



# Second-Party Opinion Piraeus Group Green Bond Framework

## Evaluation Summary

Sustainalytics is of the opinion that the Piraeus Group Green Bond Framework is credible, impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories – Renewable Energy, Green Buildings and Energy Efficiency – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to contribute to a low-carbon economy in Greece and advance the Sustainable Development Goals, specifically SDGs 7 and 11.



**PROJECT EVALUATION / SELECTION** Piraeus Group’s Green Bond Committee (GBC) will oversee the internal process for evaluating and selecting projects. The Green Bond Committee is comprised of representatives from the following department at Piraeus Group: Finance, Treasury, Sustainable Banking, Lending and Risk Management, ESG and Investor Relations. The GBC will be supported by the Green Bond Working Group in this process. Piraeus Group’s Environmental and Social Management System applies to all allocation decisions made under the Framework. Sustainalytics considers the risk management system to be adequate and the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** Piraeus Group’s Green Bond Working Group will oversee the management of proceeds. The allocation process will be tracked using a green bond register. Pending allocation, unallocated proceeds will be held in accordance with the Piraeus Group’s usual liquidity management policy, including cash, cash equivalent and other short-term instruments. Piraeus Group intends to reach full allocation within 24 months of each issuance. This is in line with market practice.



**REPORTING** Piraeus Group intends to report on the allocation and impact of bond proceeds on its website on an annual basis until full allocation. The allocation reporting will include the amounts allocated to eligible projects and categories, the balance of unallocated amounts, and the share of financing versus refinancing. In addition, Piraeus Group is committed to reporting on relevant impact metrics. Sustainalytics views Piraeus Group’s allocation and impact reporting as aligned with market practice.

**Evaluation Date** September 7, 2021

**Issuer Location** Athens, Greece

### Report Sections

Introduction..... 2  
 Sustainalytics’ Opinion ..... 3  
 Appendices ..... 9

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## Introduction

Piraeus Financial Holdings S.A. (“Piraeus Group”, “Piraeus” or “Group”) is a financial holding group primarily operating in Greece. Piraeus Group offers financial services and products in the areas of retail, small-to-medium-sized enterprise banking, wholesale, investment banking, consumer and mortgage credit, agricultural banking, treasury, and financial markets.

Piraeus Group has developed the Piraeus Group Green Bond Framework (the “Framework”) under which Piraeus Holdings or Piraeus Bank, a subsidiary of the Group, may issue one or more green bonds and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to contribute to a low-carbon economy in Greece. The Framework defines eligibility criteria in three green areas:

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

Piraeus Group engaged Sustainalytics to review the Piraeus Group Green Bond Framework, dated September 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).<sup>1</sup> The Framework will be published in a separate document.<sup>2</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy, performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.10, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Piraeus Group’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Piraeus Group representatives have confirmed that: (1) they understand it is the sole responsibility of Piraeus Group to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information, and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Piraeus Group.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The

<sup>1</sup> The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

<sup>2</sup> The Piraeus Group Green Bond Framework is available on Piraeus’ website at <https://www.piraeusholdings.gr/en/investors/financials/debt-issuance-capacity>.

<sup>3</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Piraeus Group has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Piraeus Group Green Bond Framework

