factor with a significant impact. Changes in the European and national regulatory framework result in future requirements for the maintenance & licensing of the electromechanical equipment, waste management, etc., given the large building stock of the Group.

Piraeus has adopted the following technological improvements:

- The "Energy Office", through a web-based, real-time, monitoring platform, records the energy and water consumption in over 310 of the Bank's buildings. It is an innovative platform 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.
- The renewable self-generated energy consumption (Net-metering): Through solar PV systems installed in 32 branches of the Bank, 2.3% of electricity consumed in the Bank's building infrastructure in 2021 came from Renewables (net metering).



CREDIT RISKS

The financial risks associated with climate change are evolving. The Group recognises that no sector, counterparty, or country is immune to the impact of climate change. Climate change impacts credit risks through direct and indirect exposure. The uplift in credit risk can be through the deterioration of counterparties' ability to repay their debts which leads to higher probabilities of default and/or through increases in Loss Given Default ('LGD') occurred by the Group in cases where collateral values are adversely impacted.

MARKET RISKS

Market risks related to business financing & clients' behaviour, are considered relevant for Piraeus and its clients, through the diversification of clients' behaviour and their financial needs (e.g., via shifts in technology, which could lead to significant change or phase-out of the client's entire supply chain).

Exposure to unexpected changes such as a substantial increase of the energy pricing could lead to the development of new financial needs for the Bank's clients and the Bank per se. These needs may include financing projects and products for clients to mitigate their climate risks, sustainable / green products, and also targeted financing on i.e., energy saving (adaptation measures).

REPUTATIONAL RISKS

Reputational risks arise from the customers' perception concerning the Bank's contribution to / or detraction from decisions regarding the transition to a low carbon / net-zero economy. Piraeus recognizes the possible adverse impacts (direct and / or indirect) resulting from financing business activities that may have a negative impact on the environment or society, including non-compliance, as well as risks arising from incorrect or incomplete climate related reporting.

External stakeholders, including investors and environmental NGOs, express a high interest regarding the ways the Bank chooses to direct capital towards a low carbon economy and also regarding the financing activities for certain clients that may be active in carbon intense sectors.

Positive feedback from the Greek client base

Piraeus's efforts have positive results for the organisation's reputation. The Marketing department annually conducts customer surveys.

According to the most recent survey "U&A tracking study", Piraeus Bank ranks first amongst other Greek peers regarding the questions: "Which Banks in your opinion actively engage in environmental protection (e.g., recycling, sustainability of energy sources, etc.)" 45% answered Piraeus Bank and "In which of these banks would you say that the phrase 'Supports & promotes green entrepreneurship' fits most?" 45% referred to Piraeus Bank.

Physical Risks

ACUTE PHYSICAL RISKS

Acute physical risk refers to the financial impact that a company or a sector may have due to the change of climatic conditions of extreme, acute events, such as heat waves, floods, cyclones, forest fires etc., caused by extreme variability in weather patterns and their impact on production (e.g., agriculture) and infrastructure. These are also considered relevant for Piraeus's operations as it is possible to directly affect the Bank's infrastructure & its energy needs.



Piraeus recognizes the financial implications related to severe weather events and their significant impact on:

1. The organization's properties

Change in climate parameters affects energy needs of infrastructures, i.e., change in heating and cooling needs of buildings determines the energy demands.

- Environmental Management System (EMS): The parameter of acute physical risk is included in the EMS, for the management of the Bank's environmental impacts deriving from its operation. Each potential risk and opportunity are evaluated on a 3-point qualitative scale (high, medium, low), considering changes in external circumstances. Piraeus implements mitigation programs on an annual basis to improve its buildings' energy efficiency and resilience: Since 2016, Piraeus Bank's electricity consumption/m³ has decreased by 22.5%, confirming the significance of all energy-saving and energy-upgrading actions realized to date.
- The Bank annually conducts a detailed business impact revision / analysis, the "Business Continuity Plan" - BCP, to ensure the smooth and direct continuity of the most crucial operations and businesses, in the case of extreme events.

2. The Bank's customers' physical assets (i.e., by increasing clients' probability of default as they may not be able to repay their loan obligations due to physical risks)

- Write-offs and early retirement of existing assets (e.g., damage to property and assets in "high risk" locations").
- Case Studies:
Piraeus made a strategic decision to support all households and businesses that have incurred damages from the recent devastating wildfires that took place in August 2021 in Northern Evia of Greece. Piraeus Bank donated €1.5mn to support actions for the sustainable restoration of the damages incurred by the recent wildfires in Greece. Piraeus also developed a comprehensive action plan, with a two-pronged objective, on the one hand to restore nature and on the other hand to tackle climate change. A study on the impacts of climate change on the agrifood sector has been commissioned by Piraeus., Piraeus supported its clients - farmers that were affected by the extreme floods that took place in central Greece and Evoia in August 2020. Piraeus examined all cases and provided a series of support measures to farmers, farm businesses and cooperatives, SMEs.

CHRONIC PHYSICAL RISKS

Chronic physical risks are considered as the financial impacts a company may have due to the change of climatic conditions owing to longer-term shifts in climate patterns changes. The chronic effects are deriving from variations, such as temperature, rainfall, wind speed, cloud cover, sunshine & wind speed on production unit (i.e., agriculture, RES), product demand, raw material prices, heating needs- cooling, attractiveness of tourist destinations etc.

Piraeus recognizes the financial implications related to chronic physical alterations and their significant impact on:

a) The organisation's properties

Rising temperatures could have a significant impact on the electrical & cooling consumption of the Bank's premises. Potential financial implications of these types of risks are related to the significant increase in electricity consumption and the rising energy costs (to cover the increasing needs of proper cooling of the Bank's facilities across the country) and could significantly affect the operations of its clients too. The Bank's Environmental Management System considers the physical risk arising from climate change in its infrastructure through a process of annual identification and evaluation of relevant risks.

Additionally, Piraeus implemented environmental programs such as the establishment of the "Energy Office", the Building Energy Management System (BEMS), the installation of PV Systems in branches to reduce energy consumption.



- b) The Bank's customers' activities and operations; the Bank recognizes that these risks could have an affect regarding: reduced revenues from decreased production capacity, transport difficulties, supply chain interruptions, increased capital costs due to damage of their facilities etc.

The Bank could face the following implications due to clients' exposure in these risks:

- credit losses generated by clients' asset destruction; increased default probability / loss given default in cases where clients are not able to repay their loans on account of E&S issues
- Increased capital costs (e.g., damages on facilities leads to asset destruction, business disruption reduced revenues from decreased production capacity, transport difficulties, supply chain interruptions), decreasing property value for clients results in an increased probability of credit losses for the Bank itself
- reduced revenues from lower sales / output and lower clients' and Bank's profitability in correlation with higher compliance costs.

