

**Piraeus Financial Holdings S.A.**



**TCFD**  
**Report 2023**



**Piraeus Financial Holdings S.A. 2023 Report**

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

### GOVERNANCE

The Chairman of the Board of Directors is actively engaged in the ESG (Environmental, Social, Governance) and climate agenda

The Board Ethics and ESG Committee is overall responsible for ESG and climate issues

The ESG & Corporate Responsibility Committee at management level chaired by CEO

Project “Proteus” for managing climate-related and environmental risks

The CEO drives the ESG and climate agenda

The Board Risk Committee has the oversight of identification and management of ESG and climate risks

Our policy tools: Sustainable Development Policy, ESG & Climate Strategy, Green Bond Framework

Business Plan 2023–2025 sets our ESG aspirations

### Climate Risks

### STRATEGY

Physical risks (chronic and acute) may affect our infrastructures and our customers’ probability of default

Transition risks are closely monitored due to their possible negative impacts (e.g., energy prices, fines, reputation)

### Climate Opportunities

Following the commitment to the Principles for Responsible Banking, Piraeus is focusing on Sustainable Banking

Launch of Mutual Funds with ESG criteria

Green Bond Framework and successful issuance of a €500 million Green Senior Preferred Bond

## Climate Risk is Integrated in our Risk Management Processes

### RISK MANAGEMENT

In our Risk Identification Process, climate risks are identified as risk drivers and standalone risks

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

We use the “Climabiz” tool to estimate the climate risk of our business borrowers (including physical and transition risks)

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

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

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

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

### Climate Metrics

### METRICS & TARGETS

Climate Risk calculation (physical & transition risks) of the Bank’s business loan portfolio, using “Climabiz” tool

Calculation of our operational emissions (Scope 1, 2 and 3 Categories 1–14) using the “Environmental Footprint Database”

Calculation of our financed emissions (Scope 3 Category 15), using the PCAF methodology

Estimating positive and negative impacts of our portfolio on climate & ESG issues, using the UNEP FI “Impact Analysis Tool for Banks”

### Climate Targets

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

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

Energy transition: €5 billion finance stock by 2025 and overall, €8 billion including bonds issuance and in-house ESG Mutual Funds

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Explanation of symbols:



**Back to previous view**

**References and external links**



**Internal link**

# Contents

6	<b>Piraeus Group is committed to sustainability</b>
9	<b>PILLAR I: Governance</b>
9	I.1 Piraeus's Policy framework on Climate Change
13	I.2 Piraeus's Board oversight of climate-related risks and opportunities
16	I.3 Piraeus's management's role in assessing and managing risks and opportunities
21	<b>PILLAR II: Strategy</b>
21	II.1 Climate-related risks and opportunities that Piraeus has identified over the short, medium, and long term
22	II.2 Climate risks and their financial implications for Piraeus Group
22	Environmental risk identification and materiality assessment
22	Transition Risks
24	Physical Risks
26	II.3 Climate related opportunities and their financial impacts on Piraeus Group
26	Strategic Transition to Sustainable Banking
28	Responsible Investment Banking
29	Development of New Products and Services through Research & Development and Innovation
30	II.4 The impact of climate-related risks and opportunities on Piraeus's businesses, strategy, and financial planning
30	Our Business, Strategy and Financial Planning
31	Our Operations
33	Investing in Research & Development
34	II.5 The resilience of Piraeus's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario
39	<b>PILLAR III: Risk Management</b>
39	III.1 Piraeus's processes for identifying and assessing climate-related risks and how they are integrated into the organization's overall risk management
39	Risk Identification Process
44	III.2 Piraeus's processes for managing climate-related risks and how they are integrated into the organization's risk management
49	<b>PILLAR IV: Metrics &amp; Targets</b>
49	IV.1 Metrics used by Piraeus to assess climate-related risks and opportunities
54	IV.2 Piraeus Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions
54	Disclosing our emissions
55	Calculating our Scope 3 emissions
57	IV.3 Piraeus's targets to manage climate-related risks & opportunities and performance against targets
57	Focusing on Climate and Energy Efficiency
58	Our Annual Science-Based Target Transitioning Path
59	Focusing on Financial Health & Inclusion
60	<b>Independent Limited Assurance Report to the Management of Piraeus Financial Holdings S.A.</b>

# Piraeus Group is committed to sustainability

## Our Corporate Profile

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

The key subsidiary of Piraeus Financial Holdings S.A. is Piraeus Bank S.A., it is headquartered in Athens, generates 95% of the Group’s revenues.

The Group has a systemic position in the Greek banking market in terms of total assets, which amount to €79.3 billion as of September 2023. The Group holds the most extensive footprint in Greece with 386 branches and a wide customer base of 6.2 million active customers. As of September 2023, the Group headcount totalled 8,2 thousand employees in the continuing operations.

## Sustainability & ESG Commitments

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

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

Piraeus has also signed the Commitment to Financial Health & Inclusion of the UNEP FI (United Nations Environment Programme Finance Initiative), and has set targets to provide young farmers with effective access to loans. It has signed the UN Declaration «United in the Business of a Better World» and the Women’s Empowerment Principles of the UN Global Compact and UN Women, committing to strengthening and promoting gender equality in the workplace.

Piraeus Group supports the Sustainable Development Goals (SDGs), contributing to the global efforts for a better future. In accordance with its ESG strategic priorities and Materiality Analyses, the Group focuses on supporting the following Goals:



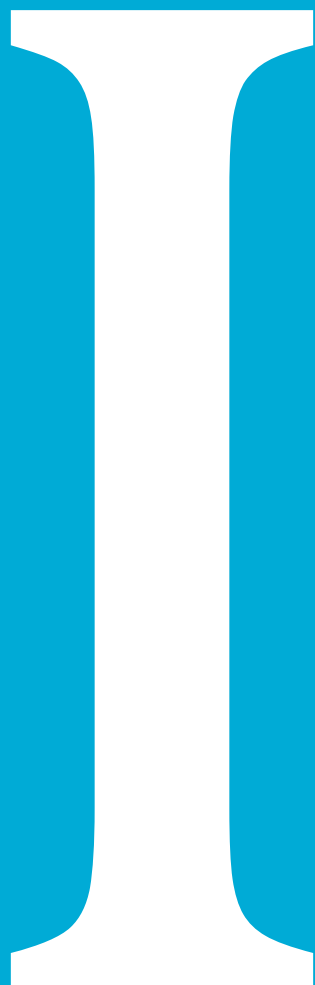
## Sustainable and Responsible Banking

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 ESG criteria 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 2023-2025 we aim to support the financing needs of the country in energy transition with an ambition of €5 billion energy transition financing by 2025 and overall, €8 billion "energy transition envelope", including bonds issuance and in-house mutual funds.

## Our fourth TCFD report

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





# PILLAR I

## Governance

### I.1 Piraeus's Policy framework on Climate Change

#### Sustainable Development Policy

The Sustainable Development Policy reflects the Group's intentions for business strategies and targets that meet the UN SDGs and the Paris Climate Agreement by aligning its operations with the UN 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. Through this Policy, Piraeus Group integrates Environmental, Social and Governance factors in its operation and business activity.

#### ESG Investment Policy

Piraeus has adapted its investment policy by applying the ESG Investment Policy to UCITS (Undertakings for the Collective Investment in Transferable Securities) portfolio management and provision of investment services, aiming to more effective risk management and maximizing returns.

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

Piraeus MFMC established the ESG Committee to ensure compliance with the regulatory framework and to safeguard ESG guidelines, while in September 2023 its ESG Policy was strengthened:

- Risk mitigation: The target is to reduce the exposure of a portfolio to ESG risks by adjusting valuation models, credit risk and in general by managing risk.
- Alpha generation: which expands to the identification of companies with positive impact or companies that will benefit from sustainable macro-trends.

#### Piraeus Group Climate and ESG Approach

Piraeus Group has a clear commitment to sustainability and attaches importance to social activities and environmental considerations, including climate change.

It supports sustainable operations, integrating sustainability criteria into its financing processes, such as RES projects, green buildings, and clean transportation projects.

The approach emphasises 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 the Group's climate and nature solutions.
- Support and advise customers 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 ESG risks: By fully integrating climate and ESG risks in risk management framework and by helping customers protect their business from climate, societal, and governance related risks providing advice and financing their transition.



We formulated our ESG strategy to promote Responsible and Sustainable Banking and support our customers towards a low-carbon economy, by adopting ESG criteria and embarking on our Energy Transition plan.

Our journey to become net zero by 2050 has already begun, as we have defined intermediate science-based targets (by 2030).

## Piraeus's dedicated Climate Strategy

Under the dedicated Project "Proteus" and following the Group's participation in the Science-Based Targets initiative, 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 mobilisation 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, aligned with the TCFD recommendations.

## Green Bond Framework

Under our Green Bond Framework, we issue green bonds and use the proceeds to finance the low-carbon economy transition in Greece. These initiatives 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 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” and defines eligibility criteria in three green areas:

- Renewable Energy
- Green Buildings
- 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.

The Framework applies to all future issuances of green bonds from either Piraeus Financial Holdings or Piraeus Bank.

## Fit-for-55 Climate Risk Scenario Analysis

Piraeus will participate in one-off Fit-for-55 climate risk scenario analysis, which will be carried out by the European Banking Authority (EBA) along with the European Supervisory Authorities (ESAs) and with the support of the European Central Bank (ECB) and the European Systemic Risk Board (ESRB).

This one-off exercise aims to assess the resilience of the financial sector in line with the Fit-for-55 package and gain insights into the capacity of the financial system to support the transition to a lower carbon economy even under conditions of stress. The relevant templates are designed to collect climate-related and financial information on credit risk, market, and real estate risks.