Sustainalytics is of the opinion that the Piraeus Group Green Bond Framework is credible, impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Renewable Energy, Green Buildings and Energy Efficiency – are aligned with those recognized by the GBP. Sustainalytics notes that financing in the eligible categories is expected to contribute to a low-carbon economy in Greece.
  - Piraeus has defined a look-back period of 36 months for refinancing activities, which Sustainalytics considers to be in line with market practice.
  - Under the Renewable Energy category, Piraeus intends to invest in wind, solar, hydropower, geothermal and biomass energy projects, according to the following eligibility criteria, which Sustainalytics views to be in line with market expectations:
    - Concentrated solar power generation plants will have more than 85% of generated electricity from solar energy.
    - Hydropower projects will be limited to small-scale hydropower below 20 MW. Piraeus has confirmed to Sustainalytics that for all new hydropower projects, an environmental and social impact assessment will be carried out based on the European Bank for Reconstruction and Development's Environmental and Social Policy. Additionally, Piraeus has confirmed that: (i) all hydropower projects will be located in Greece, and (ii) Piraeus will ensure that there are no significant risks or expected negative impacts identified.
    - Geothermal energy projects with life cycle emissions below 100 gCO<sub>2</sub>e/kWh.
    - Piraeus has confirmed to Sustainalytics that feedstock for biomass energy projects will consist of agricultural, forestry and livestock residue<sup>4</sup>. While the use of livestock residue for biomass energy may improve the environmental performance of some agricultural operations, large- and mid-scale livestock farming has a significant carbon and water footprint which is not addressed by the use of livestock byproducts in energy generation; further, such farming techniques may contribute to land degradation, biodiversity loss, and deforestation. Nevertheless, Sustainalytics considers the use of residues from day-to-day operations of existing facilities for energy generation as providing positive impacts in the short term.
  - As part of the Green Buildings category, Piraeus may finance the construction, acquisition or renovation of buildings.
    - For construction and acquisition, buildings should meet at least one of the following criteria: (i) buildings with an energy efficiency of at least 10% above regulation for Near Zero Energy Buildings (NZEB); (ii) buildings that have received or are expected to receive a green building certification including LEED (Gold or above), Energy Star (85 or

<sup>4</sup> animal fats, oils and other processing by-products

- above), and BREEAM (Excellent or above); or equivalent or (iii) buildings that have received at least an Energy Performance Certificate (EPC) "B+"<sup>5</sup>.
- Sustainalytics views the selected certification schemes as credible and their selected levels to be aligned with market practice. See Appendix 1 for Sustainalytics' assessment of the green building certification schemes. Sustainalytics notes that it is market expectation to specify all eligible schemes and encourages Piraeus to report on any other schemes they intend to include.
  - For building renovations, eligible projects include refurbishing buildings, resulting in a minimum 30% reduction of primary energy demand (PED) based on the buildings' baseline prior to the refurbishments; or individual renovation measures including the installation, repair or maintenance of energy-efficient equipment, electric vehicle charging stations and devices for measuring energy performance. Sustainalytics notes the 30% reduction in PED threshold to be aligned with market best practice.
  - As part of the Energy Efficiency category, Piraeus intends to invest in energy-efficient equipment, products or technology, including energy-efficient LED lighting, district heating and cooling, smart grids, smart meters and energy storage systems. Sustainalytics notes the following:
    - Regarding district heating and cooling projects, Piraeus has confirmed to Sustainalytics that distribution projects will be powered by at least 50% renewables, and generation projects will be fully powered by renewables.
    - Energy storage projects will mainly consist of battery storage and power-to-hydrogen through water electrolysis and powered by renewable energy. This is in line with market practice.
  - The Framework includes a exclusionary criteria defining activities the Group commits to not knowingly financing through green bonds. The exclusionary lists include activities such as those related to fossil fuels, predatory lending and nuclear energy. Sustainalytics is of the opinion that these exclusions strengthen the Framework.
  - Project Evaluation and Selection:
    - Piraeus will establish a Green Bond Committee (GBC) comprised of senior management representatives from the following departments: Finance, Treasury, Sustainable Banking, Lending and Risk Management, ESG, and Investor Relations. The GBC will be supported in the selection and assessment process by the Green Bond Working Group (GBW), which is comprised of members from Piraeus' Treasury, Sustainable Banking and ESG teams.
    - All projects financed under the Framework will undergo an environmental and social risk evaluation using Piraeus Environmental and Social Management System (ESMS). Sustainalytics considers this risk assessment and mitigation process to be adequate and aligned with market expectation. For additional details, see Section 2.
    - Based on the involvement of senior management representatives and cross-divisional participation, Sustainalytics considers this process to be in line with market practice.
  - Management of Proceeds:
    - The GBC will be responsible for overseeing the allocation of proceeds. The process will be tracked using a green bond register. In the event that proceeds cannot be fully allocated immediately after their respective issuance, unallocated proceeds will be held in accordance with the Piraeus Group's usual liquidity management policy, including cash, cash equivalents and other short-term instruments. Piraeus intends to reach full allocation within 24 months after issuance.
    - Based on the management of proceeds, disclosure of temporary proceeds and allocation period, Sustainalytics considers this process to be in line with market practice.
  - Reporting:
    - Piraeus intends to report on the allocation and impact of bond proceeds on its website on an annual basis until full allocation, as part of the Piraeus Green Bond Report. Allocation reporting will include the amounts allocated to eligible projects and categories, the balance of unallocated amounts, and the share of financing versus refinancing.
    - In addition, Piraeus is committed to reporting on relevant impact metrics, such as annual renewable energy generation (MWh), annual GHG emissions reduced or avoided (tCO<sub>2</sub>), green