These types of risks are particularly considered by the specialised Bank units: Development & Sustainable Banking and Agricultural Banking, when designing relevant products and financing relevant activities, i.e., the whole food production chain and subsequently the Greek economy are exposed to these weather conditions. More specifically, the Bank's loan portfolio includes loans from the energy, and tourism sectors. Another economic sector with high importance for Piraeus is the agricultural sector since the Bank has the highest market share in Greece.

Climate related opportunities and their financial impacts on Piraeus Group

Strategic Transition to Sustainable Banking

Principles for Responsible Banking - PRB (UNEP FI)

Piraeus Bank was the only Greek bank to participate in the formulation of the PRB. The CEO signed the PRB and approved the ESG Strategy of the Group and an ESG Action Plan, in line with the PRB commitments. Also, the Head of ESG serves as an elected member of the UNEP FI Banking Board.

In 2022 Piraeus published its Business Plan 2022-2025, in line with its commitment to the Principles.

Business Plan 2022-2025:

Piraeus's Business Plan is published for 2022-2025, aligned with its Sustainability Policy and ESG strategy and aims to strengthen its position as an ESG leader in the Greek Market, with a sustainable banking envelope increase of c.€9bn in the 4yr period (financing, asset management, debt issuance).

Target for 2022-2025:

- €4.1bn disbursements in retail and business ESG loans
- €3.5bn inflows to ESG Mutual Funds
- €1.8bn ESG bond issuance.

Sustainable Banking - Green Banking Products:

The Development & Sustainable Banking monitors national and EU directives, integrates them into the Greek institutional framework, foresees and recognizes investment opportunities, monitors evolving technology, trains executives and Bank customers. The unit performs a feasibility study for every financial proposal for Renewable Energy Sources (RES) projects and green entrepreneurship, and examines, inter alia, the choice of equipment, the projected cost, the estimated productivity, and the experience of the installer, etc.

Green Banking 2021 results:

- Green Loan exposures credit amounting at €2.0bn
- €1.9 bn green funding credit exposures in business for investments in RES an energy efficiency
- RES portfolio exceeding 2GW power capacity
- €80 mn in green funding products to individuals – energy efficiency mortgages and loans for photovoltaic installations on roof tops



Responsible Investment Banking

ESG Mutual Funds

Piraeus has recognized the opportunity of ESG investments as stable and safe and in line with its new Sustainability Policy, its climate change strategy and the new ESG strategy and ESG action plan.

Piraeus Asset Management MFMC, a member of the PRI (Principles for Responsible Investment), is a subsidiary of Piraeus Group and is part of the Piraeus Financial Markets Sector (PFM), having as a basic purpose the investment management of Mutual Funds and Institutional and Private Portfolios.

Currently, Piraeus MFMC manages 2 mutual funds that invest according to ESG criteria:

- a) Piraeus Balanced ESG Responsible Investing Fund of Funds (€38mn - June 2020 & €145mn - June 2021)
- b) Piraeus Private Banking World Sustainability Balanced Fund (€18.5mn – June 2020 & €26mn - June 2021)

Piraeus Asset Management has developed a database of over 3,000 international companies, which are analyzed based on ESG criteria as they are defined internationally. It developed a list of ESG mutual funds to shape the framework of permitted investments from which to select the best mutual fund to invest in.

Green Bond Framework

Piraeus Group developed the Piraeus Group Green Bond Framework (2021) under which it will issue green bonds and use the proceeds to finance the low-carbon economy transition in Greece. The Green Bond Framework will support Piraeus's ambition to align its business strategy with the needs of individuals and the goals of society, as depicted in the SDGs and the Paris Climate Agreement. The Framework is based on principles and guidelines introduced by the Green Bond Principles (GBP) 2021 version of the International Capital Markets Association ("ICMA"), the "ICMA Principles".

This Green Bond Framework will apply to any future issuance of green bonds from either one of Piraeus Financial Holdings S.A. or Piraeus Bank S.A. Issuance of Green Bonds by either of the two issuers will help contribute to achieving a carbon neutral Europe by 2050, which is a legally binding target prescribed in the recent EU Climate Law, the cornerstone of the European Green Deal.

The Framework defines eligibility criteria in three green areas:

1. Renewable Energy
2. Green Buildings
3. Energy Efficiency

The Eligibility Criteria have been selected according to the ESG policies and strategy of Piraeus and are also based on priorities of the National Recovery and Resilience Plan, the ICMA Green Bond Principles 2021 and current market best practices. Exclusionary criteria have also been developed for the proceeds of Green Bonds, committing to not be involved in financing any of the following assets or activities: Fossil Fuel, Weapons, Gambling, Tobacco, Adult entertainment, Predatory lending, Nuclear.

Piraeus has successfully completed the book building process for the issuance of a €500 million Green Senior Preferred Bond, attracting the interest of many institutional investors. With this issue, Piraeus Bank is advancing its ESG agenda, demonstrating its commitment to support the Greek economy and is making another step towards the implementation of its medium-term strategy to meet its minimum requirements for own funds and eligible liabilities.



Development of New Products and Services through R&D and Innovation

AGRICULTURAL BANKING

Piraeus Bank has long realised 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 a dedicated unit (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. 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. Piraeus Bank offers a new series of financial solutions for its customers in the agricultural sector, who invest in photovoltaics. Furthermore, Piraeus has commissioned a new study on the impacts of climate change on farming. The study will be submitted to relevant policy makers at central and regional levels.

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

Our Business Strategy and Financial Planning

ESG Strategy

Piraeus Group formulated within 2020 its "ESG Strategy", in order through the subsidiary "Piraeus Bank" to promote Responsible and Sustainable Banking by adopting criteria in its actions concerning the environment, social cohesion and governance and combine growth and economic performance with social and environmental sustainability.

The Strategy is formulated in line with the Paris Agreement, the SDGs and the PRB commitment and puts special emphasis on 4 dimensions:

- Reach net zero in own operations: by monitoring and managing environmental impact closely, investing in operational efficiency solutions and sourcing 100% renewable energy for the bank's buildings
- Steer portfolio towards net zero by 2050 or sooner: by focusing on the carbon intensive sectors and measuring alignment of lending with our climate and nature solutions
- Support and advise 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.
- Manage climate and nature risks: by fully integrating climate and environmental risks in risk management framework and by helping clients protect their business from climate and environmental risks providing advice and financing their transition.

