



Sustainability-related disclosures

Piraeus ESG EURO Aggregate Bond Fund

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Single Member Mutual Funds Management Company
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(art. 10 of Regulation (EU) 2019/2088)

The following information concerns:

«Piraeus ESG EURO Aggregate Bond Fund»

LEI: 213800KQ9U6KZ9GUDK79

ISIN share class R: GRF000105004

ISIN share class I: GRF000265006

ISIN share class U: GRF000445004

a) Summary

This document provides information about this Fund in relation to the SFDR Regulation (2019/2088 (EU)). It is not promotional material and the information is required by the regulatory framework.

This Fund promotes environmental or social characteristics, but does not aim for sustainable investments. However at least 10% of the Fund's portfolio will be allocated to sustainable investments.

The Fund, during the selection of the securities in which it invests, takes into account and evaluates the degree of compliance and adoption of the Principles of Environmental, Social, and Governance (ESG).

The investment strategy of the Fund takes into account three (3) groups of sustainability factors involved in the evaluation of an investment decision, which are related to the interaction of a financial instrument issuer with the natural environment (environmental factors), the practices of a financial instrument issuer that have an impact on the workplace, society or community (social factors) and the governance of a financial instrument issuer (governance factors).

Before the initial investment, all securities are evaluated to ensure that they comply with the investment objective of the Fund.

The Investment Division uses data on ESG provided by specialist databases and information providers (for example: Bloomberg), as well as ESG reports published on the websites of issuers of investee securities.

The fact that there is not yet sufficient data available on sustainability factors from the issuers of financial instruments included in the Fund is a catalytic factor in the availability of data.

In the selection of securities to be invested in, the issuers of financial instruments are reviewed for their policies in relation to the main adverse impacts of their investment decisions and their governance practices through the Annual Sustainability Reports they make available to the investor community.

b) No sustainable investment objectives

This Fund promotes environmental or social characteristics, but does not aim for sustainable investments. However at least 10% of the Fund's portfolio will be allocated to sustainable investments.

In order to ensure that sustainable investments do not cause significant harm on an environmental or/and social objective (principle of not causing significant harm - 'Do Not Significant Harm', DNSH), the following sustainability indicators are screened:



- I. Companies active in the fossil fuel sector are excluded.
- II. Companies having a severe violation of the principles of the Global Compact and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises are excluded
- III. Companies exposed to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons) are excluded.¹
- IV. No Significant Harm (DNSH) classification indicators.

These indicators consider the estimated success rates for DNSH in the six environmental objectives of the classification:

1. Climate change mitigation,
2. Climate change adaptation,
3. Responsible use and protection of water and marine resources,
4. Transition to a circular economy,
5. Prevention and control of pollution,
6. Protection and restoration of biodiversity and ecosystems

The pass rate is represented by the percentage of underlying tests passed, where 100% represents a full pass. The average of these indicators must be over 50%.

- V. An evaluation is carried out in order to check whether the companies in which the investments are made follow good governance practices, according to relevant methodology of Bloomberg (Minimum rate 40%)
- VI. Principal Adverse Impacts are considered (SFDR-DNSH).
- VII. Confirmed the minimum ESG score of 3, based on the Bloomberg methodology and for the listed companies in Athens Stock Exchange we get data from the Athex ESG Data Portal.

The mutual fund takes into account, amongst others, the following PAIs, for monitoring the environmental and/or social characteristics:

- Greenhouse gas emissions
- Greenhouse gas emission intensity
- Carbon footprint
- Unadjusted gender pay gap
- Gender diversity of the Board of Directors

¹ Issuers involved in the production, sale, storage of nuclear weapons of countries who are not of the Treaty on the Non-Proliferation of Nuclear Weapons: <https://disarmament.unoda.org/wmd/nuclear/npt/>



- Investments in companies without water management policies
- Lack of a human rights policy.

The above principle adverse indicators are monitored on a monthly basis and the observed changes in the data are evaluated.

c) Environmental or social characteristics of this financial product

The investment goal of the Mutual Fund is to increase the value of its investments in regards to Income as well as capital gains in a medium-term horizon through the positioning of its assets mainly in a diversified portfolio of bonds in euro during the selection of which takes into account and evaluates the degree of compliance and adoption of the Environmental, Social and Corporate Governance Principles - Environmental, Social, and Governance (ESG), promoting in that way responsible Investments and secondarily in equities and money market instruments.

The Fund promotes environmental and/or social characteristics by evaluating the underlying investments with Environmental, Social, and Governance (ESG) criteria. The Fund invests a minimum of 10% of its total assets in Sustainable Investments.