## Exploring biodiversity challenges

Following the signing of the global “Finance for Biodiversity Pledge”, to set targets by 2024 for supporting business activities that protect and enhance the natural environment and reverse biodiversity loss, Piraeus Group is participating in international finance and biodiversity initiatives. Piraeus participates in the Advisory Boards of the EU Business @ Biodiversity Platform and the Finance for Biodiversity Foundation and is a partner of PBAF.

## PIRAEUS GROUP ESG & CLIMATE GOVERNANCE STRUCTURE

### PIRAEUS FINANCIAL HOLDINGS BOARD

Board Ethics & ESG  
Committee

Remuneration  
Committee

Risk  
Committee

Audit  
Committee

### PIRAEUS BANK BOARD

Strategy  
Committee

Risk  
Committee

Audit  
Committee

Remuneration  
Committee

### EXECUTIVE MANAGEMENT COMMITTEES

Group Executive Committee

ESG & Corporate Responsibility Committee

Assets & Liabilities Committee

Operational Risk Committee

Project “Proteus” Steering Committee

### INVOLVED UNITS

#### 1<sup>st</sup> Line of Defense

- Business Units
- Corporate Development & ESG
- Group Credit

#### 2<sup>nd</sup> Line of Defense

- Group Risk Management
- Risk Strategy & ESG Risks

#### 3<sup>rd</sup> Line of Defense

- Group Internal Audit

### ESG FRAMEWORK

- Sustainable Development Policy
- ESG Strategy

- Risk Framework
- C&E Risks Framework

- Green Bond Framework

- Strategy Plan
- Business Plan 2023–2025

## I.2 Piraeus's Board oversight of climate-related risks and opportunities

### Our Climate & ESG Governance Structure

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



Our new Climate & ESG Governance Structure allocates ownership and provides leadership on ESG matters, increasing effectiveness, efficiency, and accountability.

We strive to be a banking leader in building a sustainable future for the company, our employees and our customers, shareholders, society, and the environment.

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### Chairman of the BoD

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

## Chief Executive Officer (CEO)

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

The CEO is currently overseeing the Energy Transition Project, which is a concrete commercial programme/action plan, which will allow Piraeus to assume a frontrunning role in its clients' transformations to build a better and more sustainable Greek economy. It will leverage a structured approach and deep understanding of the specific needs of each sector with priority focus on Power Generation, Real estate/buildings, Agriculture and promote a tailor-made approach to support small businesses and individuals. Piraeus's ambition on energy transition: €5 billion finance stock by 2025 and overall €8 billion including bonds issuance and in-house Mutual Funds.

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

## Chief Risk Officer (CRO)

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

## Chief Credit Officer (CCO)

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

## ESG Expert as a Member of the BoD

An Independent Non-Executive Member of the BoD is an expert on climate related and ESG issues and is very actively engaged in the ESG agenda of the Group, currently serving as the Chair of the Board Ethics and ESG Committee.

## Board Committees related to Climate and Environment Board Ethics and ESG Committee

The Committee is responsible for considering the material ethical, environmental, social and governance issues relevant to Piraeus Group's business activities and for supporting the Group in maintaining its position as a reference leader in ethical and ESG and climate

issues. The Committee works closely, also by holding joint sessions, with other Board Committees for climate and ESG issues which are also related to their mandate.

The objective of the Board Ethics & ESG Committee is:

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

The Committee -among others:

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

## Board Risk Committee

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

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



## Board Remuneration Committee

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

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

## I.3 Piraeus's management's role in assessing and managing risks and opportunities

### ESG and Corporate Responsibility Committee

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

The purpose of this Committee is to promote and monitor responsible and sustainable banking by adopting ESG criteria that combine growth and economic performance with culture, social well-being, and environmental sustainability.

The Committee ensures the existence of a holistic ESG strategy plan for the Group, with axes:

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

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



## Executive Committee

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

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

## Project “Proteus” structures the management of ESG and climate risks

Following the European Central Bank's “Guide on climate-related and environmental risks: Supervisory expectations relating to risk management & disclosures”, Piraeus launched the Project “Proteus” to align with the 13 expectations of the Guide. “Proteus” aims to integrate the ESG risks with initial focus on climate – related and environmental risks (C&E risks) within all functions of the Bank.

### Project “Proteus” Steering Committee

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

- Defines the strategy and provides directions as well as sets priorities for the implementation of the Project “Proteus” (ECB Roadmap, Climate Stress Test ).
- Reviews the completion status, ad-hoc Information requirements and identifies potential issues.
- Decides and proposes mitigating actions and approves any updates that might be needed on the ECB action plan.
- Discusses and resolves issues escalated by the Project Management Office (PMO) regarding the implementation of the Project “Proteus”.
- Provides targeted direction, where needed, to PMO/Workstream Managers.
- Approves ad hoc targeted information requirements information packages for submission to ECB/SSM/BoG.
- Ensures adequate staffing for the implementation of the ECB roadmap and Climate Stress Test.
- The Head of the SteerCo regularly updates the respective BoD's Committees, and ExCo.

### Central Project Management Office (PMO)

To coordinate and assist in the implementation of the Project “Proteus”, a dedicated central PMO was established. The central PMO informs the Steering Committee and Working Groups on the ECB requirements and the deadlines set thereby for the implementation of the ECB roadmap and has the overall project management. Due to the broad scope of the

project, the PMO members are executives from various functions (ESG Unit, ESG Risks, and Regulatory & Resolution Affairs) of the Piraeus Group.

The responsibilities of the central PMO are:

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

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

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

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

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

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

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

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

The unit is responsible for handling the relations with the Greek and international development organisations such as the Hellenic Development Bank, the European Investment Bank, and the European Investment Fund, providing financial products promoting sus-

tainable investments and responsible entrepreneurship. Moreover, the Unit has a supplementary scope of work, that involves the integration of ESG KPIs and SPTs in the current lending products, as well as conducting environmental and social risk assessments for business lending. The Unit also performs feasibility reports for each financial proposal regarding RES projects and examines, inter alia, the choice of equipment, indicative cost, productivity estimates and experience of the installer.

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

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

II

## II.1 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 Group as the one-year period, where the Group performs the materiality assessment of all risk drivers and key risks that it has identified (Risk Identification Process), by taking into consideration the environment in which it operates and its business model and focuses on delivering its short-term strategic agenda.
- During the Group's Risk Identification 2022, climate-related risks have been identified both as risk drivers into many key risk categories, as well as a standalone risk subcategory under ESG & Climate-related Risks.

### Medium term

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

### Long term

- The long-term horizon for Piraeus Bank is defined as the period after five years.
- To proceed with a long-term assessment beyond the typical business planning horizon for corporate clients, a longer period (greater than five years) is required to capture climate related risks, for assessing the resilience of the current business model against a range of possible future scenarios relevant to estimate climate-related and environmental risks.
- Due to the Bank's commitment for the implementation of the Principles for Responsible Banking (PRB), all strategic decisions related to material climate-related and environmental factors are expected to be gradual integrated in the institution's policies, for example in its credit policy framework.



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

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## II.2 Climate risks and their financial implications for Piraeus Group

### Environmental risk identification and materiality assessment

Piraeus Group has established a comprehensive Risk Management Framework (RMF) to identify, measure, control, and mitigate underlying risks, including climate and environmental risks. Piraeus's updated RMF is presented in detail in Pillar III "Risk Management".

The Group identifies the Climate-related and Environmental Risks as the loss arising from climate and environmental change and is divided into transition and physical risk:

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

### Transition Risks

#### Regulatory Risk

The Group closely monitors the published and emerging EU regulations and all relevant developments. The Group's ESG Risks Unit, Regulatory and Resolution Affairs and Cor-

porate Development & ESG Unit monitor the developments and decisions of European authorities on climate related risks and inform the Group's functions on changes that may affect its 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, such as 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, European Central Bank's Guide on climate-related and environmental risks - Supervisory expectations relating to risk management and disclosure, EU Taxonomy Climate Delegated Act, etc.

## Technology Risk

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

The Group has significant exposure to major economic sectors in Greece; furthermore, it performs financial and technical assessments of Green Projects, to evaluate the new green investments, scrutinizing the applied technology and the applicable cost.

Piraeus has developed technology innovations, such as the "Energy Office", a web-based, real-time, monitoring platform, to record the energy and water consumption in over 312 of the Group's buildings. In addition, the Building Energy Management System (BEMS) operates in the Bank's premises as well as Solar PV systems installed in 31 branches of the Bank, to achieve net-metering through renewable self-generated energy consumption.

## Market Risk

Market risks related to business financing and clients' behaviour, are considered relevant for the Group 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 energy pricing could lead to the development of new financial needs for the Group's clients and the Group itself. These needs may include financing projects and products for clients to mitigate their climate risks, sustainable/green products, and targeted financing on e.g., energy saving (adaptation measures).

## Reputational Risk

Reputational risks arise from the customers' perception concerning the Group's contribution to or detracting from decisions regarding the transition to a low carbon/net-zero economy. The Group 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.

According to the most recent survey "U&A tracking study" that the Marketing department

conducts on an annual basis, Piraeus Bank ranks first amongst other Greek banks in regards to the questions: “Which Banks in your opinion actively engage in environmental protection (e.g. recycling, sustainability of energy sources, etc.)” 47% said Piraeus Bank and “In which of these banks would you say that the phrase ‘Supports & promotes green entrepreneurship’ fits most?” 47% said Piraeus Bank.<sup>1</sup>

Piraeus is the only Greek financial institution to be included in the Financial Times list of “Europe’s Climate Leaders” for the third consecutive year, as a result of the significant reduction it achieved in its Scope 1 and Scope 2 emissions intensity over the period 2016–2021 and its commitment in emissions reduction plans.



Our commitment and efforts towards sustainability are acknowledged by our client base, as we receive positive feedback in the annual customer surveys.

## Physical Risks

### Acute Physical Risks

Acute physical risks refer to the financial impact that a company or a sector may have due to extreme, acute events (e.g., heat waves, floods, 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 the Group’s operations as it is possible to directly affect the Group’s infrastructure and energy needs.