Piraeus's strategic decision to strengthen sustainable banking and financing

As part of its ESG strategy, Piraeus Group promotes Responsible and Sustainable Banking by adopting ESG criteria that combine growth and profitability alongside social and environmental sustainability. Piraeus has embarked on a strategic plan to become net-zero by 2050 latest and has defined targets in selected asset classes, for well over 50% of its financed emissions -by 2030. Piraeus prepares intensively for commitment to an international climate target-setting pledge within 2022.



New Climate change Strategy

Following the new regulatory developments on climate and the international climate commitments, Piraeus is currently updating and upgrading its Climate Change Strategy, referring in detail to the climate governance roles and procedures and incorporating quantifiable targets especially for financing energy transition.

Piraeus has a transition plan which aligns with a "well below 2 degree" world

Piraeus has a defining framework & methodologies for a net-zero pathway, in line with Greece's climate aspirations. Piraeus' net-zero ambitions:

- near-term (2030) science-based targets for well below 2°C, for nine asset classes according to the Science-Based Targets initiative.
- near term targets for most carbon intensive sectors - starting with the energy sector for the UNEP FI Collective Commitment to Climate Action (CCCA).

In 2023 we will review and ramp up our targets:

- defining and adopting 1.5°C pathways. Further engaging with our clients, developing new climate solutions.
- upscaling commitments from CCCA to Net-Zero Banking Alliance,
- including new asset classes as SBTi develops new metrics.

Emissions Target Setting

Piraeus has submitted for evaluation its near term emissions targets to the SBT Initiative. The evaluation is in process and participates in the "Collective Commitment to Climate Action" pending targets. Furthermore, Piraeus is focusing on defining pathways for becoming net zero.

New Business Plan 2022 – 2025

Following the ESG Strategy and the commitment to the Principles of Responsible Banking, Piraeus developed its new Business Plan, aspiring to:

- €4.1bn disbursements in retail and business ESG loans
- €3.5bn inflows to ESG Mutual Funds
- €1.8bn ESG bond issuance

Our Operations

Piraeus is considering climate and environmental risks to be a material risk driver for its operations and is integrating them in its systems, processes, business decisions.

Climate risk has influenced the following operations:

Risk Management Framework

Piraeus has established a new dedicated team, the "ESG & Climate Risks Unit" which will incorporate ESG & climate risks into Group's overall Risk Management framework. Initially, environmental and climate risks have been integrated in the risk assessment through the Risk Identification process & Risk Appetite. The aim is to incorporate those types of risks in the quantification, measurement & scenario analysis, as the capabilities gradually mature. The goal is to create a feedback loop between key strategic processes inside planning horizon e.g., Risk Appetite Framework, Business Plan, Stress Testing Framework, Strategy Plan & Sectorial approach to loan granting, to inform all 3 lines of defense & across business lines and management levels.

Business Continuity Plan (BCP)

Climate change is identified as an operational material risk driver and is included in the detailed business impact revision / analysis "BCP", conducted annually with the contribution of all units. The aim is to ensure the



continuity of the most crucial operations & businesses in the case of extreme events, including extreme weather events. The financial and operational impacts of potential disruptions and recovery time for each procedure are documented. BCP was activated during COVID-19 crisis & during the extreme weather events in the past years in Greece (wildfires & floods).

Environmental Management System (EMS)

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

Climate Stress Testing Exercise

Piraeus will use the results of the 1st EU climate stress test exercise to set an action plan to manage:

- further engagement with its clients to steer them on a low-carbon path,
- high corporate exposure in carbon intensive counterparties,
- potential sensitivities to long-term transition risk,
- short-term transition and physical risks.

Our Investments in R&D

Piraeus is investing in R&D in a systematic way and focuses on the development of tools, methodologies and databases related to climate change and environmental management issues.

Case studies

Developing & Upgrading The "Climabiz" Tool

The "Climabiz" Tool was developed in the framework of the EU funded LIFE project "Climabiz". Piraeus has developed a methodology for the Climabiz Tool for assessing in monetary terms the climate risk of its business borrowers, deriving from material economic sectors for the Bank. For the time being, the "Climabiz" tool is being upgraded to adapt to the new science, regulatory and reporting developments.

Upgrading Environmental Management System Tools & Databases

Piraeus has developed the innovative application "Ecotracker", which serves as a "Carbon Footprint Calculation Database" to monitor the environmental impacts that derive from its operation, i.e., purchased goods & services, fuels & energy related activities, upstream transportation & distribution, waste generation, business travel & staff commuting. The Carbon Footprint Calculation Database (Ecotracker) also calculates the total carbon emissions for Scope 1, 2 and 3 (cat. 1-14), following the methodology of the GHG Protocol. The Ecotracker works in combination with two other applications that Piraeus has developed in-house: the "Energy Office", which measures through sensors the energy and water consumption in the building facilities of the Bank in real time and the "Bill Management" that directly uploads energy data to the Ecotracker.

Principles for Responsible Banking & UNEP FI working groups

Piraeus actively participates in the development of tools for achieving the UN Sustainable Development Goals. The ESG Unit has three dedicated employees that among others- participate in the UNEP FI WGs: Impact Assessment, EU Taxonomy in cooperation with EBF, Financial Health and Inclusion, and to develop measuring and target setting approaches.



The resilience of Piraeus's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Piraeus uses climate scenarios in its Risk Identification Process

Piraeus used climate scenarios for the assessment of climate change impact on Lending risk in the context of its Risk Identification process and reporting.

Scenarios 1 & 2

As a prototype approach to the quantitative assessment of climate and environmental risks (in Risk Identification process), the Group has conducted an impact analysis targeting mortgage portfolio. This pilot analysis provided useful insights into the extent of Group's current exposure to physical and transition risks and how this might evolve in the future.

- Mortgage Portfolio – Physical Risk

To estimate the materiality of C&E physical risk in its mortgage portfolio, the Bank assessed the potential impact of climate hazards on residential real-estate (RRE) collaterals. The collaterals' post codes were grouped and subsequently a risk score was assigned to them, based on the flood risk map provided by the ECB as part of the 'Climate Stress Test'.

The analysis showed that less than 1% of the collateral value of mortgage portfolio is concentrated in high flood risk areas, thus, the possibility of a significant risk increase in the short-term is assessed as immaterial.

- Mortgage Portfolio – Transition Risk

The assessment of transition risk for mortgage portfolio was performed based on the energy performance certificate (EPC) distribution of the properties that the Group holds as collaterals. Due to data limitations of actual EPCs, a preliminary proxy methodology was developed. The methodology allocates/maps the property into energy classes according to its construction year. It is based on statistical data provided by the 'Ministry of Energy, Environment and Climate Change'.