<sup>5</sup> Sustainalytics notes that the qualifying criterion for financing the acquisition of buildings is for them to secure EPC level "B+" or above, while the threshold for new buildings increases to EPC level "A" or above, which Sustainalytics views positively while recognizing that as of August 2015, only ~3% residential buildings in Greece had attained an EPC level "B" or above. For more information: ScienceDirect, "Mapping the energy performance of hellenic residential buildings from EPC (energy performance certificate) data", at: <https://www.sciencedirect.com/science/article/abs/pii/S0360544216000050>

- building certifications, annual energy savings (MWh) and storage and distribution capacity (MW).
- Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

### Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Green Bond Framework of Piraeus Group aligns with the four core components of the GBP. For detailed information, please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

## Section 2: Sustainability Strategy of Piraeus Group

### Contribution of Framework to Piraeus Group's sustainability strategy

Sustainalytics is of the opinion that Piraeus demonstrates a commitment to sustainability with a focus on key environmental and social areas, including sustainable operations, the financing of sustainable activities such as renewable energy, green buildings and clean transportation, and contributing to the sustainable development of local communities. The Group's sustainability strategy is underpinned by four pillars: (i) ESG literacy, (ii) operational footprint, (iii) products and services, and (iv) performance monitoring. Piraeus Group has been publishing an annual report on corporate responsibility and sustainable development since 2005, outlining its sustainability goals, achievements and targets, and reporting on the Group's emissions, including scope 3 emissions from Piraeus' financed activities.

Piraeus Group is committed to driving green financing in Greece, having developed a climate change strategy focusing on: (i) the gradual reduction of Piraeus' operational carbon footprint, (ii) support of investments in renewable energy and energy-saving projects, (iii) climate change risk assessment of clients, and (iv) the provision of solutions to businesses for adapting to the new climatic conditions. As part of its ESG Action Plan, Piraeus intends to double its investment in renewable energy, energy-saving and storage technologies, and green mortgages, and achieve net zero emissions from its portfolio by 2050. Currently, Piraeus has a portfolio of more than 2 GW of renewable energy systems, and an approximate EUR 2.1 billion green loan exposure, with a planned addition of EUR 1 billion by 2024. Furthermore, with the protection of biodiversity being a key action items in Piraeus' Environmental Policy,<sup>6</sup> in 2020 Piraeus became a signatory to the Finance for Biodiversity Pledge – committing to set goals and targets, and finance projects that protect and enhance biodiversity.<sup>7</sup>

Sustainalytics is of the opinion that the Piraeus Group Green Bond Framework is aligned with the Group's overall sustainability strategy and initiatives, and will further the Group's action on its key environmental priorities.