#### Acute physical risks may affect our 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.

<sup>1</sup> U&A ‘Tracking’ Survey for Individuals, March ’23, FOCUS BARI.



Piraeus implements mitigation programs on an annual basis to improve its buildings' energy efficiency and resilience (Energy Office, Building Energy Management System, PV Systems installed): Since 2019, Piraeus Bank's electricity consumption/m<sup>3</sup> has decreased by 21.6%, confirming the significance of all energy-saving and energy-upgrading actions realized to date.

### **Acute physical risks may affect our customers' physical assets<sup>2</sup>**

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 Northern Evia of Greece. Piraeus Bank donated €1.5 million 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 also supported its clients-farmers that were affected by the extreme floods that took place in central Greece and Evia, providing a series of support measures to farmers, farm businesses and cooperatives and SMEs.



We recognize the financial implications related to severe weather events and to chronic physical alterations and their impacts on the organization's properties and our customers' physical assets, activities, and operations.

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<sup>2</sup> i.e., by increasing clients' probability of default as they may not be able to repay their loan obligations due to physical risks.

## 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. The chronic effects derive from variations (e.g., temperature, rainfall, wind speed, cloud cover, sunshine, wind speed) on production unit (e.g., agriculture, RES), product demand, raw material prices, heating/cooling needs, attractiveness of tourist destinations, etc.

### Chronic physical risks may affect our organization's properties

- The rising temperatures could have a significant impact on the electrical and cooling consumption for the Bank's premises; the potential financial implications of these risks are related to the significant increase of electric consumption and the increasing energy pricing (to cover increasing needs of proper cooling of the Bank's facilities across the country).
- The EMS of the Bank considers the chronic physical risks and implements environmental programs, as mentioned in the technology risks and the acute physical risks.

### Chronic physical risks may affect our customers' activities and operations

Chronic physical risks could negatively impact 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 such 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, through the implementation of the Environmental and Social Management System in business financing. For instance, the whole food production chain and subsequently the Greek Economy are exposed to these weather conditions.

## II.3 Climate related opportunities and their financial impacts on Piraeus Group

### Strategic Transition to Sustainable Banking

#### Principles for Responsible Banking – PRB (UNEP FI)

Piraeus Bank is the only Greek bank that participated in the formulation of the PRB. The CEO signed the Principles and approved the ESG Strategy of the Group and the ESG Action Plan 2024 in line with the PRB commitments. The Director of ESG Unit serves as a member on the UNEP FI banking board, promoting sustainable banking.



Our commitment to the Principles for Responsible Banking inspires us to envision and pursue sustainable banking opportunities.

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### Our updated Business Plan (2023–2025)

On May 5th, 2023, Piraeus Group outlined its updated business plan estimates for 2023–2025. The core of the Group’s strategy is to leverage its position as a driving force of growth and innovation for the Greek economy, supporting its customers and people, and continuing to create added value for its shareholders.

The Business Plan aims to set the main medium-term strategic priorities that will further strengthen the stakeholders’ confidence in the prospects of our banking franchise.

This course is further enabled, as the Group’s strategy is implemented, focusing on three main pillars:

- broadening and diversifying revenue streams, aiming at high return on capital;
- reducing operating costs to achieve an optimal level of operational efficiency; and
- incorporating a targeted performance approach as part of the credit expansion strategy.

Further information on the target setting according to our new Business Plan are on Pillar IV Metrics & Target Setting.

### Our Energy Transition Project

Piraeus Group has launched its Energy Transition Project as a concrete commercial programme/action plan, which will allow the Group to assume a front running role in its customers’ transformations to build a better and more sustainable Greek economy. The Group will leverage a structured approach and its deep understanding of the specific needs of each sector with priority focus on power generation, real estate/buildings, and agriculture, as well as tailored approaches to support small businesses and individuals.

- The robust implementation of our business plan to date and the realistic assumptions on which it is based, allow us to be optimistic about achieving our goals, enabling us to support the Greek economy.



We aspire to be a sustainability leader in Greece and support the financing needs of the country. Our target in the energy transition sector is €5 billion in financing by 2025 and a total of €8 billion, including the issuance of bonds and mutual funds.

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## **Responsible Investment Banking ESG Mutual Funds**

Piraeus Asset Management MFMC is a subsidiary of Piraeus Group and a member of the PRI initiative (Principles for Responsible Investment).

“Piraeus Balanced ESG Responsible Investing Fund of Funds” was the first ESG Mutual Fund (MF) in the Greek market, launched in 2017, investing in international mutual funds with high ESG scores. In this respect, Piraeus Asset Management has developed a database of over 1,500 international companies, which are analysed based on ESG scores as they are defined internationally and provided by accredited vendors.

Piraeus Private Banking in collaboration with Piraeus Asset Management Mutual Funds Company designed and launched the “Piraeus Bank Private Banking ESG Balanced Fund”, the only private label fund exclusively addressed to Private Banking clients and the “Piraeus Bank Private Banking ESG Greece Equity Fund”.

Currently, Piraeus MFMC manages six ESG mutual funds and as of 30/06/23 Piraeus Asset Management total assets in ESG related funds amounted to €317 million, classifying the company as the leading ESG Asset Management Company in Greece.

## **Green Senior Preferred Bond**

Under the Green Bond Framework, 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.



We have identified the opportunity of ESG investments as stable, safe and in line with our strategic priorities to contribute to the UN SDGs and the Paris Climate Agreement.

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## **Development of New Products and Services through Research & Development and Innovation**

### **Sustainable and Green Banking Products**

Piraeus Bank has been providing lending to individuals and companies opting for environmentally friendly technologies since 2006, aiming to support our clients' energy transition to a low-carbon economy, through the improvement of energy efficiency of households and facilities, self-production for energy needs, electricity production from Renewable Energy Sources (RES). The Bank also offers green consumer loans for the purchase of energy-efficient home appliances and equipment and for the installation of photovoltaic systems in households (net metering).

Total financing to individuals and companies for the implementation of projects that are part of green entrepreneurship amount to €1.43 billion (active loan balances at the end of 2022). Most of the loans have financed renewable energy projects, such as photovoltaic systems, wind farms, small hydroelectric plants, and biomass/biogas projects. €83 million of these financings have been given to individuals while approximately €1.35 billion to businesses. Green financing constitutes 0.9% of Piraeus Bank Group's retail portfolio and 6% of the business portfolio.

Piraeus provides targeted financing that incorporates ESG performance indicators, supporting the connection of growth and economic efficiency with social and environmental sustainability. In accordance with relevant international and EU Standards, Piraeus continued the integration of ESG criteria in the lending process for MidCaps and Large Corporates, prompting its customers to achieve measurable targets related to:

- energy efficiency improvements;
- CO<sub>2</sub> emissions reductions;
- efficient water usage;
- reduction and management of manufacturing waste;
- recycling increases; and
- labour and social issues

## Agricultural Banking

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

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

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

## II.4 The impact of climate-related risks and opportunities on Piraeus’s businesses, strategy, and financial planning

### Our Business, Strategy and Financial Planning

As part of its ESG strategy, Piraeus Group promotes Responsible and Sustainable Banking by adopting ESG criteria and has embarked on its Energy Transition plan that will support its customers in moving to a low carbon economy. Piraeus Group has started its journey to become net zero by 2050 at the latest and has defined intermediate science-based targets (by 2030), by supporting sustainable operations, integrating sustainability criteria into its financing processes, such as RES projects, green buildings, and clean transportation projects.

Our new Climate Strategy, in line with the Paris Climate Agreement, the SDGs and the Principles for Responsible Banking, emphasizes 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 intensive sectors and measuring alignment of lending with the Group’s climate and nature solutions

<b>SUPPORT AND ADVISE CUSTOMERS IN LINE WITH A CARBON NEUTRAL AND NATURE POSITIVE ECONOMY</b>	By accelerating the green economy, financing transition, and pioneering financing for new technologies and business models
<b>MANAGE CLIMATE AND ESG RISKS</b>	By fully integrating climate and ESG risks in risk management framework and by helping customers protect their business from climate, societal, and governance related risks providing advice and financing their transition

## Our Operations

### Environmental Management System (EMS)

Piraeus created the necessary infrastructure to respond to the climate, environmental and social challenges with the establishment of the ESG Unit in 2004 and the Development & Sustainable Banking in 2009. The Environmental Management System (EMS) was developed following a BoD decision and is implemented in all branches and administration buildings since 2006, providing an integrated framework to record, monitor, and ultimately reduce the environmental impact resulting from the operation of the facilities and the activities of the Bank. The EMS is annually certified under EMAS and ISO 14001:2015, while a specially trained employee is appointed as Environmental Management Coordinator (EMC) in all building infrastructure, to ensure the effective implementation of EMS procedures, recycling, and environmental programs. Energy Audits constitute an integral part of the Energy Consumption Monitoring Processes included in the Bank’s EMS.





## Annual Assessment of Environmental Aspects and Impacts

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

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

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

## Identification and Assessment of Risks and Opportunities

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

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

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

## Risk Management Framework

The dedicated team "ESG Risks Unit" incorporates environmental and climate risks into the Group's overall Risk Management Framework. Environmental and climate risks have been integrated in the risk assessment through the annual systematic processes "Risk Identification" and "Risk Appetite Framework". Those types of risks are gradually integrated in the quantification, measurement and scenario analysis, the aim being to create a feedback loop between key strategic processes within the planning horizon.

 More details on the Risk Management Framework are included in Pillar III "Risk Management" of this report.

## 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).



## Investing in Research & Development

The following case studies showcase Piraeus's systematic investment in R&D and focus on the development of tools, methodologies and databases related to climate change and environmental management issues.