The Fund promotes the environmental and/or social characteristics described below:

Environment (E): includes factors such as greenhouse gas emissions, greenhouse gas emission intensity, carbon footprint, climate change, and the availability of water management policies.

Society (S): includes factors such as employee health and safety policies, gender pay gap policy been established, human rights and equal opportunities for all employees.

The assessment is carried out through the monitoring of PAI indicators. In addition, we use the SASB map to identify the significant ESG factors affecting each company. Overall, the aim is to support companies that actively promote sustainability and monitor environmental trends and incidents.

During its investments, the M/F takes into account and evaluates the degree of compliance and adoption of Environmental, Social, and Corporate Governance (ESG) Principles.

No benchmark has been assigned for the fund for the purposes of achieving sustainability characteristics.

d) Investment Strategy

The investment goal of the Mutual Fund is to increase the value of its investments in regards to Income as well as capital gains in a medium-term horizon through the positioning of its assets mainly in a diversified portfolio of bonds in euro during the selection of which takes into account and evaluates the degree of compliance and adoption of the Environmental, Social and Corporate Governance Principles - Environmental, Social, and Governance (ESG), promoting in that way Responsible Investments and secondarily in equities and money market instruments.

In order to achieve its objective, the Mutual Fund follows the investment policy below: its assets are mostly invested in foreign bonds regardless of credit rating in euro issued by companies, states and international public organizations in which one or more of their Member States are involved, and which are traded on regulated markets as well as convertible bonds. The investment in equity of listed companies may not exceed 10% of the Mutual Fund's net assets.



The Mutual Fund is suitable for investors with a medium-term investment horizon, who seek to access a diversified portfolio, mainly consisting of international bonds while meeting the principles of responsible investments.

The incorporation of ESG factors in the investment process is complementary to the existing statutory investment policy. The ESG assessment combines qualitative and quantitative methods that vary across different asset classes, regions and sectors.

The Company actively looks for investments in sectors/regions with a positive impact on ESG issues. 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.

The binding elements of the investment strategy used in the selection of investments to achieve the environmental and/or social characteristics promoted by the M/F are the following:

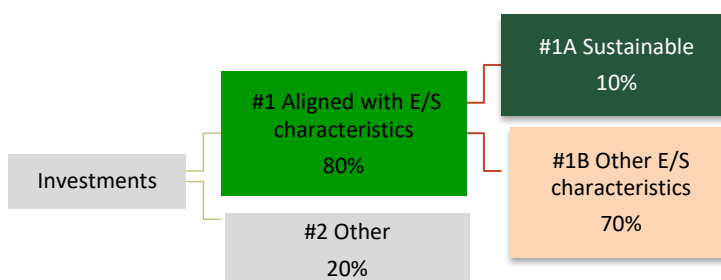
- Minimum Investment percentage of 10% in Sustainable Investments. Regarding sustainable investments, specific sustainability indicators are applied (listed above under b).
- Ensuring that at least 80% the portfolio investments have environmental or social characteristics, meet the conditions listed below (under f).

To assess good governance practices of issuers of financial instruments, including with sound management structures such as board independence, equal treatment of shareholder rights, availability of a code of conduct, imposition of regulatory fines, reports of statutory auditors, availability of a remuneration policy, as well as the establishment of all the bodies and/or committees provided for by the relevant regulatory framework, the composition of the board of directors in relation to the need for diversity, as well as any fines in relation to tax compliance. To evaluate these practices, the Company draws relevant data from a third party data provider (Bloomberg), as well as from issuers' ESG sustainability reports published on their websites.

When issues related to the above are raised, it is checked whether the issuer has taken remedial measures or corrective measures within a reasonable time frame.

e) Proportion of Investments

This Fund promotes environmental and social characteristics, as described in Article 8 of Regulation 2019/2088 (SFDR), but does not aim for sustainable investments. However at least 10% of the Fund's portfolio will be allocated to sustainable. Information on environmental and social characteristics to be disclosed in accordance with Article 8, paragraphs 1, 2 και 2a of Regulation (EU) 2019/2088 attached to the Annex I of the Prospectus of the Fund, which is available in greek language on the Management Company's website "PIRAEUS ASSET MANAGEMENT SINGLE MEMBER MUTUAL FUNDS MANAGEMENT COMPANY S.A." (www.piraeusaedak.gr) .





f) Monitoring of environmental or social characteristics

Before the initial investment, all securities are evaluated to ensure that they comply with the investment objective of the Fund. At the selection stage, securities are classified according to their ESG score. Compliance with the sustainability indicators set to achieve the environmental and/or social characteristics promoted by the Fund, applies to at least 80% of the portfolio of the Fund, is continuously monitored by the Investment Division of the Fund's Management Company.