### Well positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key risks associated with the eligible green projects may involve land-use change, loss of biodiversity, waste disposal, occupational health and safety, and community relations issues associated with large-scale infrastructure development. Additionally, there are risks associated with being exposed to controversial companies or projects as a result of the Group's lending activities.

Sustainalytics is of the opinion that Piraeus Group is able to manage or mitigate potential risks through implementation of the following:

- For each new funding request, Piraeus Group assesses and validates the proposed project through its Environmental and Social Management System (ESMS), which helps determine and mitigate exposure to environmental and social risks associated with such projects. As part of the assessment, Piraeus also communicates the results of the ESMS validation with the client requesting financing

<sup>6</sup> Piraeus Group, "Environmental Policy", at: <https://www.piraeusholdings.gr/en/sustainable-banking/environment-and-society/environment/environmental-policy-principles/environmental-policy>

<sup>7</sup> Piraeus Group, "Finance for Biodiversity Pledge", at: <https://www.piraeusholdings.gr/en/press-office/press-release/2020/09/press-release-25-09-2020-biodiversity>

and explores potential mitigation strategies, if required. Post-approval, Piraeus also undertakes an annual review to evaluate environmental and social risks, including occasional site visits.<sup>8</sup>

- Piraeus Group has developed the Climabiz Tool, which aids in assessing the climate risks of borrowers in monetary terms using the Climate Risk Management Model, a proprietary methodology developed by the Group. The tool estimates physical and transitional risks based on the borrower's turnover and general operational and technical features of their respective business activity.<sup>9</sup>
- Piraeus Group is a member of the United Nations Environment Programme Finance Initiative (UNEP FI). Piraeus signed the UNEP FI Principles for Responsible Banking in 2019, highlighting its commitment to strategically align its business with the UN Sustainable Development Goals and the Paris Agreement on Climate Change. Piraeus Group is also a signatory to the UN Global Compact Principles, which provides guidelines on upholding human rights, eliminating unfair labour practices, and promoting environmental sustainability.<sup>10</sup>

In addition to the above, Sustainalytics notes that the financing under the Framework will take place primarily in Greece, which is categorized as a Designated Country under the Equator Principles, indicating strong environmental and social governance legislation systems and institutional capacity to mitigate common environmental and social risks.<sup>11</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Piraeus Group has implemented adequate measures and is well positioned to manage or mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

All three use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

#### Importance of Financing Green Buildings in Greece

According to the European Commission, the building sector accounted for 36% of the EU's GHG emissions and 40% of its energy consumption in 2020. Moreover, approximately 75% of the EU's building stock remained energy inefficient in 2020.<sup>12</sup> Even though upgrading buildings has the potential to reduce the EU's total energy consumption by 5-6%,<sup>12</sup> at present, only 1% of the existing buildings are refurbished every year. Considering 85-90% of the existing building stock in the EU is expected to still be in use by 2050,<sup>13</sup> supporting the renovation of the existing building stock to save energy will be a key component in ensuring that the EU reaches its carbon neutrality goal by 2050. In October 2020, the European Commission launched its Renovation Wave strategy, which aims to boost energy-efficient building renovation by doubling the annual energy renovation rate of buildings in the EU by 2030.<sup>14</sup>

In 2019, Greece unveiled the National Energy and Climate Plan (NECP), which sets out a detailed roadmap regarding the attainment of specific energy and climate objectives by 2030. To have more energy-efficient buildings, the NECP aims to upgrade 600,000 buildings or building units, which is equivalent to approximately 12-15% of the country's homes by 2030. To reach the target and increase the number of nearly-zero energy new buildings by 2030, the plan also encourages optimal integration of renewable energy sources technologies for heating and cooling purposes in the building sector.<sup>15</sup>

Given the above, Sustainalytics is of the opinion that the green buildings financed under the Piraeus Group's Framework may contribute to improving the energy efficiency of the building sector and advancing Greece's national GHG emissions reduction targets.