### Environmental Management System Databases and Applications

#### **“Eco Tracker”, our Carbon Footprint Calculation Database**

Piraeus has developed the application “Eco Tracker” to monitor the environmental impacts that derive from its operations, i.e., purchased goods & services, fuels & energy related activities, upstream transportation & distribution, waste generation, business travel & staff commuting.

Through the Eco Tracker we manage:

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

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

#### **“Energy Office” reduces our carbon footprint**

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

#### **Principles for Responsible Banking & UNEP FI working groups**

Piraeus actively participates in various UN working groups aiming to contribute to the development of innovative tools and methodologies for achieving the UN Sustainable Development Goals. The ESG Unit has dedicated employees that among others- participate in the UNEP FI WGs: Impact Assessment, Financial Health and Inclusion, and climate and biodiversity measuring and target setting approaches.

#### **Developing and updating the “Climabiz” tool**

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. This methodology is constantly being updated, to keep up with the latest climate developments.

 Further analysis on the “Climabiz” methodology is on Pillar III “Risk Management” of this report.

## II.5 The resilience of Piraeus's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario

Piraeus has conducted an analysis to determine the materiality of the impact of climate and environmental risks in its main risk categories. For this materiality assessment the following analysis was performed:

### Assessing the transition risk of our business portfolio using physical climate scenario RCP2.6

The assessment of climate risk for the business portfolio, including Large Corporates, SMEs, and Small Businesses, is based on the Group's internal proprietary tool "Climabiz". For the transition risk, Piraeus has leveraged on the Representative Concentration Pathways (RCP) 2.6 scenario adopted by the Intergovernmental Panel on Climate Change (IPCC), and its outcome is assessed in 10-year periods.

Climate risk drivers identified and included in the assessment:

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

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

### Assessing the physical risk of our business portfolio using physical climate scenario RCP8.5

The assessment of climate risk for business portfolio, including Large Corporates, SMEs, and Small Businesses, is based on the Group's internal proprietary tool "Climabiz". For the assessment of Physical Risk, Piraeus Group has leveraged on the Representative Concentration Pathways (RCP) 8.5 scenario adopted by the Intergovernmental Panel on Climate Change (IPCC), and its outcome is assessed in 10-year periods.

Physical climate risk drivers identified and included in the assessment:

- Heat waves and wildfires
- Droughts
- Riverine and sea floods
- Hail and storms
- Changing rainfall patterns
- Lack of sunshine and wind

- Extreme precipitation
- Landslides
- Storms and storm surges
- Water stress

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

## Results of the climate-related scenario analysis 1 & 2

The Group concluded to an impact from climate risk on the sectors examined, which is mainly attributed to transition risk. In the case of physical risk, most of the impact is due to chronic component.

- The sectors that are more vulnerable to transition risk are: Manufacture of other non-metallic mineral products, Manufacture of basic metals, Water transport, Production of Energy (Fossil), Manufacture of gas and distribution, Steam, and air conditioning supply.
- The sectors that are more vulnerable to physical risk are: Production of hydroelectric energy, Accommodation, Manufacture of food products, Crop, and animal production, hunting and related service activities.

These sectors are ranked as high in terms of credit quality and prospects. For the business portfolio, the Group analysed its exposure in high-risk sectors for both physical and transition risk, its distribution across asset classes and business lines, the average weighted maturity of these exposures and their credit quality, and the existence or not of counterparties' transition plans.

The impact of climate change on Group's business portfolio is expected to intensify in the medium and long-term.

## Assessing the transition risk of our collateral portfolio

An additional analysis for climate risk of immovable property (commercial real estate, residential real estate, mortgage collateral) used as collateral is performed for the transition risk. The Group has examined the Energy Performance Certificate (EPC) label distribution of the said collaterals.

The analysis relies on data collected from clients and on proxies (internal scoring model), assigning EPC labels to the eligible part of the Group's collateral pool. The score of transition risk is based on the EPC label, resulting in three categories (high, moderate, and low).

## Assessing the physical risk of our collateral portfolio using physical climate scenario RCP8.5

An analysis for climate risk of immovable property (commercial real estate, residential real estate, mortgage collateral) used as collateral is also performed for the physical risk. The Group has analyzed the impact of various climate hazard events on collaterals' geographies (NUTS3). This analysis aims at the assessment of the impact of certain acute climate events (indicatively fluvial flood, coastal flood, and wildfire) on the Group's collaterals (immovable property).

The methodology applied is a combination of historical data and future projections and is based on NUTS3 level data and RCP8.5 climate scenario (using 10-year periods). The final physical risk score of geographical areas is based on the percentage of buildings being affected in each area, resulting in three categories (high, moderate, and low).

### **Results of the climate-related scenario analysis 3 & 4**

On the immovable properties' portfolio, an analysis was performed related to transition risk, assessing the collaterals' EPC label distribution and loan-specific factors such as the counterparty's credit quality and business segment as well as to physical risk, where the analysis focused on the collateral pool's distribution in high-risk geographical areas and factors such as loan-to-value (LTV) ratio and insurance for extreme events like fires.

The impact of climate change on Group's collateral portfolio is expected to intensify in the medium and long-term.

## **Climate risk incorporation into ICAAP**

### **Assessing the physical & transition risk of our business portfolio using physical climate scenario RCP4.5**

In the internal capital adequacy assessment process (Internal Capital Adequacy Assessment Processes - ICAAP) and the relevant climate risk stress testing process, the Group assesses its vulnerabilities towards climate-related risk, through targeted Climate Stress Test scenarios. For the purposes of this year's ICAAP, the Group has leveraged on "Climabiz" results with RCP4.5 as base scenario.

The outcome from the "Climabiz" tool was a climate cost (both physical and transition) that impacted the organization's operating expenses. This cost, presented as a percentage change in operating expenses related to turnover, was broken down to NACE codes groups.

For all customers rated with the Moody's Risk Advisor (MRA) models, based on their respective model and NACE codes, the cost was applied to their Financial Statements and thus the one-year impact in rating score and Probability of Default (PD) was calculated. The change on PD was used to impact the Transition Rate from Stage 1 to Stage 3 (TR13) and Transition Rate from Stage 2 to Stage 3 (TR23) parameters for the base scenario from the EU 2023 Stress test Exercise for the Corporates Non-SME, Corporates SME, and Retail SME portfolios.

As a final step, the Expected Credit Loss (ECL) impact from the TR shocks, under base (RCP4.5) scenario was calculated.

### **Assessing the physical & transition risk of our business portfolio using physical climate scenario RCP2.6**

In ICAAP climate risk stress testing process, the Group assesses its vulnerabilities towards climate-related risk through targeted Climate Stress Test scenarios. For the purposes of this year's ICAAP, the Group has leveraged on "Climabiz" results with RCP2.6 as adverse scenario. The outcome from the "Climabiz" tool was a climate cost (both physical and transition) that impacted Operating Expenses. This cost, presented as a percentage change in operating expenses related to turnover, was broken down to NACE codes groups.

For all customers rated with the MRA models, based on their respective model and NACE

codes, the cost was applied to their Financial Statements and thus the one-year impact in rating score and PD was calculated.

The change on PD was used to impact the TR13 and TR23 parameters for the adverse scenario from the EU 2023 Stress test Exercise for the Corporates Non-SME, Corporates SME, and Retail SME portfolios.

As a final step, the ECL impact from the TR shocks, the adverse scenarios (RCP2.6) was calculated.

### **Results of the climate-related scenario analysis 5 & 6**

The Group concluded to an ECL impact from the TR shocks, under both base (RCP4.5) and adverse scenarios (RCP2.6). All results were taken into consideration for a preliminary materiality assessment performed by the Group, concluding to the material/immaterial impact of the climate change in its traditional risk categories (i.e., Credit, Market, Liquidity, Operational, Business & Strategic etc.).



**We are digging deeper to analyze and determine the significance of impacts deriving from climate and environmental risks in our main risk categories.**

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III

# PILLAR III

## Risk Management

### III.1 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

##### Environmental risk identification and materiality assessment

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

The annual Risk Identification (RID) process is applied to identify the relevant and material risks, by taking into consideration the environment in which it operates and its business model. The risks that are expected to have a substantive financial or strategic impact on the Group's business are deemed material. The materiality assessment could be performed on a quantitative or qualitative basis or through a combination of both. During the Risk Identification (RID) exercise, "climate change" (physical & transition risks) has been recognized as a risk driver for many key risk categories (i.e., credit, market, liquidity, operational, business & strategic, and reputational risks), and "ESG and Climate-related Risks" have been identified as a standalone risk subcategory. Moreover, since the Group recognizes that climate change-related risks are expected to intensify in the longer term (i.e., over the next five years), it has launched several initiatives to take account of environmental considerations in the business targets, strategies, risk management, and decision-making process.

#### Risk Appetite Framework (RAF)

Piraeus Group has taken steps to incorporate environmental and climate related risks into its RAF through both qualitative and quantitative statements, while it is committed to regularly review and assess for potential updates/enhancements.

More specifically, the Group is committed to integrate the risks associated with climate and ESG factors into its business strategy and to assume initiatives over and above legal obligations with the aim of enhancing social welfare and contributing to a net-zero economy.

The Group, in the context of the 2023 Risk Appetite Framework has defined the following Key Risk Indicators:



- Sustainable Finance (new disbursements in corporate and retail portfolios): The proportion of sustainability-related new production over total new production amount.
- Exposures to Taxonomy-eligible activities: The proportion of the Group's exposures to Taxonomy-eligible activities over total assets.

Both KRIs are reported on a quarterly basis at the Group level, while the Group has also defined a risk appetite limit and an early warning level to facilitate the escalation process.

## Climate Risk Classification

The purpose of Piraeus Group's Climate Risk Classification is to create a common language and method for its main portfolios' analysis and assessment regarding climate-related risks. The classification of portfolios is based on their potential impact from climate change, using quantitative and qualitative analysis and concluding with certain heatmaps. This analysis provides useful insights into the extent of the Group's current exposure to climate-sensitive economic activities, geographical areas, and energy efficiency of the collaterals and provide climate-related information to all stakeholders and key decision-making processes.

