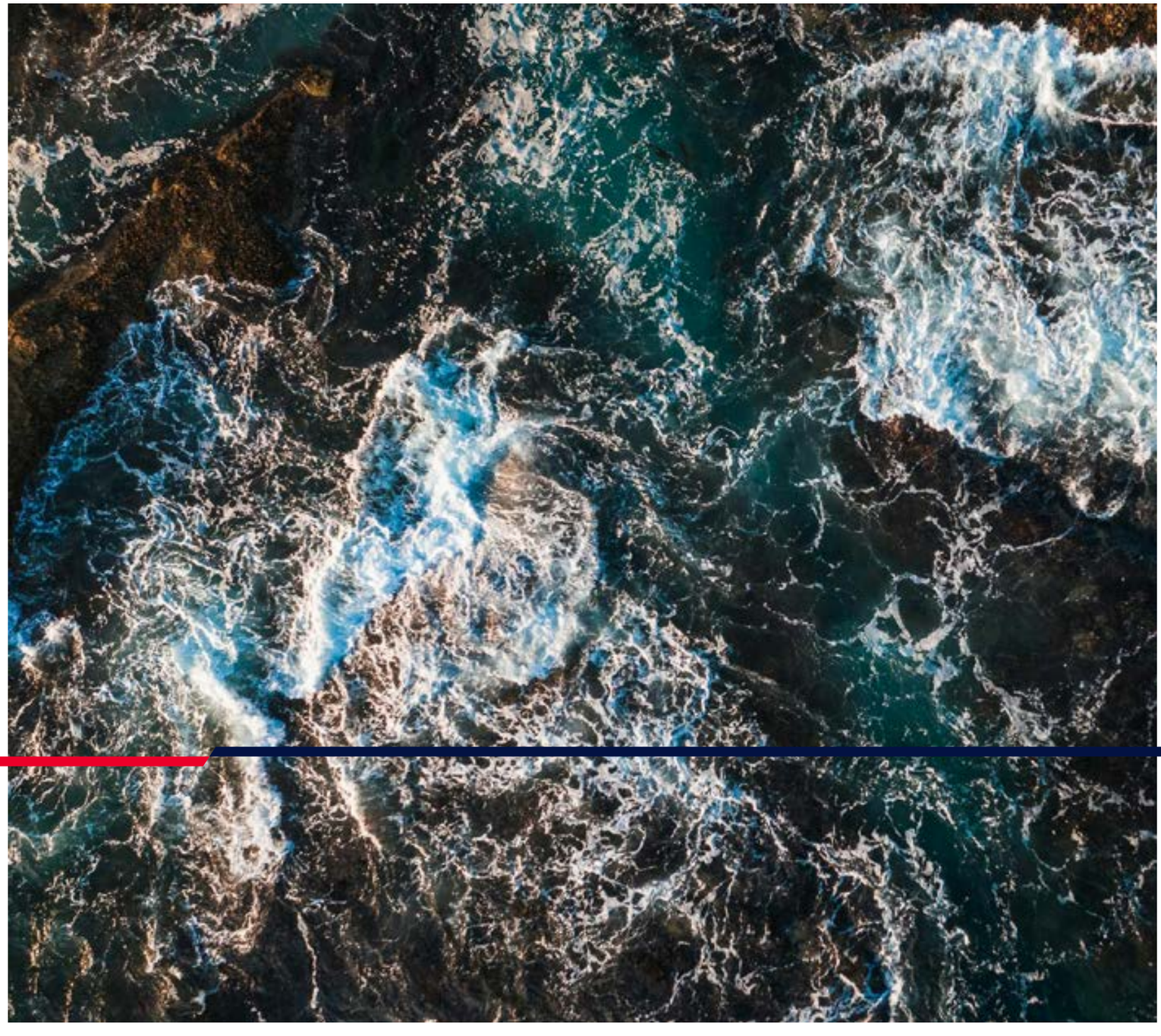
EUROBANK
Holdings

# TCFD Climate - related & Environmental Risk Report



December **2024**









# Terminology

| | | |
|---|---|---|
| 01. | **AML** | Anti Money Laundering |
| 02. | **BCBS** | Basel Committee on Banking Supervision |
| 03. | **BoD** | Board of Directors |
| 04. | **BRC** | Board Risk Committee |
| 05. | **CAPEX** | Capital Expenditures |
| 06. | **CBAM** | Carbon Border Adjustment Mechanism |
| 07. | **CEO** | Chief Executive Officer |
| 08. | **CGE** | Computable General Equilibrium |
| 09. | **CIB** | Corporate & Investment Banking |
| 10. | **CoE** | Center of Excellence |
| 11. | **CR&E** | Climate-Related & Environmental |
| 12. | **CRST** | Climate Risk Stress Test |
| 13. | **DNSH** | Do No Significant Harm |
| 14. | **E&S** | Environmental & Social |
| 15. | **EBA** | European Banking Authority |
| 16. | **ECB** | European Central Bank |
| 17. | **EMAS** | Eco-Management and Audit Scheme |
| 18. | **EMS** | Environmental Management System |
| 19. | **EPC** | Energy Performance Certificate |
| 20. | **ESG** | Environmental, Social & Governance |
| 21. | **ESMS** | Environmental & Social Management System |
| 22. | **ETS** | Emissions Trading Scheme |
| 23. | **EU** | European Union |
| 24. | **EV** | Electric vehicles |
| 25. | **FFDR** | Forage Fish Dependency Ratio |
| 26. | **GAR** | Green Asset Ratio |
| 27. | **GBWG** | Green Bond Working Group |

# Terminology

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|---|---|---|
| 28. | **GDP** | Gross Domestic Product |
| 29. | **GHG** | Greenhouse Gas |
| 30. | **Group IA** | Group Internal Audit |
| 31. | **GSR** | Group Sustainability Risk |
| 32. | **HBA** | Hellenic Bank Association |
| 33. | **HQLAs** | High-Quality Liquid Assets |
| 34. | **ICAAP** | Internal Capital Adequacy Assessment Process |
| 35. | **ICMA** | International Capital Market Association |
| 36. | **ICT** | Information and Communications Technology |
| 37. | **ILAAP** | Internal Liquidity Adequacy Assessment Process |
| 38. | **ISO** | International Organization for Standardization |