<sup>8</sup> United Nations Environment Programme Finance Initiative. "Piraeus Group ESG assessment of projects funded" at: <https://www.unepfi.org/wordpress/wp-content/uploads/2021/01/Banking-Taxonomy-Piraeus-Bank-Case-Study.pdf>

<sup>9</sup> Piraeus Group, "Climabiz Tool", at: <https://www.piraeusholdings.gr/en/sustainable-banking/environment-and-society/environment/environmental-fields-of-action/climate-risk-assessment>

<sup>10</sup> United Nations, "Global Compact", at: <https://www.unglobalcompact.org/what-is-gc/participants/7432-Piraeus-Bank-S-A->

<sup>11</sup> Equator Principles, 'Designated Countries', (2020), at: <https://equator-principles.com/designated-countries>

<sup>12</sup> European Commission, "In focus: Energy efficiency in buildings", (2020), at: [https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17\\_en](https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17_en)

<sup>13</sup> European Commission, "Renovation Wave" at: [https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/renovation-wave\\_en](https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/renovation-wave_en)

<sup>14</sup> European Commission, "Energy performance of buildings directive", (2020), at: [https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive\\_en](https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en)

<sup>15</sup> Hellenic Republic, Ministry of Environment and Energy, "National Energy and Climate Plan", (2019), at: [https://ec.europa.eu/energy/sites/ener/files/el\\_final\\_necp\\_main\\_en.pdf](https://ec.europa.eu/energy/sites/ener/files/el_final_necp_main_en.pdf)

### Importance of Financing Renewable Energy Projects in Greece

The energy sector contributes to more than 75% of the EU’s GHG emissions, making increased renewable energy use across industries important for the EU to achieve its climate and clean energy objectives.<sup>16</sup> In 2018, the EU launched the Renewable Energy Directive to meet its emissions reduction commitments under the Paris Agreement and set a target for the share of renewable energy to reach 32% of its energy mix by 2030.<sup>16</sup> In July 2021, the European Commission issued a proposal to amend the Renewable Energy Directive and increase its target for renewable energy share from 32% to 40% by 2030.<sup>17</sup>

Historically, Greece has been heavily dependent on lignite for its energy supply.<sup>18</sup> In 2019, 50.5% of Greece’s total installed electricity generation capacity came from fossil-based fuels including lignite (23.5%) and natural gas (27%).<sup>19</sup> To align its energy sector plans with the EU’s commitment to renewable energy, Greece launched the NECP in 2019. According to the NECP, Greece aims to reduce GHG emissions by more than 56% by 2030 compared to 2005 levels and reach a climate-neutral economy by 2050.<sup>20</sup> As part of the NECP, Greece has committed to a lignite phase-out, under which it plans to shut down its lignite power plants by 2028. The country also intends to have its renewable energy sources contribute 35% to the gross final energy consumption by 2030.<sup>20</sup> In 2020, Greece made progress towards its NECP targets by reducing CO<sub>2</sub> emissions from fossil fuel sources by 18.1% as compared to 2019.<sup>21</sup> However, in order to achieve its GHG reduction targets under NECP, Greece will have to further continue reducing its use of non-renewable energy sources and promote renewable energy.

Considering the above, Sustainalytics is of the opinion that the renewable energy projects financed under the Framework will contribute positively towards fulfilling Greece’s renewable energy targets.

### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) eventually issued under the Piraeus Group’s Green Bond Framework advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	11. Sustainable cities and communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

### Conclusion

Piraeus has developed the Piraeus Group Green Bond Framework, under which it may issue green bonds and use the proceeds to finance or refinance renewable energy, green buildings and energy efficiency projects. Sustainalytics considers that the projects eventually funded by the green bond proceeds are expected to provide positive environmental impact.