## Materiality Risk Assessment

Based on the internal classification methodology described above, the Group has conducted an analysis to determine the materiality of the impact of climate and environmental risks on its main risk categories, while continually enhancing ESG related risk identification.

## Credit Risk

The materiality assessment focuses on the Group's business portfolio and on its immovable properties' portfolio (held as collateral). For the business portfolio, the Group analyzed its exposure in high-risk sectors, for both physical and transition risk, its distribution across asset classes and business lines, the average weighted maturity of these exposures and their credit quality, and the existence or not of counterparties' transition plans.

On the immovable properties' portfolio, an analysis was performed related to transition risk, assessing the collaterals' EPC label distribution and loan-specific factors such as the counterparty's credit quality and business segment as well as to physical risk, where the analysis focused on the collateral pool's distribution in high-risk geographical areas and factors such as loan-to-value (LTV) ratio and insurance for extreme events, like fires and earthquakes.

Based on this analysis, the increase in the risk profile is currently considered immaterial in the short term but material in the medium/long term, as the effects of climate change will intensify.

## Operational Risk

A historical analysis has been performed on actual operational risk events, resulting in an immaterial increase in the Group's risk profile in the short-term. With the implementation of its Geographic Information System (GIS), the Group aims at strengthening its scenario analysis capabilities (especially for physical risk), to enhance its materiality assessment in the medium- and longer-term horizons and update the relevant policies and frameworks accordingly. The GIS will serve as a tool for assessing climate physical risks as it allows the Group to integrate and analyze different types of spatial data related to climate and hazards and combine it with climate scenario analysis.



## Operational Risk Management Policy and System

Piraeus Group has already incorporated ESG Risks in its Operational Risk Management Policy. Regarding Operational Risk, the transition risk drivers are primarily related to direct or indirect losses due to:

- liability claims resulting from both the Group's own activities and the Group's financing of environmentally controversial activities/clients, which do not match with the promoted level of sustainability or with the consumers' sentiments regarding climate issues; and
- reputational impact as a result of the public, counterparties, and/or investors associating the Group with adverse environmental impacts.

The connection of Operational Risk with physical risk drivers is primarily related to direct or indirect losses due to damage to physical assets (e.g., buildings, branches, etc.) or to other critical infrastructure (e.g., data centers) of the Group or its service providers by extreme weather events, which could cause disruptions to the Group's operations.

To enable the discrete measurement, monitoring, and reporting of ESG related data (categorized in the existing Operational risk categories/typology), an ESG flag was introduced in the Operational Risk Management System, which allows the relevant data to be marked.

## Risk Implementation Tools

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

The Group incorporates climate risk dedicated stress test scenarios in the ICAAP's normative perspective, assessing the impact of potential increases in expected losses related to the materialization of ESG risks, based on the following approaches:

- Portfolio Level Stress Test: The Group assesses the counterparties that may be affected by these risk drivers and conducts a sectorial analysis.
- Scenario analysis: Development of various climate risk scenarios (e.g., acute floods, droughts, wildfires, sanctions, or closure due to failure to comply with environmental regulation), also drawing from the experience gained from participating in the ECB Climate Stress Test 2022. The Group assesses different time horizons (short, medium, and long term) and all relevant transmission channels.
- Sensitivity analysis: Impact analysis of sectors that could be considered vulnerable under the climate risk assessment.

Climate risk scenarios are based on content and guidelines published by regulatory and other relevant authorities and/or on internal assumptions.

### **“Climabiz” tool calculates the climate risk of our business borrowers**

As mentioned, “Climabiz” is a proprietary tool used for monetizing climate risk of economic activities, both at the company and at sector/portfolio level. The assessment of the climate risk derived from the Group's business borrowers is 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 Group in terms of loan exposure. Sectors and sub-sectors modeled in “Climabiz” are economic activities that could be affected by climate change.

### Representative Concentration Pathways Scenarios

To assess climate related risks, “Climabiz” uses a set of Representative Concentration Pathways (RCPs), which are greenhouse gas (GHG) concentration scenarios that are commonly used in the climate modeling community. Each of the RCPs used by “Climabiz” offers a plausible and internally consistent description of the future:

- RCP2.6 is a “very stringent” pathway and aims to keep global warming likely below 2° C by 2100.
- The intermediate IPCC stabilization scenario, RCP4.5, is more likely to result in 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 that exceeds 4° C.

### Typical Units

For the estimation of climate related risks of the economic sectors/sub-sectors incorporated in “Climabiz”, the Group uses Typical Units, which are illustrations of an average Greek company operating in an economic sector/sub-sector. The structure of the typical units is shaped by various characteristics, including the location of the business (relevant mainly for specific economic sectors such as agriculture and hotels), the amount of raw materials and energy consumed, the capacity and the technologies used, and the type and quantity of products produced and their turnover. Typical units are based on four-digit NACE Codes and incorporate features including, inter alia, electricity consumption and GHG emissions per tonne of product.

### Physical & Transition Risk

In the context of “Climabiz”, the Group measures both physical and transition risk and quantifies separately the financial impact from each. The quantification considers several factors (e.g., counterparty’s economic sector, annual turnover, and location). The financial impact is then compared to the company’s annual turnover to express it on a relative basis.

#### PHYSICAL RISK

Assessment of the financial impact on the turnover of an enterprise’s activity (or aggregated turnover of business borrowers integrated in the same Typical Unit) arising from changes in average climatic conditions and changes in the frequency and intensity of extreme weather events.

The Total Physical Risk is estimated through the aggregation of chronic and acute risk impacts.

## TRANSITION RISK

The borrower's Scope 1, 2, and 3 emissions and the costs deriving from carbon pricing.

The investments required for the borrower's green transition and the costs after the investments are made.

The ability of the borrower to pass on the costs to product prices and the impact on product demand.

The Adjusted Transition risk is estimated by considering both emissions' cost and the sector/sub sector's product elasticity and pass-through capability.

We regularly upgrade "Climabiz" to be aligned with the latest developments in climate science, the UNEP FI and TCFD recommendations. Piraeus Bank is in the process of including climate risk results in the loan origination process, by adjusting them to the ESMS requirements with the goal of being integrated into the ESMS loan 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.

For further information on the results of the 2022 analysis, refer to Pillar IV "Metrics & Targets".

## Geographic Information System (GIS) as a dynamic risk tool

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

The Group cooperates with Center for Research Technology Hellas (CERTH) Information Technologies Institute (ITI) to develop and integrate in its GIS, an application for the analysis of bioclimatic indicators (regarding temperature, rainfall, relative humidity, wind speed, discomfort, and fire weather) and the estimation of credit and operational risks to support overall risk strategies and management. This project has already kicked off and it will conclude within 2023.

Through this tool, the Group will be able to provide climatic data for three time periods – historical (1971-2000), near future (2031-2060), and far future (2071-2100) – and for three different climate emission scenarios – RCP2.6, RCP4.5, and RCP8.5 – based on EURO-CORDEX climate models and de-escalation for regional granular analyses suitable for DSS applications.

GIS will serve as a tool for assessing climate physical risks in geographical areas (with high level of granularity), allowing the Group to further investigate several extreme events, including fluvial floods, pluvial floods, coastal floods, wildfires, heatwaves, drought, and landslides.

## Analysis of material 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 communication 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 most recent annual Sustainability & Business Report of the Group, the following topics emerged, which are also related to climate change and climate risks and opportunities:

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

## III.2 Piraeus's processes for managing climate-related risks and how they are integrated into the organization's risk management

### Environmental & Social Management System in business financing (ESMS)

The ESMS aims to evaluate and manage the environmental and social risks from the business activities of financed business customers. 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. 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.

#### New and existing loans

New and existing loans are ranked as follows:

##### Category A Risk

Loans of dedicated purpose and amount, exceptional and non-repetitive projects with high possibility of creating significant and irreversible impacts to society and environment, affecting also local communities and affiliated areas.

##### High Risk Loans

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.

### **Medium Risk Loans**

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.

### **Low Risk Loans**

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 its shareholders in relation to serious environmental and social incidents that may have arisen, utilizing all available public information.

According to the ranked category of business activity, the Group undertakes case-by-case due diligence by conducting spot checks and/or off-site checks of permits and licenses. In cases where during the check, the risks are recognised to be ineffectively addressed, a Corrective Action Plan (CAP) is developed with a specific deadline of implementation, which is agreed upon with the customer.

## **Exclusion list in business financing**

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

### **Environmental and Social factors**

The Group does not provide credit facilities to companies operating in sectors included in the Exclusion List according to the ESMS, except for certain sectors where the Group's cumulative exposure does not exceed 5% of the total loan portfolio. For activities within environmentally protected regions (e.g., Natura 2000 Network), rigorous due diligence is applied.

### **Reputational and Litigation factors**

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

## **Financial and Technical Assessment of Green Projects**

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

The Financial and Technical Assessment of project sustainability is also carried out at various stages of the project to ensure the continued and uninterrupted operation of the installed equipment and infrastructure, the expected utilisation, and the relevant conditions and estimates set initially. The assessment aims to prevent any operational failures and risks, to the benefit and protection of both the customer/investor and Piraeus Group. In 2022, the Group carried out a total of 2,422 assessments, of which 452 were related to new RES projects.

## ESMS Questionnaire

The Group, in the context of its ESMS policy and to proceed with an initial screening of its customers' behaviour towards environmental and social matters, has produced a relevant questionnaire that requires information regarding customers' business activities.

Customers are invited to provide environmental information:

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

Piraeus is in the process of gradually including the results of the climate risk assessment into the loan origination process via the established ESMS process. Climate risk results will be adjusted to the ESMS system requirements and will be integrated in the ESMS loan evaluation process.