| 39. | **IT** | Information Technology |
| 40. | **KPIs** | Key Performance Indicators |
| 41. | **KRIs** | Key Risk Indicators |
| 42. | **LCR** | Liquidity Coverage Ratio |
| 43. | **LMA** | Loan Market Association |
| 44. | **LoD** | Lines of Defense |
| 45. | **MPS** | Managed Print Services |
| 46. | **MRA** | Moody's Risk Analyst |
| 47. | **MRC** | Management Risk Committee |
| 48. | **NACE** | Statistical classification of economic activities in the European Community |
| 49. | **NECP** | National Energy and Climate Plan |
| 50. | **NFC** | Non-Financial Corporation |
| 51. | **NFRD** | Non-Financial Reporting Directive |
| 52. | **NFRs** | Non-Financial Risks |
| 53. | **NGFS** | Network for Greening the Financial System |
| 54. | **NZBA** | Net-Zero Banking Alliance |

# Terminology

| | | |
|---|---|---|
| 55. | **NZEB** | Nearly Zero Energy Building |
| 56. | **OPEX** | Operating Expenses |
| 57. | **PAI** | Principal Adverse Impact |
| 58. | **PCAF** | Partnership for Carbon Accounting Financials |
| 59. | **PED** | Primary Energy Demand |
| 60. | **PMO** | Project Management Office |
| 61. | **PPA** | Power Purchase Agreement |
| 62. | **PRB** | Principles for Responsible Banking |
| 63. | **PRI** | Principles for Responsible Investment |
| 64. | **PV** | Photovoltaic |
| 65. | **RAF** | Risk Appetite Framework |
| 66. | **RCPs** | Representative Concentration Pathways |
| 67. | **RES** | Renewable Energy Sources |
| 68. | **RIMA** | Risk Identification and Materiality Assessment |
| 69. | **RRF** | Recovery and Resilience Facility |
| 70. | **SDGs** | Sustainable Development Goals |
| 71. | **SFF** | Sustainable Finance Framework |
| 72. | **SIF** | Sustainable Investment Framework |
| 73. | **SLLs** | Sustainability Linked Loans |
| 74. | **SMC** | Sustainability Management Committee |
| 75. | **SPTs** | Sustainability Performance Targets |
| 76. | **TCFD** | Task Force on Climate-Related Financial Disclosures |
| 77. | **UN** | United Nations |
| 78. | **UNEP FI** | United Nations Environment Programme Finance Initiative |

