

Piraeus Group

Type of Engagement: Annual Review

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Introduction

In November 2021, Piraeus Group (“Piraeus” or the “Bank”) issued a green bond under the Piraeus Group Green Bond Framework (the “Framework”)¹ aimed at financing or refinancing loans for renewable energy projects in Greece as well as loans eligible under other Framework categories. Sustainalytics provided a Second-Party Opinion on the Framework in September 2021.² In November 2022, Piraeus engaged Sustainalytics to review the assets financed under the Framework between November 2021 and September 2022 and provide an assessment as to whether they met the Use of Proceeds criteria and the Reporting commitments outlined in the Framework.

With its inaugural issuance (ISIN XS2400040460), Piraeus raised a total of EUR 500 million,³ of which it had allocated EUR 349.9 million financing 513 projects as of September 2022. The majority of the proceeds went towards loans for solar photovoltaic and offshore and onshore wind projects and a small share to small-scale hydropower financing.

Evaluation Criteria

Sustainalytics evaluated the assets financed between November 2021 and September 2022 based on whether they:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds category outlined in the Framework.

Table 1: Use of Proceeds Category, Eligibility Criteria and associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators (KPIs)
Renewable Energy	Loans related to the acquisition, development, manufacturing, construction, operation and maintenance, distribution and transmission of renewable energies, such as: <ul style="list-style-type: none"> • Offshore and onshore wind • Concentrated solar power and solar photovoltaic • Small-scale hydropower (<20MW) • Geothermal facilities operating at life cycle emissions less than 100 gCO₂e/kWh • Waste biomass with feedstock not derived from sources that compete with food sources nor deplete carbon pools 	<ul style="list-style-type: none"> • Expected renewable energy capacity (in MWh) • Expected annual renewable energy generation (in MWh) • Estimated annual GHG emissions avoided or reduced (in tCO₂e)

¹ Piraeus Group, “Piraeus Group Green Bond Framework”, at: <https://www.piraeusholdings.gr/en/investors/financials/debt-issuance/green-bond-framework>

² Piraeus Group, “Piraeus Group Green Bond Framework Second-Party Opinion”, at: <https://www.piraeusholdings.gr/en/investors/financials/debt-issuance/green-bond-framework>

³ Net proceeds of the issuance were EUR 497.5 million.

Green Buildings	Loans related to the construction or acquisition of buildings, such as: <ul style="list-style-type: none"> • Buildings with a primary energy demand (PED) at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures • Construction of new NZEBs that have received or are expected to receive an Energy Performance Certificate (EPC) class A or higher • Acquisition of existing buildings that have received an EPC class B+ or higher • Buildings that have obtained LEED Gold or higher, or Energy Star (minimum score of 85), or BREEAM Excellent or higher or other similar, internationally recognized standards as long as they have received an EPC class B+ or higher 	<ul style="list-style-type: none"> • Environmental certification • Annual energy savings (in MWh) • Estimated annual GHG emissions avoided or reduced (in tCO₂e)
	Loans related to the renovation of existing buildings, including: <ul style="list-style-type: none"> • Renovations that lead to a PED reduction of at least 30% • Individual renovation measures, such as the installation, repair or maintenance of energy efficient equipment, charging stations and devices for measuring and regulating energy performance 	
Energy Efficiency	Loans related to assets that contribute to a reduction of energy consumption, such as: <ul style="list-style-type: none"> • Energy storage systems • Energy efficient lighting (LED lighting) • District heating and cooling systems • Energy efficient smart grids and smart meters 	<ul style="list-style-type: none"> • Annual energy savings (in MWh) • Estimated annual GHG emissions avoided or reduced (in tCO₂e) • Storage capacity (in MW) • Distribution capacity (in MW)

Issuer's Responsibility

Piraeus is responsible for providing accurate information and documentation relating to the details of the funded assets, including the description of the assets, the amounts allocated and the projects' impacts.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of Piraeus' use of the green bond proceeds. The work undertaken as part of this engagement included collection of documentation from Piraeus and review of said documentation to assess conformance with the Piraeus Group Green Bond Framework.

Sustainalytics relied on the information and the facts presented by Piraeus. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Piraeus.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed assets do not conform with the Use of Proceeds and Reporting criteria outlined in the Framework. Piraeus has disclosed to Sustainalytics that as at 30 September 2022, 70.3% of proceeds were allocated to eligible assets.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the assets funded with proceeds from the green bond to determine if assets aligned with the Use of Proceeds criteria outlined in the Framework and above in Table 1	All assets reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the assets funded with proceeds from the green bond to determine if impact of assets was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported, please refer to Appendix 2.	All assets reviewed reported on at least one KPI per Use of Proceeds category.	None

⁴ Sustainalytics' limited assurance process includes reviewing the documentation relating to the details of the funded projects, including the description of the projects, the estimated and realized costs of the projects and the project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to the projects.

Appendices

Appendix 1: Allocation reporting

Table 3: Allocation of proceeds by Eligibility Criteria

Use of Proceeds Category	Category	Financing	Refinancing	Total
		in million EUR (as of September 2022)		
Renewable Energy	Solar PV	141.8	-	141.8
	Offshore and onshore wind	36.7	159.0	195.7
	Small scale hydropower	-	12.4	12.4
Total		178.5	171.4	349.9

Table 4: Balance of net proceeds

	Amount (in EUR million)	Share (in percentages)
Allocated proceeds	349.9	70.3
Unallocated proceeds	147.6	29.7
Net proceeds from issuance	497.5	100

Appendix 2: Impact reporting

Table 5: Impact reporting by Eligibility Criteria

Use of Proceeds category	Added renewable energy capacity (in MW)		Annual electricity generation (in MWh)		Annual GHG emissions reduced or avoided (in tCO ₂ e)	
	Financing	Refinancing	Financing	Refinancing	Financing	Refinancing
Solar PV	234.3	-	299,375.9	-	161,432.0	138,225.5
Offshore and onshore wind	83.9	126	197,756.2	296,987.9		
Small scale hydropower	-	6.6	-	17,854.2		
Total	450.7		811,974.1		299,657.4	

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