The Piraeus Group Green Bond Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Piraeus Group Green Bond Framework of Piraeus

<sup>16</sup> European Commission, “Renewable Energy Directive” at: [https://ec.europa.eu/energy/topics/renewable-energy/directive-targets-and-rules/renewable-energy-directive\\_en](https://ec.europa.eu/energy/topics/renewable-energy/directive-targets-and-rules/renewable-energy-directive_en)

<sup>17</sup> European Commission, “European Energy Directive”, at: [https://ec.europa.eu/energy/topics/renewable-energy/directive-targets-and-rules\\_en](https://ec.europa.eu/energy/topics/renewable-energy/directive-targets-and-rules_en)

<sup>18</sup> S&P Global, Market Intelligence, “Greece transitions power market to lure renewables investors”, (2021), at:

<https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/greece-transitions-power-market-to-lure-renewables-investors-65767729>

<sup>19</sup> Energypedia, “Greece Energy Situation” at: [https://energypedia.info/wiki/Greece\\_Energy\\_Situation](https://energypedia.info/wiki/Greece_Energy_Situation)

<sup>20</sup> Hellenic Republic, Ministry of Environment and Energy, “National Energy and Climate Plan”, (2019), at:

[https://ec.europa.eu/energy/sites/ener/files/el\\_final\\_necp\\_main\\_en.pdf](https://ec.europa.eu/energy/sites/ener/files/el_final_necp_main_en.pdf)

<sup>21</sup> Greek Reporter, “Greece Documents Largest Drop in Carbon Emissions in EU for 2020”, (2021), at: <https://greekreporter.com/2021/05/07/greece-documents-largest-drop-carbon-emissions-eu-2020/>

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Group is aligned with the Group's overall sustainability strategy and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, and 11. Additionally, Sustainalytics is of the opinion that Piraeus Bank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Piraeus is well positioned to issue green bonds and that the Piraeus Group Green Bond Framework of Piraeus Group is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

## Appendices

### Appendix 1: Summary of Referenced Green Building Certification Schemes




	LEED <sup>22</sup>	BREEAM <sup>23</sup>	Energy Star <sup>24</sup>
<b>Background</b>	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	ENERGY STAR is a U.S Environmental Protection Agency voluntary program that provides independently certified energy efficiency ratings for products, homes, buildings, and industrial plants. Certification is given on an annual basis, so a building must maintain its high performance to be certified year to year.
<b>Certification levels</b>	<ul style="list-style-type: none"> <li>• Certified</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>	<ul style="list-style-type: none"> <li>• Pass</li> <li>• Good</li> <li>• Very Good</li> <li>• Excellent</li> <li>• Outstanding</li> </ul>	<ul style="list-style-type: none"> <li>• 1-100 score, 75 is minimum for certification</li> </ul>
<b>Areas of Assessment</b>	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation in Design</li> <li>• Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Land Use and Ecology</li> <li>• Pollution</li> <li>• Transport</li> <li>• Materials</li> <li>• Water</li> <li>• Waste</li> <li>• Health and Wellbeing</li> <li>• Innovation</li> </ul>	Energy use
<b>Requirements</b>	Prerequisites independent of level of certification, and credits with associated points. These points are then added together to obtain the LEED level of certification. There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	Prerequisites depending on the levels of certification and credits with associated points.  This number of points is then weighted by item <sup>25</sup> and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.  BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.	1-100 score based on energy use, as calculated through the Portfolio Manager tool. Raw score is adjusted based on location, operating conditions, and other factors. The numerical score indicates performance better than at least 75 percent of similar buildings nationwide.

<sup>22</sup> USGBC, "LEED rating system", at: [www.usgbc.org/LEED](http://www.usgbc.org/LEED)

<sup>23</sup> BREEAM, "How certification works" at: <https://www.breeam.com/discover/how-breeam-certification-works/>

<sup>24</sup> ENERGY STAR, at: <https://www.energystar.gov/>

<sup>25</sup> BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

<b>Performance display</b>			
<b>Qualitative Considerations</b>	Widely recognized internationally, and strong assurance of overall quality.	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Accounts only for energy use, not other measures of environmental performance. Is a key component of other green building certification systems.