The Group identified the percentage of the properties held as collaterals below a certain threshold. This could potentially elevate the credit risk of mortgage portfolio both in the short term but mainly in the medium and long term. Furthermore, the higher costs associated with energy class upgrades could pose additional pressure to households' income.

Scenario 3

The Group has conducted an impact analysis targeting business portfolios; this pilot analysis provided useful insights into the extent of Group's current exposure to physical and transition risks and how this might evolve in the future.

- Business Portfolio - Physical and Transition risks

The assessment of climate and environmental risks is based on estimates from an internal proprietary tool ("Climabiz") which quantifies separately the financial impact of physical and transition risks. The quantification takes into account several factors (e.g., counterparty's economic sector, annual turnover and long-term climate scenarios). The financial impact, calculated in monetary terms, is then compared to the company's annual turnover in order to express it on a relative basis.

The Group identified the percentage of its business portfolio financial impact over its turnover on an annual basis. The portfolio is more vulnerable to transition risk, which accounts for 60% of the total impact. The degree of vulnerability differs across industries and the Group has already identified / mapped the ones with the highest impact.



Scenarios 4 & 5

In the Internal Capital Adequacy Assessment Process (ICAAP) climate risk stress testing process, the Group assesses its vulnerabilities towards climate-related risk through targeted Climate Stress Test scenarios. The Group has designed and developed a relevant Climate Stress Test scenario analysis.

Physical Risk – 2.1°C - 3°C

Drought following the relevant ECB CST scenario: Perimeter under assessment includes Corporates not secured by real estate exposures. The contribution of NACE Codes to GDP is assessed and the implied GVA shock per NACE Code is used to calculate PD shocks / shifts.

Severe drought and heatwave in Europe can lead to sizeable output losses across several economic sectors. The shock / impact is associated with stress on productivity and applies only to business loan portfolios with no real estate collateral. The largest impact is expected on sectors with outdoors activities and high physical exertion, such as A01 (Crop & Animal production, etc.), A02-A03 (Forestry & Logging, Fishing etc.) B05-B09 (Mining & Quarrying) and F41-F43 (Construction).

- Transition Risk – NGFS scenarios Framework

Short term disorderly following the relevant ECB CST scenario: Perimeter under assessment includes Corporate and Mortgage exposures. The contribution of NACE Codes to GDP is assessed and the implied GVA shock per NACE Code is used to calculate PD shocks / shifts. Assesses banks' short-term vulnerabilities triggered by a sharp increase in the price of carbon emissions. The industries related to fossil fuels (B05-B09 Mining & Quarrying, C19 Manufacture of coke & refined petroleum products) are mostly affected by the green transition, noting continuous contraction. The industry linked to Electricity, gas, steam and air conditioning supply (D35), shrinks within 2022 and 2023 due to transition measures, achieving, however, a moderate bounce back in 2024.

Scenarios 6 & 7

Piraeus Bank took part in the first EU climate risk stress test (CST) in 2022 which assessed how well banks are set up to deal with climate-related risks. The exercise looked at banks' climate risk stress testing capabilities and compared participating entities across a common set of climate risk metrics. It also included projections for different scenarios targeting specific transition and physical risk.

- Physical risk - 2.1°C - 3°C

The assessment of physical risk focused on two extreme weather events: a major flood and a severe drought over a one-year time horizon.

- Transition risk 1.6°C - 2°C

For transition risk, the test included several scenarios and time frames. First, it assessed banks' short-term vulnerabilities in a three-year baseline and a disorderly transition scenario, triggered by a sharp increase in the price of carbon emissions. The exercise looked at the longer-term strategies of Piraeus in the face of three different transition scenarios over a 30-year horizon. The exercise considered the impact of transition risk from credit, market, operational and reputational risk standpoints as well as from a qualitative perspective.



PILLAR III – Risk Management

Piraeus's processes for identifying and assessing climate – related risks and how they are integrated into the organization's overall risk management

Risk Identification Process

Piraeus Group has established a comprehensive risk management framework to identify, measure, control and mitigate underlying risks, including climate risk.

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 either on a quantitative or qualitative basis or through a combination of both approaches

During this Risk Identification exercise, climate-related risks have been identified both as risk drivers into many key risk categories (credit, market, liquidity, operational, business & strategic and reputational risks) as well as a standalone risk subcategory under Environmental, Social & Governance (ESG) Risks. Moreover, since Piraeus recognizes that climate change-related risks are expected to intensify in the longer term (i.e., over the next 5years), it has launched several initiatives to take due account of environmental considerations in the business targets, strategies, risk management and decision-making process.

Risk Appetite Framework

The RAF constitutes a crucial driver supporting the Group in the implementation of its overall business strategy and objectives. RAF provides a strategic and management tool for the effective operation of the Group, while it assists Business Units and other identified stakeholders to monitor and align Group's activities with the overall risk appetite of the organisation.

The product of the Risk Appetite process is included in the Group's Risk & Capital Strategy, consisting of qualitative and quantitative statements and limits that should be adhered to at all times.

These statements apply under the current and planned risk positioning of the Group. Their primary objective is to set the level of risk that the Group is willing to undertake in order to achieve its strategic goals, ensuring at the same time adherence to regulatory requirements.

Climate and Environmental risks have already been incorporated in the Group's Risk Appetite, along with the Group's increased risk appetite for green financing, in order to facilitate the transition of its client base to a more sustainable economy.

Climabiz' methodology approach short description

Piraeus has developed the proprietary "Climabiz" tool to calculate the climate risk of its business borrowers which derives from important economic sectors and are likely to be financially affected by climate change. The Tool was initially launched in the context of the respective EU Life project "Climabiz" and it is based on the exclusive methodological approach i.e., the "Climate Risk Management Model".

The Climabiz Tool

Climabiz assesses in monetary terms the climate risk derived from the Bank's business borrowers based on their turnover and the general operational and technical features of their respective field of activity, for economic sectors and businesses that are significant for the Bank in terms of loan exposure.



The Tool can identify and analyze for each economic sector and business borrower two main categories of climate related risks:

- a) Physical Risk, the financial impact that a company may have due to the change of climatic conditions, such as increase / decrease of the average temperature or the average rainfall, rise in sea levels, extreme weather conditions, such as heat waves, floods, etc.
- b) Transition Risk incorporates the additional costs faced by a company in the context of its transition to a low-carbon economy. Transition risks are driven by reform of the regulatory framework, introduction of new low carbon technologies, changes in market operating conditions and consumer preferences, etc.

To assess climate related risks, Climabiz uses climate scenarios, which simulate the climatic conditions of different geographical areas of Greece for both the historical period (1961-1990) and the future period (2021-2050).