The Fund actively invests in sectors with positive impacts and growth opportunities.

In particular, the M/F in order to ensure that it promotes the aforementioned environmental and social characteristics:

- ✓ Applies Negative filter.

The M/F applies exclusion criteria, which avoid exposure to negative environmental and social outcomes, excluding direct investments in financial instruments operating in sectors such as:

- Controversial Weapons²: Companies involved in the production, distribution, or trade of controversial weapons are not considered for investment (applies to 100% of fund's portfolio)
 - International standards and regulations (Conditionally): Companies having a severe violation of international standards and/or international regulations (including the UN Global Compact³, the OECD Guidelines⁴, and the UN Guiding Principles for Business and Human Rights⁵) are not considered for investment.
- ✓ Applies Positive Score filter (More details on the ESG Policy of the Company is available on the webpage <https://www.piraeusaedak.gr/en/kanonistikes-plirofories/sfdr>).

A comprehensive assessment of the investments takes place in order to identify and select the leaders in ESG. A wide range of quantitative and qualitative data are used along with certain KPIs, ESG scores and governance standards. The best performing companies or companies assessed to be undertaking the most effort to meet industry related ESG material criteria are ranked at the top of the lists and are considered as Best in Class.

- ✓ Amongst others, the following Principle adverse impact indicators (PAIs) are monitored:
 - Greenhouse gas emissions
 - Greenhouse gas emission intensity
 - Carbon footprint
 - Unadjusted gender pay gap
 - Gender diversity of the Board of Directors

² Issuers involved in the production, sale, storage of nuclear weapons of States that are non-parties to the Treaty on the Non Proliferation of Nuclear Weapons- <https://disarmament.unoda.org/wmd/nuclear/npt/>

³ More information can be found at <https://www.unglobalcompact.org> .

⁴ OECD: Organization for economic co-operation and development. More information can be found at <https://www.oecd.org/corporate/mne/> .

⁵ More information can be found at https://www.ohchr.org/sites/default/files/Documents/Issues/Business/Intro_Guiding_PrinciplesBusinessHR.pdf



- Investments in companies without water management policies
- Lack of a human rights policy.
- ✓ Confirmed the minimum ESG score of 3, based on the Bloomberg methodology and for the listed companies in Athens Stock Exchange we get data from the Athex ESG Data Portal.
- ✓ The performance of the issuer/investment is examined in terms of the standards it follows for good governance under the relevant Bloomberg methodology (Minimum rate of 40%).
- ✓ Principle Adverse Impacts (SFDR-DNSH) are considered.
- ✓ With regard to sustainable investments (which amount to at least 10% of the total assets of the M/F), specific sustainability indicators are checked in order to ensure that the investments in question do not significant harm any other Taxonomy environmental objective ('DNSH').

Throughout the lifecycle of the M/F, the management company monitors the environmental and/or social characteristics promoted by the M/F, as well as the measurement of their achievement, according to the following sustainability indicators:

1. The percentage of investments of the M/F's portfolio that complies with the binding elements of the M/F's investment strategy is checked.
2. The Principle adverse indicators mentioned above are monitored on a monthly basis and the observed changes in the data are evaluated.
3. Changes in ESG Scores, as well as changes in environmental and social characteristics are monitored.

No benchmark has been assigned for the fund for the purposes of achieving sustainability characteristics.

g) Methodologies

The ESG Score methodology is that of Bloomberg and for the listed companies in Athens Stock Exchange we get data from the Athex ESG Data Portal. Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. Bloomberg ESG Scores provide an objective assessment of how exposed a company is to ESG risks and opportunities that can have an impact on financial performance, as well as how the company performs in managing them. Identification and prioritization of ESG issues for scoring considers industry- and country-specific factors, is rules-based and is supported by Bloomberg Intelligence (BI) research. Bloomberg's ESG Scores are powered by company reported data and constructed using a robust quantitative process. The methodology considers over 30 issues and dozens of sub-issues, organized into a clear hierarchy leveraging hundreds of curated ESG data points that have been deemed financially material by standards providers such as SASB as well as industry associations. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. The methodology of Athex ESG Data Portal evaluates a company's level/percentage (%) of transparency with respect to the ESG metrics outlined in the ATHEX ESG Reporting Guide. The Core, Advanced and Sector-Specific metrics of the ATHEX ESG Reporting Guide are taken into account, as well as whether the company publishes a sustainability report. In total, 52 metrics corresponding to 86 individual data points are evaluated. For each sector, at least 55 data points are taken into consideration.