## ESMS Officer

The ESMS Officer is responsible for applying the Environmental and Social Management System to business financing activities, in accordance with the "ESMS Policy". The ESMS Officer ensures that environmental and social risks that may arise from the Bank's business financing activities are duly assessed and managed. Piraeus Bank plans to strengthen the holistic assessment and management of ESG risks, by continuing the incorporation of climate-related risks into the ESMS process.

## Portfolio Impact Analysis

Piraeus conducts annually an impact analysis of its portfolio, using the "Portfolio Impact Analysis Tool for Banks" developed by UNEP FI 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:

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

The methodology of the Tool for the analysis considers:

- The significant sustainable development issues that each country faces.
- The key correlations between the financing of economic activity sectors and their impact on the sustainability impact areas.
- 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.

 For further information on the results of the 2022 Analysis, refer to Pillar IV “Metrics & Targets” of this report.

IV



# PILLAR IV

## Metrics & Targets

### IV.1 Metrics used by Piraeus to assess climate-related risks and opportunities

#### Climate Risk Assessment of the Bank's Business Borrowers

	Highly affected economic sectors	Moderately affected economic sectors
PHYSICAL RISKS	Production of Energy (Hydro) Accommodation Manufacture of Food Products Crop and Animal Production, Hunting and related Service Activities	Fishing and Aquaculture Human Health Activities Activities of Membership Organisations Creative Arts and Entertainment Activities
TRANSITION RISKS	Manufacture of Other Non-Metallic Mineral Products Manufacture of Basic Metals Water Transport Production of Energy (Fossil Fuel) Manufacture of Gas and Distribution Steam and Air Conditioning Supply	Air Transport Activities Mining of Coal And Lignite Manufacture of Electrical Equipment Water Collection, Treatment and Supply; Sewerage; Waste Collection, Treatment and Disposal Activities; Materials Recovery; Remediation Activities and Other Waste Management Services; Mining Support Service Activities Land transport and transport via pipelines Manufacture of textiles Mining of metal ores Manufacture of fabricated metal products, except machinery and equipment Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials Other manufacturing Manufacture of rubber and plastic products Other mining and quarrying Printing and reproduction of recorded media

## THE PERCENTAGE OF PHYSICAL RISK AND TRANSITION RISK OVER TOTAL CLIMATE RISK PER EACH RCP CLIMATE SCENARIO FOR THE BANK'S CORPORATE PORTFOLIO 2022<sup>i</sup>

Climate Scenarios	% of Physical Risk over Total Climate Risk <sup>ii</sup>	% of Adjusted Transition Risk over Total Climate Risk <sup>iii</sup>	Emissions allowance price for 2021-2030
<b>RCP2.6</b>	7%	93%	<b>€80/t CO<sub>2</sub></b>
<b>RCP4.5</b>	14%	86%	<b>€73.5/t CO<sub>2</sub></b>
<b>RCP8.5</b>	42%	58%	<b>€21.4/t CO<sub>2</sub></b>

<sup>i</sup> For more information on the climate risk calculations methodology, please refer to: [www.piraeusholdings.gr/en/sustainable-banking/environment-and-society/environment/environmental-fields-of-action/climate-risk-assessment](http://www.piraeusholdings.gr/en/sustainable-banking/environment-and-society/environment/environmental-fields-of-action/climate-risk-assessment)

<sup>ii</sup> Physical Risk (Chronic & Acute) expressed as a % of total climate risk (Sum of Physical and Transition Risk).

<sup>iii</sup> Transition Risk (it is the minimum of either direct and indirect emissions cost or low carbon adaptation cost, adjusted based on the sector/sub-sector's product elasticity and pass-through capability) expressed as a % of total climate risk.

## Disclosures in accordance with the EU Taxonomy Regulation

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 31/12/2022, Piraeus Group reported 26% eligibility ratio, compared to 22% as of 31/12/2021, and is planning to achieve, by 2025, an even greater eligibility ratio, according to its business plan. The increase of the eligibility ratio in 2022 compared to the previous year is mainly attributed to the reduction of the total assets stemming from the reduction in the TLTRO III utilisation (€8.9 billion) and the enhancement of the perimeter incorporated in the numerator of ratios [2] and [5].<sup>4</sup>

<sup>4</sup> To calculate EU Taxonomy, we based on/applied the Regulation (EU) 2020/852 Article 8, Delegated Regulation (EU) 2021/2178 of 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: [www.piraeusholdings.gr/~media/Com/2022/Files/investor-relations/Financials/Financial-Statements/2022/12M/2021-Annual-Financial-Report\\_Holdco\\_en.pdf](http://www.piraeusholdings.gr/~media/Com/2022/Files/investor-relations/Financials/Financial-Statements/2022/12M/2021-Annual-Financial-Report_Holdco_en.pdf)

EU Taxonomy Eligibility & Non-eligibility <sup>i</sup> Ratios as a proportion of Group's total assets (%)	31/12/2022	31/12/2021
Exposures to Taxonomy eligible activities	26% <sup>ii</sup>	22%
Exposures to Taxonomy non-eligible activities	14% <sup>iii</sup>	16%
Exposures to sovereigns, central banks and supranational issuers	17%	17%
Exposures to derivatives as a proportion of total assets	2%	1%
Exposures to corporates not subject to non-financial reporting directive (NFRD)	13% <sup>iv</sup>	12%
Trading book	1%	1%
On-demand interbank exposures	13%	19%
<b>Group's total assets (in € billion)</b>	<b>€75.7</b>	<b>€79.8</b>
<sup>i</sup> Nace codes (Eligible/Non-eligible) data source: EU Taxonomy Compass.		
<sup>ii</sup> Ratio 1: Exposures (Mortgages, Consumer Auto loans, Public sector entities, Credit Institutions, Financial Corporates excl. Senior notes, Non-Financial Corporates & SMEs) to Taxonomy-eligible economic activities/Total assets of the Group.		
<sup>iii</sup> Ratio 2: Exposures (Non-Financial Corporates & SMEs) to Taxonomy non-eligible economic activities/Total assets of the Group.		
<sup>iv</sup> Ratio 5: Exposures to corporates not subject to non financial reporting directive (NFRD) (SMEs)/Total assets of the Group.		

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

Following its commitment to the Principles of Responsible Banking, Piraeus is conducting on an annual basis an impact analysis, regarding positive and negative contributions that its financing has on the sustainable development of Greece. For the current analysis, Piraeus used version 3 of the “Impact Analysis Tool for Banks” developed by UNEP FI and the Working Group of UNEP FI member banks. The key subsidiary of Piraeus Financial Holdings S.A. is Piraeus Bank S.A., and it is headquartered in Athens Greece, generating 95% of the Group's revenues; hence, the impact analysis concerns Greece. For each analysed portfolio, the Tool allows the selection of up to 50 different sectors/activities.

### PIRAEUS BANK PORTFOLIO CARTOGRAPHY

#### Consumer Banking

Provision of products and services to individuals and professionals without NACE CODES

**100%**

of the Bank's Consumer portfolio was analysed, regarding Current accounts & savings and Credit cards & loans, in the product categories suggested by the Module

## Institutional Banking

### Business Banking

Provision of products and services to local businesses and the state and professionals with NACE CODES: Public and Non-profit Organizations, Small Business, SMEs, MSMEs, Agricultural, SME Recovery clients, professionals

**55%** of the Bank's business portfolio was analyzed, i.e., the 50 most highly financed sectors (NACE CODES)

### Corporate Banking

Provision of products and services to larger clients with NACE CODES: Corporates, Multinationals, Sovereigns, Financial Institutions, Shipping, Tourism sector (hotels), Interbank loans

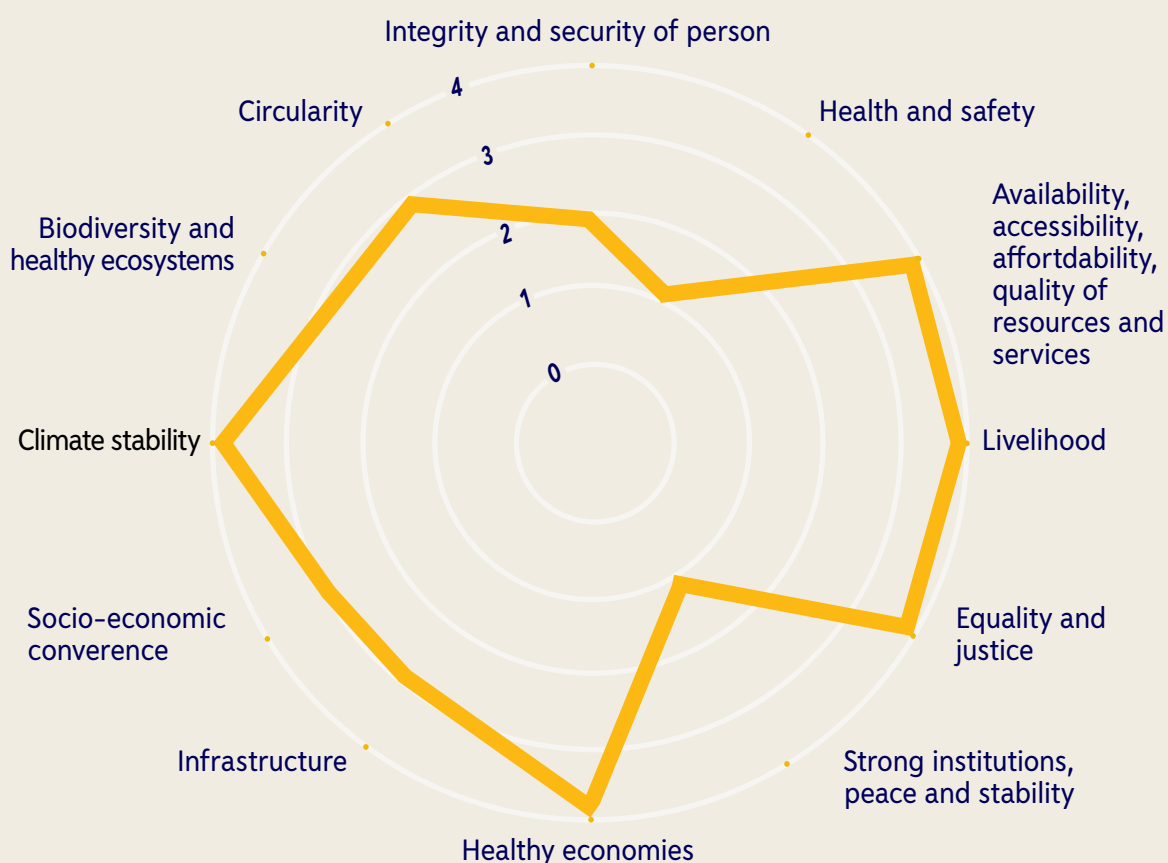
**95%** of the Bank's corporate portfolio was analyzed, i.e., the 50 most highly financed sectors (NACE CODES)