# CEO Foreword

Eurobank's mission is to foster economic growth, while enabling and supporting a sustainable economy that generates prosperity and value for all stakeholders. Sustainability is at the core of our business strategy and our operational modus, recognizing its importance for the long-term viability of the economy, its central position in our society's value sets and its relevance to all aspects of our lives – and those of the next generations.

The Bank contributes to the achievement of the United Nations Sustainable Development Goals (SDGs) and the UN 2030 Agenda, as a signatory to the UN Global Compact since 2008, and by actively promoting its fundamental principles and applying the precautionary approach. In 2024, we further enhanced our Sustainability Strategy by including additional targets across our 2 Pillars of Impact: Financed and Operational. Within this framework and based on our commitment to address climate change, in 2024 Eurobank joined the Net-Zero Banking Alliance (NZBA), reinforcing our dedication to aligning our portfolios with net zero emissions by 2050, in line with the most ambitious targets set by the Paris Climate Agreement.
Eurobank's mission goes well beyond its financial aspect. We aim to contribute to economic growth, but also to enable an inclusive and sustainable economic model, one that champions innovation, supports communities and generates widespread prosperity. To this end, Eurobank continuously strives to incorporate environmental and social sustainability criteria into the full array of its activities.
We understand that integration of sustainability into risk is key, and therefore, we align our Risk Strategy with our Sustainability Strategy. In this TCFD Climate-related & Environmental Risk Report, we present a transparent and comprehensive overview of our Governance framework, Strategies, and Risk Management practices addressing climate risk. We also detail our progress towards achieving our sustainability initiatives' Targets, underscoring our efforts to drive positive impacts on the economy, our clients, and society.

Fokion C.Karavias
Chief Executive Officer

# Introduction

# Introduction

## 2.1 About this report

This report is meant to inform all of our stakeholders about Eurobank's approach and efforts to climate action. It aims to give a balanced overview of Eurobank's commitments, initiatives, impacts, and other relevant updates regarding our progress on climate action.

## 2.2 How our climate reporting has evolved

Eurobank has reported on its sustainability approach through several reports and presentations. We have captured our progress on sustainability risks and opportunities in our "Annual Report Business & Sustainability" and in our "Consolidated Pillar III Report". In addition, we have reported on our actions, initiatives and achievements in Program Field since its launch in 2021, on a quarterly basis. Eurobank launched a dedicated Group-wide initiative, namely "Program Field", with the aim to develop and implement its Sustainability Strategy, integrate and effectively manage climate risks, fulfil its UNEP FI PRB signatory commitments, and ensure readiness to comply with sustainability-related regulations (i.e. EU Green Deal, ECB Guide on climate-related and environmental risks, EU Taxonomy Regulation, etc.). This TCFD Climate - related & Environmental Risk Report has been prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in order to facilitate standardization and comparability throughout the financial industry. We aim to continuously enhance our approach towards climate reporting as we expand on our expertise in measuring and quantifying climate metrics and as regulatory and methodological advancements evolve.

Additional disclosures can be found in:

- **Annual Report 2023 Business & Sustainability**
- **Environmental Report 2023**
- **Consolidated Pillar III Report**
- **UNEP FI Principles for Responsible Banking - 4th year Progress Report**