Regarding sovereign issuers, the analysis focuses on the country's overall approach to climate change, sustainability, social issues (e.g. human rights violations or labor rights) and governance and corruption



issues. Data are derived from Bloomberg and the World Bank Database (that provide rankings on political stability, voice and accountability, government effectiveness, rule of law, regulatory quality and control of corruption). Piraeus Group's proprietary relative country scoring is also used on a complementary basis to reinforce data dynamics.

Finally, the application of the exclusion strategy on a pre-transactional basis and on an ongoing basis concerns the percentage of allocation to environmental or social characteristics of the M/F.

The performance of the indicators used to measure the environmental or social characteristics promoted by the financial product are measured daily, assessed monthly and reported annually.

h) Data sources and processing

The Investment Division uses data on ESG provided by specialist databases and information organizations. In particular, the data providers are Bloomberg, for the listed companies in Athens Stock Exchange we get data from the Athex ESG Data Portal and the World Bank for government bonds. Data from ESG reports published on the websites of issuers of investee securities are also used. These data are transferred to an Excel worksheet where ESG characteristics are calculated at product level. A monthly check and monitoring of changes in the data is carried out. This is achieved through an internal reporting that shows us major changes in ESG scores and the environmental and social characteristics that we monitor. Moreover we measure monthly the coverage of each indicator and each individual score. When the Investment team believes that data from investment companies or third-party ESG data providers is not up to date, it works closely with the data provider to improve the accuracy and get the latest of the data.

i) Limitations to methodologies and data

The limitations of our methodology are inherently linked to the use of ESG data. The Investment Division's assessment includes, but is not limited to, consideration of third-party methodologies used, including consideration of collection and calculation approaches, alignment with industry or regulatory standards or framework, materiality thresholds and their approach to gaps data.

Sustainable investment is an evolving space, both in terms of industry understanding and regulatory frameworks both regionally and globally. The Company continuously monitors regulatory developments and seeks to evolve its investment methodologies to ensure alignment with the dynamically changing regulatory environment.

The Company relies on the collection of data from specialized databases and information organizations (Bloomberg, for the listed companies in Athens Stock Exchange we get data from the Athex ESG Data Portal and the World Bank for government bonds).

In some cases, the lack of sufficient data is an obstacle to the comprehensive implementation of the ESG Policy. However, this market inefficiency is expected to smooth out over time. Gradually, in order to optimize their operations, but also to comply with the regulatory framework, more and more companies are being asked to actively deal with ESG issues and are committed to providing reliable information about risks and sustainability factors.

We are aware of these limitations, which we seek to mitigate by monitoring the controversies.

j) Due diligence

The behavior of companies in all sectors of the economy is crucial for the successful transition to a climate-neutral and green economy, including objectives related to human rights and the environment. This requires the implementation, in their value systems, of integrated processes to mitigate adverse



impacts on human rights and the environment, the integration of sustainability into the corporate governance and management systems, and the consideration of business decisions in terms of the impacts on human rights, climate and the environment, as well as on the long-term resilience of the company.

In the selection of securities to be invested in, the Investment Division reviews the issuers of financial instruments for their policies in relation to the main adverse impacts of their investment decisions and their governance practices through the Annual Sustainability Reports they make available to the investor community.

Sustainable investment is an evolving space, both in terms of industry understanding and regulatory frameworks both regionally and globally. The Company continuously monitors regulatory developments and seeks to evolve its investment methodologies to ensure alignment with the dynamically changing regulatory environment.

A monthly check and monitoring of changes in the data is carried out. This is achieved through an internal reporting that shows us major changes in ESG scores and the environmental and social characteristics that we monitor. Moreover we measure monthly the coverage of each indicator and each individual score. When the Investment team believes that data from investment companies or third-party ESG data providers is not up to date, it works closely with the data provider to improve the accuracy and get the latest of the data.

In this context, the Company has adopted regulations within the investment management process, as well as ex-ante and ex-post controls to ensure compliance with the binding elements of the M/F's investment strategy. The Risk Manager is responsible for monitoring any deviations on a daily basis, notifying the investment managers in order to take the necessary actions to ensure the M/F's compliance with the binding elements of the M/F's investment strategy.

k) Engagement policies

Due to the fact that the Fund invests mainly in international bonds, no engagement policies are currently applied at the issuer level.

l) Designated reference benchmark

No benchmark has been assigned for the fund for the purposes of achieving sustainability characteristics.