The Tool is based on a set of IPCC Representative Concentration Pathways (RCPs), each of them offering a plausible and internally consistent description of the future:

- RCP2.6 is a very stringent pathway and is likely to keep global temperature rise below 2°C by 2100
- The intermediate IPCC stabilization scenario RCP4.5, is more likely to result to a global temperature rise between 2°C and 3°C, by 2100
- The high emission pathway, RCP8.5, is generally taken as the basis for the worst-case scenario (with a global mean temperature rise round 5°C).

The Tool is based on the Typical Units that are standard, modeled representatives of production units of economic sectors, appropriately adapted to the Greek environment, to simulate the business borrowers' climate risks and opportunities.

According to the methodology, the sectors that are more likely to be physically impacted are, amongst others, agriculture, forestry, fisheries, human health, energy, transport and infrastructure and tourism, while the sectors that are likely to be impacted by the transition to a low-carbon economy include energy, transport, manufacturing, construction, and agriculture.

Climabiz Updates

The Climate Risk Management Model has been updated in order to align with the TCFD recommendations and the UNEP FI scenario approach for assessing the effects of climate change on financial institutions.

The methodological update of the new methodology regarding the physical risk assessment process, considers both the chronic effects of climate change and the effects associated with extreme weather events, by analyzing several climate scenarios. Specifically, the analysis is based on three out of totally four available RCPs (Representative Concentration Pathways) included in IPCC's 5th Assessment Report, namely RCP2.6, RCP8.5 and RCP4.5.

Regarding the transition risk assessment upgrade, the new methodology provides estimates of the resulting climate risks considering:

- the existing scope 1, 2 and 3 emissions of the corresponding Typical Units
- the investments required for businesses to significantly reduce their GHG emissions
- to what extent the economic sectors analyzed can convey the costs associated with climate risks to their clients by increasing the prices of their products, and
- to what extent the increased prices of the products influence their demand.

Piraeus Bank is in the process of including climate risk results (deriving from the Climabiz Tool) in the loan origination process. Climate risk results will be adjusted to the ESMS requirements with the goal of being integrated into the ESMS loan evaluation process. Piraeus has started including the climate risk results into the ESMS evaluation system and will fully integrate them into the loan due diligence and evaluation process.

In parallel and through Project Proteus Piraeus is planning to integrate the output of Climabiz (estimation of climate and environmental risk) into the credit risk parameters.



Materiality Analysis of Piraeus Group Sustainability Issues according to the Global Reporting Initiative (GRI)

Every year, Piraeus Group discloses the material non-financial dimensions of the Group's operations in the context of enhancing transparency and information on sustainability and ESG issues. Piraeus primarily identifies its stakeholders, i.e., customers, employees, suppliers, investors / shareholders, investment analysts, media, supervisors and regulators, investment community, environmental / cultural bodies, NGOs. Secondly, Piraeus engages in dialogue with them, through a quantitative survey research and focus groups to meet their needs and expectations and to raise issues related to sustainable development.

Among the material issues presented in detail in the 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
- Commitment to the Principles for Responsible Banking of the United Nations
- Addressing climate change
- Carbon footprint: Management of carbon emissions.

Methodology for assessing the significance of environmental impacts, in the context of the Environmental Management System for the Bank's premises

The environmental impact assessment is carried out annually based on a specific internal procedure, established by the Bank. The regulatory framework, the absolute values of the measurable environmental characteristics (gaseous pollutants, energy consumption, quantities of waste materials, etc.) are considered, as well as the priorities set by the Bank's Environmental Policy.

The environmental aspects / impacts of the Bank's activities, which are of the highest overall importance and are considered as the most material environmental aspects for the Bank are:

- Total annual electricity consumption of the building infrastructure
- Resulting emissions from electricity consumption
- Consumption of conventional paper
- Solid waste resulting from the consumption of consumables (paper and cartridges/ toner).

Piraeus's processes for managing climate-related risks and how they are integrated into the organization's overall risk management

Launching "Project Proteus" for the management of climate risks

Piraeus Group initiated a dedicated project namely "Project Proteus" to integrate the climate and environmental risks within all functions of the banks. The governance structure facilitates effective and timely decision-making related to climate and environmental risks, permits the holistic monitoring and implementation of Project Proteus, and ensures the Piraeus Group's operational readiness to participate in dedicated regulatory exercises (i.e., climate stress test).

Environmental & Social Management System in business financing (ESMS)

Since 2017 Piraeus Bank has integrated the ESMS assessment process in its credit policy requirements framework for all new business loan applications. The Bank's aim is climate-related and environmental risks to be included at all stages of the credit-granting process since these risks affect the borrower's default risk.

The Executive Committee has approved the "ESMS Policy" and consequently, the Credit Policy of the Bank incorporates new environmental and social criteria (E&S) in line with international standards, along with traditional credit criteria. 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 Bank has incorporated into its Credit Policy a list of business activities that are excluded from financing. According to the ranked category of business activity, it undertakes case-by-case due diligence by conducting spot checks and / or off-site checks of permits and licenses.



In alignment with Greek Law 4014/2011, the Bank ranks the loans on a three-point qualitative scale of low risk (c), medium risk (B) and high risk (A)

- a) Category A: loans of potentially significant environmental or social risks and / or impacts that are multidimensional, irreversible, or unprecedented and which usually affect an area broader than the sites or facilities.
 - b) Category B: loans of potentially significant environmental or social risks and/or impacts that are reversible and which do not usually affect an area broader than the sites or facilities.
 - c) Category C: loans of manageable environmental or social risks and / or impacts that are reversible with the implementation of the appropriate measures and which usually affect the sites or facilities.
- In all categories of E & S risk, the Bank assesses the background of the client and of the shareholders-stakeholders concerning serious environmental and social incidents that may have arisen, utilizing all available public information.

In cases where during the check, the risks are recognized to be unmanaged, a Corrective Action Plan (CAP) is developed, with a specific deadline of implementation, which is agreed upon with the customer.

Credit Policy

Environmental and social factors are integrated in the Group's Credit Policy:

1. Environmental factors: The Bank does not provide credit facilities to companies operating:
 - a) in sectors included in Bank's Exclusion List according to the Environmental & Social Management System (ESMS), with the exception of certain sectors where the Bank's cumulative exposure must not exceed 5% of the total loan portfolio.
 - b) for activities within environmentally protected regions (e.g., Natura 2000 Network) the Bank applies rigorous due diligence
2. Social Factors: The Bank is particularly sensitive 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.