# 2.3 Mapping of the TCFD Recommended Disclosures

| TCFD Recommended Disclosures | | TCFD Report Location |
|---|---|---|
| **Governance** | Board's oversight of climate-related risks and opportunities | Chapter 3.1, 3.2 & 3.3 |
| | Management's role in assessing and managing climate-related risks and opportunities | Chapter 3.3 |
| **Strategy** | Climate-related risks and opportunities (short, medium and long term) | Chapter 4 |
| | Impact of climate-related risks and opportunities on business, strategy and financial planning | Chapter 4 |
| | Resilience of strategy, considering different climate-related scenarios, including a 2°C or lower scenario | Chapter 4.4 |
| **Risk Management** | Processes for identifying and assessing climate-related risks | Chapter 5.1 |
| | Processes for managing climate-related risks | Chapter 5.1, 5.3 & 5.4 |
| | Integration of processes for identifying, assessing and managing climate-related risks into overall risk management | Chapter 3.4 & 5 |
| **Metrics and targets** | Metrics to assess climate-related risks and opportunities in line with strategy and risk management process | Chapter 6 |
| | Scope 1, 2 and 3 GHG emissions and the related risks | Chapter 6.4 |
| | Targets used to manage climate-related risks and opportunities and performance against targets | Chapter 6 |

## 2.4 Structure of this report

This TCFD Climate - related & Environmental Risk Report has been prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In this context, the information provided herein is structured based on the TCFD's thematic areas, which are stated below:

1. **Governance**: Disclosure of the organization's governance around climate-related risks and opportunities
2. **Strategy**: Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material
3. **Risk Management**: Disclosure of how the organization identifies, assesses, and manages climate-related risks
4. **Metrics and Targets**: Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material


### Governance

Sustainability Risks Management Framework

Overview of governance structure for the oversight and management of sustainability matters

Role of Board, BRC, Management committees and GSSO on the supervision of sustainability matters.

Dedicated functions for integrating sustainability matters into the operating model

Sustainability awareness and capacity building

Our Remuneration Policy

Sustainability Ratings


### Strategy

Our commitment towards climate action

Our key enablers

Our sectoral approach

CR&E Risks Scenario Analysis


### Risk Management

Risk Identification & Materiality Assessment

Sustainability Data

Risk Appetite & Monitoring

Sustainability Risk Management Tools & Processes


### Metrics And Targets

2023 Sustainable financing targetsand performance

Implementation of the EU Taxonomy Regulation

Operational Footprint

Our financed emissions

Lines of Reporting and Frequency of Reporting relating to Sustainability Risks

Commitments and targets

# Governance

# Governance

## 3.1 Sustainability Risks Management Framework

Eurobank has incorporated Sustainability risks aspects across all pillars of its Risk Management Framework, through the establishment of comprehensive policies and processes. It is among the Group's priorities to identify, assess, manage and mitigate relevant risks, with a view towards ensuring alignment with its business strategy, as well as regulatory and industry developments.
In addition, Eurobank has updated its Sustainability Governance structure by introducing and defining specific roles & responsibilities in order to support the roll-out of the Sustainability Strategy and the integration of Sustainability risks, through the involvement of various key stakeholders (e.g. Business & Risk Units, Committees etc.), embedding regulatory guidelines and market practices.
In this context and taking into account the significant impact of Sustainability risks both on financial institutions and on the global economy, Eurobank developed a Sustainability Risk Management Policy which aims at fostering a holistic understanding of the effects of Sustainability risks on its business model, as well as support decision-making regarding these matters and provide a robust governance under its Risk Management Framework.

**Sustainability Risk Management Policy encompasses, among others, information on the following areas:**

- **Sustainability Risks Governance:** Definition of the Group's main Sustainability risks management pillars and summary of the responsibilities of the Group's Management/ Board Committees and the three Lines of Defense regarding the management of Sustainability risks.
- **Sustainability Risks Definitions, Drivers & Transmission Channels:** Detailed presentation of the Sustainability risks definitions and drivers identified by the Group, including the transmission channels through which these risks impact Group's traditional risk types.
- **Sustainability Risks Management Tools:** Indication of the main tools utilised by the Group for the identification, measurement and management of Sustainability risks.

## 3.2 Overview of governance structure for the oversight and management of sustainability matters

Sustainability at Eurobank is deployed across a Sustainability Governance structure that addresses both regulatory requirements and voluntary commitments. Board oversight with respect to the Sustainability Strategy is addressed through the inclusion of sustainability items in the Board Meetings agenda, as per international best practice.