## Appendix 2: Green Bond / Green Bond Programme - External Review Form

### Section 1. Basic Information

<b>Issuer name:</b>	Piraeus Financial Holdings S.A. or Piraeus Bank S.A.
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b>	Piraeus Group Green Bond Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	September 7, 2021
<b>Publication date of review publication:</b>	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

#### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |

- Other *(please specify)*:

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

**EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)***

Please refer to Evaluation Summary above.

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories – Renewable Energy, Green Buildings, and Energy Efficiency – are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to contribute to a low-carbon economy in Greece and advance the Sustainable Development Goals, specifically SDG 7, and 11.

#### Use of proceeds categories as per GBP:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy  | <input checked="" type="checkbox"/> Energy efficiency  |
| <input type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                            | <input checked="" type="checkbox"/> Green buildings  |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other <i>(please specify)</i> :   |

If applicable please specify the environmental taxonomy, if other than GBP:

#### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

Piraeus Group's Green Bond Committee (GBC) will oversee the internal process for evaluating and selecting projects. The Green Bond Committee is comprised of representatives from the Finance, Treasury, Lending and Risk Management, ESG, Investor Relations, and other relevant functions within Piraeus Group. The GBC will be supported by the Green Bond Working Group in this process. Piraeus Group's Environmental and Social Management System applies to all allocation decisions made under the Framework. Sustainalytics considers the risk management system to be adequate and the project selection process in line with market practice.

#### Evaluation and selection

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available       | <input type="checkbox"/> Other ( <i>please specify</i> ):   |

#### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):  |  |

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Piraeus Group's Green Bond Working Group will oversee the processes for management of proceeds. The allocation process will be tracked using a green bond register. Pending allocation, unallocated proceeds will be held in accordance with the Piraeus Group's usual liquidity management policy, including cash, cash equivalent, and other short-term instruments. Piraeus Group intends to reach full allocation within 24 months of each issuance. This is in line with market practice.

#### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner          |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |

#### Additional disclosure:

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- |   |  |
|---|--|
| <input type="checkbox"/> Allocation to individual disbursements                             | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input checked="" type="checkbox"/> Other ( <i>please specify</i> ):           |

#### 4. REPORTING

Overall comment on section (if applicable):

Piraeus Group intends to report on the allocation and impact of bond proceeds on its website and on an annual basis until full allocation. The allocation reporting will include the amount allocated to eligible projects and categories, the balance of the unallocated amount, and the share of financing vs. refinancing. In addition, Piraeus Group is committed to reporting on relevant impact metrics. Sustainalytics views Piraeus Group's allocation and impact reporting as aligned with market practice.

#### Use of proceeds reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other ( <i>please specify</i> ):        |

#### Information reported:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts   | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other ( <i>please specify</i> ): <i>share of financing vs refinancing, balance of unallocated amount</i> |  |

#### Frequency:

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

#### Impact reporting:

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

#### Information reported (expected or ex-post):

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings  |
| <input type="checkbox"/> Decrease in water use              | <input checked="" type="checkbox"/> Other ESG indicators (please specify): annual renewable energy generation (MWh), green building certifications, and storage and distribution capacity (MW). |

**Frequency**

- Annual
  Semi-annual  
 Other (please specify):

**Means of Disclosure**

- Information published in financial report
  Information published in sustainability report  
 Information published in ad hoc documents
  Other (please specify): website  
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

<https://www.piraeusholdings.gr/en/investors/financials/debt-issuance-capacity>

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**

- Consultancy (incl. 2<sup>nd</sup> opinion)
  Certification  
 Verification / Audit
  Rating  
 Other (please specify):

**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

- 
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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