Portfolio Impact Analysis

Piraeus conducts annually an impact analysis of its portfolio, using the "Portfolio Impact Analysis Tool for Banks" developed by UNEP FI in 2019, to support signatories to the Principles for Responsible Banking (PRB) in achieving Principle 2 "Impact and Target Setting". Piraeus is the only Greek bank participating in the formation of the Tool.

Through this analysis, a bank can:

- a) Identify its significant positive and negative impacts to sustainable development through its financing, specifically in 22 impact areas on the pillars of economy, society, and the environment,
- b) Set specific targets to increase positive impacts and reduce the negative ones.

The methodology of the Tool for the analysis does not require client data, but takes into account:

- a) The significant sustainable development issues that each country faces,
- b) The key correlations between the financing of economic activity sectors and their impact on the 22 sustainability impact areas, and
- c) The amount of financing per portfolio category.

Piraeus identifies the sectors that have a negative impact on climate and constitute more than 5% of the portfolio to potentially have a strategic impact on the business, in terms of climate risk. Piraeus plans to use the newest version of the tool (3rd version) so that even more accurate results are produced, to compare the results with the ones that the Climabiz tool produces and finally to formulate a strategic plan for the selected sectors.

Database on Environmental Legislation & Case Law

A Database on Environmental Legislation & Case Law has been developed and is updated, with the aim to support Piraeus Bank's compliance with the applicable legal requirements regarding the environment.



PILLAR IV - Metrics & Targets

Metrics used by Piraeus to assess climate-related risks and opportunities in line with its strategy and risk management process

Climate Risk Assessment of the Bank's Business Borrowers

Piraeus used for the first time three RCP climate scenarios for the 2021 climate risk calculation of its business portfolio, which amounts to a total €18.9 billion: of this, the corporate portfolio amounts to €9.2 billion, while the SME portfolio amounts to € 9.7 billion.

For 2021, total climate risk is presented as a percentage of the physical and transition risk per RCP climate scenario.¹

Climate Scenarios	Total climate risk as a % of the business borrowers' total turnover	% of Physical Risk over Total Climate Risk	% of Adjusted Transition Risk over Total Climate Risk	Emissions allowance price
RCP2.6	4.4%	7%	93%	€139.9/t CO ₂ Net Zero 2050 NGFS scenario
RCP4.5	2.7%	20%	80%	€73.5/t CO ₂ Nationally Determined Contributions (NDCs)
RCP8.5	1.7%	44%	56%	€21.4/t CO ₂ NGFS scenario

The significant fluctuations in climate risk outputs between the climate scenarios are due to the fluctuations of the transition risk. For that purpose, to calculate the cost of direct and indirect emissions, three different prices of carbon emission allowances €/tCO₂ are used, for the period 2020-2030 based on the NGFS scenarios.

Piraeus is in the process of including climate risk results (deriving from the Climabiz Tool) in the loan origination process. Climate risk results will be adjusted to the ESMS requirements with the goal of being integrated into the ESMS loan evaluation process. Piraeus has started including the climate risk results into the ESMS evaluation system and will fully integrate them into the loan due diligence and evaluation process.

In parallel and through Project Proteus Piraeus is planning to integrate the output of Climabiz (estimation of C&E risk) into the credit risk parameters.

Portfolio Impact Analysis Tool for Banks – UNEP FI

Piraeus conducted its second impact analysis for its portfolio, using version 2 of UNEP FI "Impact Analysis Tool for Banks". Piraeus Bank used 2021 data for its retail, business, and corporate portfolio, while also including certain elements of its investment portfolio, aspiring to further expand the scope in its third analysis.

Piraeus, proceeded with the impact analysis for its activities in Greece and in particular:

- The Bank's business portfolio includes Public and non-profit Clients, Small Business, SME, Agricultural, SME Recovery Clients. Piraeus entered data related to the 30 most highly financed sectors (NACE codes) that correspond to the 50% of its business portfolio.
- The Bank's corporate portfolio includes financing to large and multinational companies, interbank loans, institutional clients, shipping companies, financing to hotels and the tourism sector. Piraeus

¹ For more information on the climate risk calculations methodology, please refer to: <https://www.piraeusholdings.gr/en/sustainable-banking/environment-and-society/environment/environmental-fields-of-action/climate-risk-assessment>



entered data related to the 30 most highly financed sectors (NACE codes) that correspond to the 95% of its corporate portfolio.

- The Bank's investment portfolio includes the bond loans. Piraeus entered data related to the 30 most highly financed sectors (NACE codes) that correspond to the 92% of its investment portfolio.
- Piraeus entered 100% of its consumer banking portfolio data, in the suggested products.

The analysis concludes that Piraeus Bank's financing has potential positive impacts on the sustainable economic growth and the society of Greece. The most significant positive impacts are on the pillar of Economy, and specifically in the impact area of Inclusive & Healthy Economy, an area of great importance for the sustainable development of the country. For example, the long-term support of Piraeus Bank to SMEs has a positive impact on the Greek economy, accelerating economic convergence and contributing to reducing inequalities. Among other, the Bank's financing is associated with a positive input to the issues of Employment, Housing, and the area of Culture and Heritage, which are key to the Greek reality.

The methodology considers the fact that financing may also have an adverse impact on certain sustainable development aspects, such as Climate and Resources Efficiency / Security.

Considering the analysis and the Bank's overall business strategy, the focus areas of sustainable development identified are the following:

Significant Sustainable Development Impact Areas for Piraeus		
Economy	Society	Environment
- Inclusive, Healthy Economies	- Employment	- Resources Efficiency
- Economic Convergence	- Housing	- Climate
	- Justice & Equality	- Energy

Environmental & Social Management System in Business Financing (ESMS)

In 2021, Piraeus Bank carried out a total of 2,473 assessments, of which 916 were related to new RES projects.

EU Taxonomy metrics

The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. It was designed to play an important role for the EU to scale up sustainable investment and implement the European Green Deal. The Disclosures Delegated Act that was adopted by the Commission in July 2021 supplements art.8 of the Taxonomy Regulation, and specifies the content, methodology and presentation of the information to be disclosed by both financial and non-financial undertakings. According to the Disclosures Delegation Act (EU 2021/2178), starting from 2022 and onwards, Piraeus Group is required to disclose its EU Taxonomy eligibility ratio in its annual Non-Financial Reporting:

As of 31/12/2021 Piraeus Group reported 22% eligibility ratio and is planning to achieve by 2025, 32% eligibility ratio, according to its business plan.