The Group applies the elements of the Three Lines of Defense (3LoD) model for the management of Sustainability risks and aspects.
The Three Lines of Defense Model enhances risk management and control by clarifying roles and responsibilities within the organization. Eurobank's Sustainability Governance model ensures that the management of relevant Sustainability risks is integrated into the Bank's Three Lines of Defense.

The updated Sustainability Governance structure aims to further enhance the effective oversight of sustainability matters at Management / Board level with direct reporting lines as described below.

Table on next page

# 3.2 Overview of governance structure for the oversight and management of sustainability matters




## Enhanced Sustainability Governance Structure and Committees

- A Board Member is responsible for sustainability risks.
- Appointment of a Group Senior Sustainability Officer (GSSO) to lead the sustainability initiatives.
- Oversight of Sustainability risks at Management body level through allocation of responsibilities to Board and Management Committees.
- Establishment of two Committees that supplement the governance arrangements in Sustainability risks (i.e. Sustainability Management Committee and Climate Risk Stress Test Committee).

## Integration of Sustainability Risk Management across the Three Lines of Defense

- Dedicated teams within CIB and Retail for overseeing sustainable financing activities.
- Automated process established to assess and classify sustainable financing opportunities.
- Group Sustainability Unit responsible for managing and coordinating sustainability strategy related issues, the development of action plans for the Bank's Net Zero portfolio strategies, as well as monitoring sustainability performance and coordinating sustainability-linked activities that enhance the Bank's Impact. In this context, the Unit is responsible for facilitating the development of the Sustainability data framework to coordinate and prepare external and internal Sustainability-related reports.
- Group Sustainability Risk responsible for managing and monitoring Sustainability risks, PMO office for the implementation of the Climate risks roadmap, designing, along with Business and Risk Units, the Financed Impact Strategy and monitoring of its implementation thereof.
- Comprehensive training on ESG, Sustainable Finance and Sustainability risk topics to Bank personnel.

# Governance

## 3.3 Role of Board, BRC, Management committees and GSSO on the supervision of sustainability matters

The Group's Sustainability Governance structure has been updated to ensure that Sustainability risks are appropriately monitored and managed, aiming to further enhance their effective oversight at management/ Board level, as follows:

### Eurobank Holdings/ Eurobank Board of Directors (Boards or BoDs)

The Eurobank Holdings/ Eurobank Boards' role is to offer entrepreneurial leadership to the Group in the context of prudent and effective controls facilitating the assessment and management of risks. The Boards establish the Group's strategic objectives, ensure the availability of essential financial and human resources for the Group to fulfill its purpose and evaluate management performance. The Boards define the Group's values and standards, ensuring that their responsibilities to shareholders and other stakeholders are acknowledged and fulfilled. All members of the Boards are required to act in the best interests of the Group, aligning with their legal duties. The Eurobank Holdings/ Eurobank Boards have designated an executive member of the Boards as the Board Member responsible for sustainability risks. This designated Board Member updates, at least on a semi-annual basis, the Eurobank Holdings/ Eurobank Board Risk Committees (BRC), which, in accordance with their Terms of Reference, are responsible for oversee (among others) the sustainability risks. As per international best practices, effective Board oversight with respect to the Group's Sustainability Strategy is also safeguarded through the regular inclusion of Sustainability items in the agendas of Board Meetings.

### Eurobank Holdings / Eurobank Board Risk Committee (BRC)

The Eurobank Holdings/ Eurobank Board Risk Committee, among others, oversees the implementation of the strategies for capital and liquidity management, as well as for all material risks of the Group, including sustainability risks, as identified through the Risk Identification and Materiality Assessment (RIMA) process and listed in the relevant RIMA report, to assess their adequacy against the approved risk appetite and strategy. In addition, the BRC determines, among others, the principles which govern risk management (including sustainability risks) across the Bank and the Group in terms of identifying, measuring, monitoring, controlling, and mitigating risks. To this end, the BRC approves risk principles, risk policies, risk procedures and risk methodologies and Specific Risk Management Frameworks and Policies (e.g. Sustainability Risk Management Policy).