### Investment Banking

Provision of access to capital markets & raising of capital, on capital markets and related services: bonds and equity with NACE CODES

**79%** of the Bank's investment portfolio was analyzed, i.e., the 25 most highly financed sectors (NACE CODES)

## THE MOST SIGNIFICANT SUSTAINABILITY ISSUES IN GREECE



The methodology provides a “Context Analysis” for each country, that highlights the most material topics in the areas of sustainable development, where peoples’ needs are high, and actions need to be taken.

For Greece, the Context Module considered the national priorities, strategies, and trends, as well as the country needs, concluding to the impact areas as shown in the previous chart.

Overall, the financing activities of Piraeus Bank have strong positive contributions to the sustainable development and the healthy economy of Greece. The Bank is supporting the financial inclusion and wellbeing of the people in the country through the provision of products in the categories of “Current Accounts and Savings” and “Credit Cards and Loans”. The financing of businesses positively affects crucial social topics such as employment, wages, and social protection, while the support that the Bank is providing to SMEs is strongly associated with positive impacts on the topics of Finance, Sector diversity and Flourishing MSMEs.

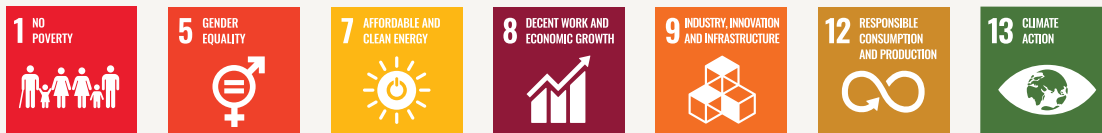
Certain key sectors such as the production of electricity, construction, agriculture, and manufacturing are associated with GHG emissions and are resource and waste intensive, thus their financing may be linked to high energy demands and water consumption.

Following the Impact Analysis and the strategic priorities of the Organisation, Piraeus focuses on the following areas:

- Climate stability
- Financial Health & Inclusion (Healthy economies and Flourishing MSMEs)

65

The actions that Piraeus will undertake to strengthen the areas of Climate and Healthy Economies may further contribute to the following SDGs:



“

We are directing our efforts on the Climate Stability of Greece and the area of Financial Health & Inclusion, focusing on a healthier economy and flourishing MSMEs.

## IV.2 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 Carbon Footprint Database it has developed internally.<sup>5</sup>

Piraeus Bank's GHG emissions (tn CO <sub>2</sub> ,eq)	2022	2021	Trend 2021-2022
Emissions CO <sub>2</sub> ,eq (tonnes) <sup>i</sup> – Scope 1	2,083.36	2,840.37	-26.7%
Emissions CO <sub>2</sub> ,eq (tonnes) – Scope 2 (location-based)	15,026.83	21,348.36	-29.6%
Emissions CO <sub>2</sub> ,eq (tonnes) – Scope 2 (market-based)	0.00	0.00	0%
Scope 3 Categories 1 to 14	33,146.70	29,861.21	11.0%
Scope 3 Category 15 – equity investments (listed and unlisted equity)	148,265.07 <sup>ii</sup>	8,178.79	1,712.8%
Scope 3 Category 15 – mortgages	67,396.74	155,934.90	-56.8%
Scope 3 Category 15 – corporate bonds	265,439.50	229,263.20	15.8%
Scope 3 Category 15 – Commercial Real Estate (loans and investments)	47,304.60	36,751.77	28.7%
Scope 3 Category 15 – corporate loans	2,882,892.03	-	-
Scope 3 Category 15 – sovereign bonds and loans	4,461,448.02	-	-
Scope 3 Category 15 – motor vehicle loans	26,771.47	-	-
Total Scope 3 Category 15 (financed S1+S2 emissions)	7,899,517.43	430,128.66	1,736.5%
<sup>i</sup> The following Global Warming Potential (GWP) coefficients have been used for the conversion of emissions estimates into the common unit of CO <sub>2</sub> equivalent: 1 for CO <sub>2</sub> , 25 for CH <sub>4</sub> and 298 for N <sub>2</sub> O. For details see: Table 1.3 Greece- National Inventory Report 2022 and 2021 respectively. <sup>ii</sup> Investment portfolios of the Group's subsidiaries were included (e.g., Piraeus Securities and Piraeus Asset Management).			

<sup>5</sup> Calculations for 100% of Piraeus Bank's operations in Greece. Please refer to "Piraeus Financial Holdings Sustainability and Business Report 2022", p. 100: [www.piraeusholdings.gr/en/investors/financials/annual-reports](http://www.piraeusholdings.gr/en/investors/financials/annual-reports)

# Calculating our Scope 3 emissions

## Our Financed Emissions

Piraeus, aiming to expand its environmental monitoring and transparency, has proceeded to assess the indirect Scope 3 emissions and include them in the carbon footprint assessment.

Our indirect GHG emissions (Scope 3) include:

<b>SCOPE 3 CATEGORIES 1-14 (APPLICABLE FOR PIRAEUS)</b>	<p><b>Category 1:</b> Purchased goods and services (e.g., fixed equipment, courier services, security services, etc.)</p> <p><b>Category 3:</b> Fuel and energy related activities (emissions not included in Scope 1 and 2)</p> <p><b>Category 4:</b> Upstream transportation and distribution (e.g., furniture, electrical and electronic equipment, archive, etc.)</p> <p><b>Category 5:</b> Waste generated in operations (including management/transport)</p> <p><b>Category 6:</b> Business travel (rental or privately-owned car, air travel, sea travel)</p> <p><b>Category 7:</b> Employee commuting</p>
<b>SCOPE 3 CATEGORY 15</b>	<p>Equity investments (listed equity and unlisted equity)</p> <p>Mortgages</p> <p>Commercial Real Estate (loans and investments)</p> <p>Corporate loans</p> <p>Sovereign debt (sovereign bonds and sovereign loans)</p> <p>Motor vehicle loans</p> <p>Corporate bonds</p>

The Bank's Scope 3 operational footprint (Categories 1-14) was overall increased by 11%, due to supply and transportation of hardware and post-covid factors, such as limited use of remote work and increased business travel. In addition, the most recent results of the "Employee Commuting Questionnaire" filled out by the Bank's employees, highlighted that driving a car is the main means of transport in the post-covid era.

Emphasis is placed on the calculation of Piraeus's financed emissions (Scope 3 Category 15), which include the estimation of GHG emissions from the financed and investment activities and the share of emissions that must be attributed to the Group, based on the amount of each loan or investment. In 2022, all Scope 3 Category 15 emissions are measured and reported under the methodology developed by PCAF (Global GHG Accounting and Reporting Standard for the Financial Industry, 2nd edition). Specifically, sovereign bonds and loans, and motor vehicle loans were included in the calculation of the carbon footprint from Piraeus financing for the first time in 2022.

Emissions deriving from equity investments increased in 2022 as we included more data in our analysis perimeter, such as investment portfolios of the Group's subsidiaries (e.g., Piraeus Securities and Piraeus Asset Management).

## Approaches used for estimating the financed emissions

The financed Scope 1, 2, and 3 emissions attributed to the exposures of the Group for the table perimeter have been estimated based on the Partnership for Carbon Accounting Financials (PCAF) methodology. The analysis has been performed on a population of 44,536 counterparties in EU and non-EU countries. The methodology comprises two main steps: first the determination of the Scope 1, 2, and 3 emissions of the counterparties and then their attribution to the Group's financed activities.

June 2023				Gross Carrying Amount			
Total Business portfolio in € million	GHG financed emissions Mt CO <sub>2</sub> eq	of which Scope 3 financed emissions	<=5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity (years)
20,138	7.9	4.3	13,319	4,215	2,453	151	5.2



## IV.3 Piraeus's targets to manage climate-related risks & opportunities and performance against targets

### Focusing on Climate and Energy Efficiency

#### Our ambitious Business Plan 2023-2025

Our Business Plan 2023-2025 supports inclusive, healthy economies and strengthens economic convergence.

The following targets have been set for 2025:

- Credit expansion driven by business loan demand, with contribution from the Recovery and Resilience Facility (RRF) and structural funds programmes.
- Approximately €24.4 billion new loan disbursements to businesses and households in the three-year period, leading to net credit expansion of approximately €6 billion.
- Relying on core business strengths and leading market presence to capture new business opportunities arising from the economic landscape and digitisation.
- Leading a positive impact in ESG to support the financing needs of the country in energy transition with ambition: €5 billion energy transition financing by 2025 and overall, €8 billion “energy transition envelope”, including bonds issuance and in-house mutual funds.