From 2024 onwards, Piraeus Group is required to disclose along with its eligibility ratio and its EU taxonomy alignment ratio or Green Asset Ratio (GAR). GAR is the proportion of loans and advances / debt securities / equity instruments financing taxonomy-aligned economic activities compared to total loans and advances / debt securities / equity instruments of non-financial undertakings and all other on-balance sheet assets.²

² In order to calculate EU Taxonomy, we based on/applied the Regulation (EU) 2020/852 Article 8, Delegated Regulation (EU) 2021/2178 of 6 July 2021 (as regard to the definition of eligible activities Article 1), Article 4, Article 10, ANNEX XI along with the EU taxonomy Compass for the eligible activities/nace codes. Please refer also to "Piraeus Financial Holdings S.A. - 12M Annual Financial Report", p.37-39: https://www.piraeusholdings.gr/~media/Com/2021/Files/investor-relations/Financials/Financial-Statements/2021/12M/2021-Annual-Financial-Report_Holdco_en.pdf



EU Taxonomy eligibility & non-eligibility ratios as a proportion of Group's total assets (%)	31/12/2021
1. Exposures to Taxonomy-eligible activities	22%
2. Exposures to Taxonomy non-eligible activities	16%
3. Exposures to sovereigns, central banks and supranational issuers	17%
4. Exposures to derivatives as a proportion of total assets	1%
5. Exposures to corporates not subject to non-financial reporting directive (NFRD)	12%
6. Trading book	1%
7. On-demand interbank exposures	19%
Group's total assets (in € billion)	€79.8

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

Disclosing our emissions

Piraeus Bank annually calculates its GHG emissions in the context of the Environmental Management System it implements and the Environmental Footprint Database it has developed internally.³

Piraeus Bank's gas emissions (tn CO _{2,eq})	2021	2020	Trend 2020-2021
Emissions CO _{2, eq} (tonnes) ⁴ - Scope 1	2,840.37	2,819.76	0.7%
Emissions CO _{2, eq} (tonnes) - Scope 2 (location-based)	21,348.36	26,479.65	-19.4%
Emissions CO _{2, eq} (tonnes) - Scope 2 (market-based)	0.00	0.00	0.0%
Scope 3 Categories 1 to 14	29,861.22	18,350.52	62.7%
Scope 3 Category 15 – equity investments (listed and unlisted equity)	8,178.79	16,241.00	-49.6%
Scope 3 Category 15 – mortgage loans	155,934.90	352,395.00	-55.7%
Scope 3 Category 15 – corporate bonds	229,263.20	-	-
Scope 3 Category 15 – Commercial Real Estate	36,751.77	-	-
Total Scope 3 Category 15	430,128.66	368,636.00	16,7%

Calculating our Scope 3 emissions

Piraeus calculates and discloses on an annual basis for more than ten years, the direct and indirect emissions related to its electricity consumption -namely Scope 1 & 2 emissions. Aiming to expand its environmental monitoring and transparency, Piraeus has proceeded to also assess the indirect Scope 3 emissions for the year 2021 and include them in the carbon footprint assessment.

³ Calculations for 100% of Piraeus Bank's operations in Greece.

⁴ The following Global Warming Potential (GWP) coefficients have been used for the conversion of emissions estimates into the common unit of CO₂ equivalent: 1 for CO₂, 25 for CH₄ and 298 for N₂O. For details see: Table 1.3 Greece- National Inventory Report 2021.



With reference to the emissions from the Bank's operation (Scope 3 – categories 1-14), category 3 (Fuel Consumption) was calculated for the first time in 2021, including the upstream leakage emissions associated with electricity consumption, with the combustion of fossil fuels and leakage from the grid. Scope 3 category 15 emissions were measured and reported under the Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials (PCAF), covering a large share of the Bank's portfolio, that is equity investments (listed equity and unlisted equity), mortgages, corporate bonds and Commercial Real Estate (loans and investments). Corporate bonds and CRE (Commercial Real Estate) were included in the calculation of the carbon footprint from the Bank's financing for the first time in 2021.

In 2021, total CO₂ eq emissions exceeded 480,000 tonnes. Scope 3 emissions account for 95% of total GHG emissions. This is mainly due to the Bank's financing, i.e., equity investments, mortgage lending, corporate bonds, and commercial real estate. If category 15 is excluded, Scope 3 emissions are limited to 55.2% of total GHG emissions.

Piraeus is awaiting validation of its Scope 3 emissions targets associated with the Bank's business loans (category 15) through the Science Based Targets Initiative, while currently preparing its Scope 3 target setting, for the Collective Commitment to Climate Action initiative.

Piraeus's targets to manage climate – related risks & opportunities and performance against targets

Focusing on Climate and Energy Efficiency

Impact area of Climate

Piraeus will be stepping up its effort to incorporate climate and environmental risks in its systems, processes, and business decisions, and work together with clients to collectively address the effects of climate change. Piraeus has already embarked on a strategic plan to become net-zero by 2050 or earlier and has defined targets by 2030 in selected asset classes, representing well over 50% of its financed emissions.

The Group has committed to the UNEP FI Collective Commitment to Climate Action initiative and to the Science Based Targets initiative. In 2021 Piraeus also proceeded to assess the indirect emissions of its business portfolio (Scope 3 cat.15), adopted emission reduction targets and submitted an assessment to SBTi in July 2022, aiming to achieve net-zero by 2050.

Piraeus's Climate Targets:

- Following the COP 26 Climate Conference, Piraeus aspires to align its loan and investment portfolio to be net-zero, by committing to SBT Initiative, participating in the Collective Commitment for Climate Action (UNEP FI).
- Piraeus Group is planning to participate in the Net Zero Banking Alliance by 2024.
- Electricity consumption in Piraeus Bank's buildings is 100% sourced from renewables leading to zero Scope 2 emissions (market-based) from 2020 and onwards. A target of 50% reduction of Scope 1 emissions, by 2030 has also been set.

Piraeus's Science – Based Targets:

Piraeus has committed to SBTi to reduce by over 50% emissions in Real Estate, Electricity Generation Project Finance, and Corporate Instruments (equities, bonds, loans) by 2030 compared to 2019 (base year). Piraeus's portfolio targets cover 55.8% of total financed emissions associated with Piraeus investment and lending activities.



Impact area of Energy – Resources Efficiency & Security

Sustainable Finance

The field of energy is one of the focus areas of Piraeus for 2022-2025. The Bank has a dedicated unit, the Development & Sustainable Banking Unit, that monitors national and EU directives, integrates them into the Greek institutional framework, foresees and recognizes investment opportunities, monitors evolving technology, and trains Bank executives and customers. The unit performs a feasibility study for every financial proposal for Renewable Energy Sources (RES) projects and green entrepreneurship, and examines, inter alia, the choice of equipment, the projected cost, the estimated productivity, and the experience of the installer, etc.