### Eurobank Management Risk Committee (MRC)

The Eurobank Management Risk Committee (MRC) is responsible for overseeing the risk management framework of Eurobank. As part of its responsibilities, the MRC facilitates the reporting to the BRC on a wide range of risk-related topics under its purview, including Sustainability risks. The MRC ensures that material risks are identified and promptly escalated to the BRC and that the necessary policies and procedures are in place to prudently manage risk and comply with regulatory requirements.

### Eurobank Sustainability Management Committee (SMC)

The Eurobank Sustainability Management Committee (SMC) provides strategic direction on Sustainability initiatives, reviews the Sustainability Strategy prior to approval, integrates the elements of the Sustainability Strategy into Eurobank's business model and operations, approves eligible assets based on the Green Bond Framework, regularly measures and analyses the progress of sustainable goals and performance targets and ensures the proper implementation of Sustainability-related policies and procedures, in accordance with supervisory requirements and voluntary commitments. It is chaired by the Board Member responsible for Sustainability risks and issues.

Eurobank Climate Risk Stress Test Committee (CRSTC) →

# Governance

## Eurobank Climate Risk Stress Test Committee (CRSTC)

The Eurobank Climate Risk Stress Test Committee (CRST) is responsible for designing and executing the Group's CRST Programme, as well as for coordinating all activities relating to Climate Risk Stress Testing including risk identification, scenario design and stress test execution and reviewing & challenging the output at each stage of the process prior to escalating to the Executive Board.

## Products & Services Committee

The Products & Services Committee is responsible for creating and supervising the governance framework for the products and services offered to Eurobank's clients in Greece through the physical and alternative channels, in accordance with the supervisory and regulatory requirements. Products/ services are also evaluated to ensure alignment with the Group's Sustainable Finance Framework, enabling their classification as green or social.

## Green Bond Working Group (GBWG)

The Eurobank Green Bond Working Group (GBWG) is mainly responsible to review the proposed eligible assets (based on the eligible categories and criteria as defined in the Green Bond Framework), to propose the loans to be excluded in case they no longer meet the eligibility criteria (including the qualifying substitution assets), as well as to review the annual Green Bond Report.

## Group Senior Sustainability Officer (GSSO)

The Group Senior Sustainability Officer (GSSO) is responsible for leading and coordinating the Group's sustainability initiatives, for both Operational and Financed impact. GSSO manages the Group Sustainability Unit, co-manages, as a secondary reporting line, along with the Senior Risk Executive Officer the Group Sustainability Risk, coordinates the Sustainability Center of Excellence of CIB and Retail and oversees the sustainability programs of international subsidiaries.

The role of the GSSO is to foster a deep understanding of sustainability principles and practices across the organization by building a culture of sustainability and collaborating together with senior management to embed sustainability into the Group's strategic decision-making processes. GSSO secures and allocates resources effectively to support the Group's sustainability initiatives and advocates for necessary investments in sustainability projects and technologies. GSSO serves as the liaison between the Group and Market/ External Stakeholders, closely monitoring industry trends, regulatory changes and best practices in sustainability and ensuring that the Group remains at the forefront of sustainability innovation and compliance.

## 3.4 Dedicated functions for integrating sustainability matters into the operating model

In 2021, Eurobank launched a dedicated Group-wide initiative, namely "Program Field", with an aim to develop and implement its Sustainability Strategy, integrate and effectively manage sustainability risks, fulfil its UNEP FI PRB signatory commitments and ensure readiness to comply with sustainability-related regulations (i.e. EU Green Deal, ECB Guide on climate-related and environmental risks, EU Taxonomy Regulation, Corporate Sustainability Reporting Directive (CSRD), etc.). Through this initiative, the Group has identified, assessed and implements relevant action plans addressing Sustainability risks within the three Lines of Defense.