### Our Energy Transition Project

Piraeus Group has launched its Energy Transition Project as a concrete commercial programme/action plan, which will allow the Group to assume a front running role in its customers' transformations to build a better and more sustainable Greek economy. With a structured approach, based on a deep understanding of the specific needs in each sector of the economy, and with priority given to power generation, real estate/buildings, and agriculture, we will promote a tailor-made approach to support small businesses and individuals. The Group's energy transition aspirations include: €5 billion of new financing by 2025 and an overall of €8 billion including bonds issuance and in-house mutual funds.

Along with financial performance aspirations, Piraeus Group systematically moves forward in the direction of sustainable banking and creates the infrastructure, policies, and strategies incorporating ESG criteria. This strategy will enable Piraeus to maximize its contribution to the Paris Climate Agreement's targets and the UN Sustainable Development Goals.

## OUR ANNUAL SCIENCE-BASED TARGET TRANSITIONING PATH

Operations	GHG emissions Scope 1 & 2 (tCO <sub>2eq</sub> ) (base year 2019)	GHG emissions Scope 1 & 2 (tCO <sub>2eq</sub> ) (base year 2030)	GHG emissions reduction (%)	Actual GHG emissions intensity (2022)	Actual GHG emissions reduction (2022)	
Direct and indirect GHG emissions from branches and administrative buildings	7,880	2,136	-73%	2,083	-74%	✓ <sup>i</sup>
Continue annually sourcing 100% renewable electricity through 2030						✓
Portfolios under the Sectoral Decarbonisation Approach	GHG emissions intensity (base year 2019) in kg CO <sub>2</sub> /m <sup>2</sup>	GHG emissions intensity (target year 2030) in kg CO <sub>2</sub> /m <sup>2</sup>	GHG emissions reduction (%) per m <sup>2</sup>	Actual GHG emissions intensity (2022) in kg CO <sub>2</sub> /m <sup>2</sup>	Actual vs expected GHG emissions reduction % (2022)	
Commercial Real Estate Loans in household buildings managed by companies	34	17	-50.2%	24	-29.5 / -13.8	✓
Commercial Real Estate Loans in commercial buildings managed by companies	59	25	-58.1%	45	-23.5 / -15.9	✓
Commercial Real Estate Investments in residential buildings	33	16	-50.2%	25	-23.1 / -13.7	✓
Commercial Real Estate Investments in commercial buildings	71	30	-58.2%	41	-41.8 / -15.9	✓
Investments in listed REITS (Real Estate Companies)	59	25	-58.1%	45	-23.5 / -15.9	✓
Investments in bonds issued by companies active in electricity production	0.657tn CO <sub>2</sub> /MWh	0.335tn CO <sub>2</sub> /MWh	-49.1%	0.575tn CO <sub>2</sub> /MWh	-12.5 / -13.4	✓
Electricity generation Sector: continue financing and investing only in renewable electricity activities through 2030						✓
Portfolios under the Temperature Rating Method	Portfolio temperature score (base year 2019)	Portfolio temperature score (target year 2027)	Temperature reduction per annum	Actual temperature score for 2022		
Investment in listed stocks	2.83° C	2.42° C	-0.051° C	3.19° C		[ ]
Long-term (>1year) loans (for large corporates with 500+ employees)	2.85° C	2.43° C	-0.052° C	2.56° C		[ ]
Investment in corporate bonds of listed companies	1.83° C	1.80° C	-0.004° C	2.26° C		[ ]
<sup>i</sup> Progress						

## WE ARE ADOPTING ADDITIONAL MEASURES TO MEET OUR SBTi TARGETS



## WE ASPIRE TO ACHIEVE OUR SBTi TARGETS ON TIME

Shift towards lower emitting investments or financing and greening existing loan and investment portfolios

Improve data quality from companies included in the specific portfolios and further improvement of Scope 1, 2 & 3 calculation methodologies

Focus on those companies from high emissions sectors, which are expected to make a difference in the outcome regarding the achievement of emission reduction targets

Engagement with large business borrowers from high-emitting sectors to set emissions reduction targets and support them during their next steps of implementation

Engagement with large corporates with already existing emission targets to urge them to set more ambitious targets, where applicable

## Focusing on Financial Health & Inclusion

### Our commitment to support young farmers and MSMEs

Piraeus has signed the UNEP FI Commitment for Financial Health and Inclusion, in the context of the Principles for Responsible Banking. The purpose is to support the most vulnerable people to have opportunities to secure and maintain their standard of living and take steps to improve their financial health, such as long-term financial planning and access to credit and insurance. In the context of the Commitment, Piraeus has established an internal working group, aiming to fully analyze the needs of Greece in the area of Financial Health & Inclusion and to better identify associated impacts from its actions.

Piraeus will provide at least 3,000 young farmers with effective access to loans, to start or continue their own farmer business and remain in rural areas. Farmers and the agricultural production are of high priority for Piraeus.

### Our commitment to strengthen Gender Equality

Endorsing the United Nations Women's Empowerment Principles, realizing its responsibility towards society, Piraeus Bank, represented by its CEO, was the first Greek bank to sign the Women's Empowerment Principles (WEPS), a joint initiative of UN Global Compact and UN Women, in April 2021. By endorsing the Principles, Piraeus Bank commits to design and develop initiatives for the advancement and promotion of Gender Equality in the workplace, the market and society.

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

Independent Limited Assurance Report by Deloitte Certified Public Accountants S.A. (“Deloitte”) to the Management of Piraeus Financial Holdings S.A. (“Piraeus” or the “Company”) on the description of activities undertaken to meet the Recommendations of the Task Force on Climate-Related Disclosures (Selected Information) within the TCFD Report 2023 (the “Report”) for the reporting year ended 31 December 2022.

### Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information (as defined in the section “Scope of our work”), for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with the Applicable Criteria (as defined in the section “Scope of our work”).

### Scope of our Work

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

The Selected Information in scope of our engagement for the year ended 31 December 2022, is as follows:

SELECTED INFORMATION	APPLICABLE CRITERIA
<b>Assurance Services on the Task Force on Climate-Related Disclosures (TCFD) Report 2023</b>	
Limited Assurance on the accuracy and completeness on the TCFD metrics disclosed in the TCFD Report	<p>GRI 305-1 Direct (Scope 1) GHG emissions (2016)</p> <p>GRI 305-2 Energy indirect (Scope 2) GHG emissions (2016)</p> <p>GRI 305-3 Other indirect (Scope 3) GHG emissions (2016)</p> <p>EU Taxonomy Ratios based on Regulation (EU) 2020/852, Delegated Regulation (EU) 2021/2178 and EU taxonomy Compass</p> <p>The “Portfolio Impact Analysis Tool for Banks (Version 3)” of the UNEP FI;</p> <p>Criteria established by Piraeus and presented in the TCFD Report</p>
Limited Assurance on the TCFD Disclosures	Annex: Implementing the Recommendations of Task Force on Climate-related Financial Disclosures (Section C – October 2021)

Our work relates to assurance on data and information for the period 1 January 2022 – 31 December 2022 and we do not provide assurance over any prior reporting period data or information presented in the Report.

## Inherent limitations of the Selected Information

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

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

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

Our engagement provides a limited assurance report over the preparation of the Selected Information in accordance with the Applicable Criteria. 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. 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 and transition plans.

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

## Management's responsibilities

The Management is responsible for:

- Selecting and establishing the Applicable Criteria.
- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Applicable Criteria.
- Publishing the Applicable Criteria publicly in advance of, or at the same time as, the publication of the Selected Information.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to allow the successful completion of the services.
- Confirming to us through written representations that you have provided us with all information relevant to our services of which you are aware, and that the measurement or evaluation of the underlying subject matter against the Applicable Criteria, including that all relevant matters, are reflected in the Selected Information.

## Our responsibilities

We are responsible for:

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

## Our independence and competence

In conducting our engagement, we complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) related to assurance engagements issued by the International Ethics Standards Board. This code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The fundamental principles of ethics establish the standard of behaviour expected of a professional accountant.

We applied the International Standard on Quality Management (“ISQM”) 1, issued by the International Auditing and Assurance Standards Board. Accordingly, we maintained a comprehensive system of quality including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Key procedures performed

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

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

- Evaluated the suitability of the criteria as the basis for preparing the disclosures and metrics of the Report;
- Performed interviews with the relevant personnel 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, Risk Management and Metrics & Targets;
- Through inquiries of employees from various organizational levels of Piraeus, we obtained an understanding of Piraeus, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify and assess risks of material misstatement in the Selected Information, and provide a basis for designing and performing procedures to respond to assessed risks and to obtain limited assurance to support a conclusion;
- Through inquiries of employees from various organizational levels of Piraeus, we obtained an understanding of internal controls relevant to the Selected Information,

the quantification process and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information. We did not evaluate the design of particular internal control activities, obtain evidence about their implementation or test their operating effectiveness;

- Procedures over the Selected Information, including recalculation of relevant formulae used in manual calculations and assessment whether the data has been appropriately consolidated;
- Procedures over underlying data on a statistical sample basis to assess whether the data has been collected and reported in accordance with the Applicable Criteria, including verifying to source documentation;
- Reviewed documentation relating to the governance, strategy, metrics and targets and risk management processes.
- Interviewed those responsible within the organisation to understand:
  - The role of the Board in relation to climate-related risks and opportunities and management's role in assessing and managing climate-related risks and opportunities;
  - The nature of climate-related risk and opportunities identified including time horizons; the impact of climate-related risks and opportunities on the business, strategy, metrics and targets; and the impact of identified and considered climate scenarios on the strategy; and
  - The process for identifying climate-related risks; the process for managing climate-related risks; and how these processes are integrated into the overall risk management; and
- Accumulate misstatements and control deficiencies identified, assessing whether material;
- Evaluated and reviewed the TCFD disclosure for consistency of knowledge and understanding obtained during course of our work.

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

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

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

## Use of our report

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

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

Athens, 22 December 2023

The Certified Public Accountant

**Konstantinos Kakoliris**

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