Through the Bank's participation in the programmes of the Greek State and the Ministry of Environment and Energy "Exoikonomo Kat Oikon" regarding energy saving at home, Piraeus Bank has supported more than 30 thousand households to upgrade buildings and improve the environmental performance of homes, reducing their energy costs.

Piraeus Bank has also created a new package of specialized products and services in 2021, the "Piraeus Green Business 360°". It is a complete proposal of solutions to cover every green business need, such as:

- financing the installation of photovoltaic plants,
- financing the upgrade of existing photovoltaic plants or the energy upgrade of businesses,
- the purchase of an electric or hybrid car.

Green Bond

Piraeus Group developed the Piraeus Group Green Bond Framework (2021) under which it has successfully completed the book building process for the issuance of a €500 million Green Senior Preferred Bond, attracting the interest of many institutional investors. With this issue, Piraeus Bank is advancing its ESG agenda and is making another step towards the implementation of its medium-term strategy to meet its minimum requirements for own funds and eligible liabilities.

Sustainable Finance 2021 results:

- €1.7bn aggregated balances of green financing portfolio to individuals and businesses
- €1.6 bn in green funding products to businesses for investments in RES and energy efficiency
- €81mn in green funding products to individuals – energy efficiency mortgages and loans for photovoltaic installations on rooftops
- 0.9% of green funding products for individuals to the total individuals' loan portfolio of Piraeus
- 7.4% financial volume of green funding products for businesses to the total business loan portfolio.

Independent Assurance Statement by Deloitte Certified Public Accountants S.A.



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Independent Assurance Statement by Deloitte Certified Public Accountants S.A.

To the Management of Piraeus Financial Holdings S.A.

We have been engaged by the Management of Piraeus Financial Holdings S.A. to perform a limited assurance engagement relating to the description of the activities undertaken to meet the Recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). The TCFD Report dated November 2022, (the “TCFD Report” or the “Report”) of Piraeus Financial Holdings Group (the “Group”) has been prepared by the Management of Piraeus Financial Holdings S.A. (the “Company”) and Piraeus Bank S.A. (the “Bank”) (collectively referred to as “Piraeus”), which is responsible for the collection and presentation of the information contained therein.

Scope of Work

1. The provision of limited assurance on the accuracy and completeness of the TCFD metrics (“metrics”) in the TCFD Report.
2. The accuracy and validity of the TCFD disclosures (“disclosures”).

Our work was related to the provision of assurance on data and information for the period 1 January 2021 – 31 December 2021 and we did not provide assurance over any prior reporting period data or information presented in the Report.

We performed assurance services in accordance with the provisions of “International Standard on Assurance Engagements ISAE 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (“ISAE 3000”), issued by the International Auditing and Assurance Standards Board (IAASB). Our procedures for collecting evidence were designed in order to obtain a limited level of assurance. The procedures in a limited assurance engagement in accordance with ISAE 3000, vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained, had a reasonable assurance engagement been performed.

Criteria

The disclosures and metrics, under the scope of our engagement, need to be read and understood together with the applicable criteria which:

- for the Scope 1, Scope 2 and Scope 3 metrics, are defined as per the GRI Topic Specific Standards 305-1 (2016), 305-2 (2016), 305-3 (2016);
- for the metrics related to climate-risk assessment and the EU Taxonomy metrics, are defined in the TCFD Report (pg. 27 and 28-29 respectively);
- for the Impact Analysis disclosures, are defined in the “Portfolio Impact Analysis Tool for Banks (Version 2)” of the UNEP FI;
- for the TCFD disclosures, are defined in Section C of the “Annex: Implementing the Recommendations of Task Force on Climate-related Financial Disclosures (October 2021)”.

Our key assurance procedures

In order to form our conclusions, we undertook the following procedures:

- Evaluated the suitability of the criteria as the basis for preparing the disclosures and metrics of the Report;
- Performed interviews with personnel of the Group responsible for managing, collecting and processing data relating to the metrics and qualitative disclosures, in order to obtain an understanding of the processes applied for the preparation of the Report;
- Performed analytical review procedures on the metrics and made pertinent inquiries to the responsible personnel;
- Tested, on a sample basis, the accuracy of the metrics against relevant supporting documentation, including recalculation of relevant formulas used and assessed whether the data have been appropriately consolidated;
- Performed interviews with the relevant personnel of the Group in order to obtain an understanding of the Group's ESG policies and activities for the reporting period and the disclosures related to Governance, Strategy and Risk Management;
- We assessed the reasonability of a sample of disclosures related to Governance, Strategy and Risk Management, by obtaining and reviewing relevant supporting documentation.

Limitations

- Our assurance services were limited to the English digital version of the Report.
- Where, under the scope of our engagement, financial information was used from the Annual Report 2021 and other published information of the Bank and the Company, our work was limited to check the accuracy of the transfer of the relevant information to the Report.
- Our assurance procedures did not include testing the Information Technology systems from which data was extracted and aggregated by the Group for the Report, neither testing of the design, implementation and operating effectiveness of controls over the underlying data.
- We do not provide any assurance relating to future performance, such as estimates, expectations or targets, or their achievability.
- Inherent limitations exist in all assurance engagements due to the selective enquiry of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Our engagement provides limited assurance over the preparation of the disclosures and metrics in accordance with the applicable criteria. The TCFD, as applied by all companies, includes information based on climate-related scenarios that are subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future physical and transitional climate-related impacts. For the avoidance of doubt, the scope of our engagement and our responsibilities do not involve us performing work necessary for any assurance on the reliability, proper compilation or accuracy of the prospective information provided as part of the TCFD scenario analysis.

Our independence and quality control

- Deloitte applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.
- We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We have maintained our independence and objectivity and, in particular, that there were no events or prohibited services provided which could impair our independence and objectivity

Roles and responsibilities

Piraeus

The Management of Piraeus is responsible for the preparation of the Report and for the information and statements contained therein. In addition, the management of Piraeus is responsible for designing, implementing and maintaining internal controls over information relevant to the preparation of the metrics and disclosures that is free from material misstatement, whether due to fraud or error.

Deloitte

Our responsibility is to independently express our conclusion to the Company's Management in relation to the assurance services defined in the Scope of Work above, in accordance with our letter of engagement. Our work has been undertaken in order to inform the Company's Management on the results of the limited assurance engagement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Piraeus for our work, for this statement or for the conclusions we have reached.

Our conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the metrics and disclosures of the TCFD Report, under the scope of our engagement, are materially misstated.

Athens, 25 November 2022

The Certified Public Accountant

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PIRAEUS
FINANCIAL HOLDINGS