# 3.4 Dedicated functions for integrating sustainability matters into the operating model

## Integration of Sustainability Risk Management across the three lines of defense

Eurobank addresses short-term, medium-term and long-term effects of Sustainability risks for the purposes of risk management by integrating them in its business environment and strategy. In this context, the Bank has defined the following time horizons as follows:

- Short term: <3 years aligned with budget - The Bank conducts a materiality assessment of all identified risk drivers and key risks. This assessment considers the Bank's operating environment, business model and emphasizes the achievement of its short-term strategic goals with regards to the budget.
- Medium term: 3-10 years aligned with business planning - To assess medium term risks, the Bank has defined a longer period to understand Sustainability risks and evaluate how its business model can handle different future scenarios.
- Long term: >10 years aligned with strategic planning - The Bank has defined a longer horizon, to conduct long term assessments. Additionally, the Bank aims to include the impact of climate change and environmental factors in its strategic targets and decision-making processes, as these risks are expected to have a greater impact in the long term.

The Group applies a model of defined roles and responsibilities regarding the management of Sustainability risks across the 3 Lines of Defense, considering all relevant guidelines and regulatory requirements:

### 1st line of defense

Dedicated functions, namely the Sustainability Center of Excellence (CoE), within the Business Units (Corporate & Investment Banking and Retail Banking) are responsible for assessing, managing and monitoring their risk levels in all risk categories, including Sustainability risks. The Head of CIB Sustainability CoE is responsible for overseeing sustainable financing activities, while two Retail Sustainability Coordinators (Business and Individual clients respectively) are responsible for organizing and supporting sustainable-related activities. In addition, the role of the Group Sustainability Unit in the 1st line of defence includes the responsibility for managing and coordinating sustainability strategy related issues, the development of action plans for the Bank's Net Zero portfolio strategies, the facilitation of the Sustainability data framework development, as well as Sustainability Reporting, Environmental & Energy Reporting (EMAS Report, Greenhouse Gases Emissions Report per ISO14064) and Sustainability ratings. The 1st Line of Defense, in coordination with other Units, execute and monitor financed and specific operational sustainable goals and performance targets based on the Group's Sustainability Strategy and in line with the Net Zero Strategy.

### 2nd line of defense

The Group Risk Management (GRM) is independent from the Business Units and has full responsibility in setting the Risk Strategy and Risk Appetite Framework, including Sustainability risks. Within GRM, the dedicated GSR has the overall responsibility for overseeing, monitoring and managing Sustainability risks in cooperation with the other GRM Units. In addition, the Group Compliance's mission is to promote a compliance culture and a commitment to compliance with laws and regulations. Group Compliance's key roles and responsibilities include: regulatory capturing, compliance risk assessment, policies' update and product offering monitoring.

### 3rd line of defense

The Group Internal Audit (Group IA) independently reviews the adequacy and effectiveness of the internal control framework in place regarding Sustainability risk management, following a risk-based approach in line with its Annual Risk Assessment and Audit Planning Methodology

Dedicated roles in existing Units on sustainability and climate related & environmental matters →

# 3.4 Dedicated functions for integrating sustainability matters into the operating model

## Dedicated roles in existing Units on sustainability matters

### Business Units

Business Units, – Corporate & Investment Banking and Retail Banking – are primarily involved in executing portfolio-related sustainable activities, including the implementation of the Financed Impact Strategy. Key responsibilities are classified, inter alia, under the following three main categories:

**1. Sustainability Strategy**

- Defining, in coordination with other Units, executing and monitoring financed and specific operational sustainable goals and performance targets in line with the Net Zero Strategy.

**2. Sustainable Financing/Funding and Investments**

- Identifying sustainable financing opportunities and designing relevant solutions and sustainable products.
- Performing the Sustainable Financing assessment in line with the Sustainable Finance Framework.
- Implementing and monitoring the Sustainable Investment & Green Bond Frameworks.

**3. Sustainability Management**

- Performing the overall ESG Risk Assessment.
- Identifying and implementing mitigation action plans for Sustainability risks.

### Group Sustainability Unit

The Group Sustainability Unit acts as a custodian of ESG Principles and Culture to enhance the Bank's Impact, and as a cross-functional coordinator to ensure alignment on sustainability issues and interdependencies, as well as compliance with relevant existing and upcoming regulations. Specifically, the Group Sustainability Unit is responsible for managing and coordinating sustainability strategy related issues, ensuring alignment of subsidiaries' programs with the Group's overall sustainability strategy and goals, supporting their implementation efforts. The Group Sustainability Unit coordinates the development of action plans for the Bank's Net Zero portfolio strategies and ensures the aligned development of corresponding plans for its subsidiaries. It directs the actions of the Bank's units and subsidiaries on sustainable financing matters and provides advisory support on broader sustainability issues. The Unit facilitates the development of the Sustainability data framework and promotes sustainability knowledge and culture. Furthermore, the Group Sustainability Unit coordinates and prepares external and internal Sustainability-related reports in line with applicable standards/ regulations, in cooperation with involved subject-matter responsible Units, while it is responsible for the UNEP FI PRB implementation.

Being responsible for the oversight of the Bank's overall Sustainability performance, its key roles include the centralized management of Sustainability Ratings, seeking continuous improvement in related scores. The Group Sustainability Unit also manages the ISO Management Systems under the related provisions of equivalent policies and the Sustainability Strategy, supporting also the development / maintenance of ISO Management Systems, where applicable. It collects, calculates and reviews data, in line with the associated certified management systems, while it also ensures implementation of corresponding initiatives (e.g. operational net zero transition, energy self-production, energy and emission monitoring, green building certifications, recycling and circular economy management).

### Group Sustainability Risk (GSR)

The GSR has the overall responsibility for overseeing, monitoring and managing sustainability risks. More specifically, the GSR prepares and maintains the Bank's Sustainability risk, management policies, processes and methodologies, in collaboration with the Group Sustainability Unit, and the Business and Risk Units. In addition, it leads the development and implementation of the Sustainability risk-related frameworks, policies and processes, as well as acts, monitors and reports the implementation progress of the developed Climate Risk action plan and reports to the Board for Sustainability risks matters. In addition, the GSR reviews and challenges the involved stakeholders as to setting the Financed Impact Strategy (including Net Zero action plan), as well as monitors the Financed Impact Strategy and reports financial targets and KPIs. The GSR also is responsible for the 2nd line of defense independent sustainable lending re-assessment process against the Sustainable Finance criteria, including the characterisation of Retail Portfolio products as sustainable. Furthermore, the GSR develops and maintains the Climate Risk Stress Testing Framework, as well as the Scenario Analysis and Stress Test methodologies, and coordinates the performance of CR&E risk scenario analysis and relevant stress test exercises at Group level.

# 3.4 Dedicated functions for integrating sustainability matters into the operating model

## Group Compliance

Group Compliance is an independent function reporting to the Board of Directors through the Audit Committee and its mission is to promote, within the Group, a robust compliance culture that encourages ethical conduct through integrity and a commitment to compliance with laws and regulations as well as the application of international governance standards. Group Compliance's key roles and responsibilities include:

**1. Regulatory capturing**

- Monitors the regulatory environment and emerging trends, including the sustainability framework, and informs the Bank of respective changes/ enhancements that may impact the Bank's relevant policies and documents;
- Communicates to relevant stakeholders regulatory developments through the issuance of a regulatory bulletin;
- Monitors the alignment of the Bank's activities with applicable laws, rules, regulations and standards, including sustainable finance regulatory aspects.

**2. Compliance Risk Assessment**

- Designs appropriate risk assessment methodologies for compliance risk and provides the framework for effective monitoring of compliance risk from the Bank's activities in alignment with the Eurobank OpRisk Framework, as this is defined in the Group Compliance Policy. It performs the compliance risk assessment for the areas within its mandate and maintains an overlay role on the compliance risk assessments of other responsible Bank Units, including the respective elements of the sustainability framework;
- Ensures that compliance monitoring in the areas of its responsibility is carried out through a structured and well-defined compliance monitoring programme;
- Monitors and tests whether staff effectively applies the internal processes and procedures aimed at achieving regulatory compliance and compliance with the Bank's Code of Conduct and Ethics;
- Provides guidance to staff on the appropriate implementation of applicable laws, rules and standards, through the issuance of policies and procedures, the design of training programs and the provision of advice;
- Is the theme coordinator for compliance related risk themes in the Bank's Risk Appetite Framework.

**3.Policies' Update**

- Maintains the Bank's AML/ CFT and conduct-related policies (e.g. Code of Conduct and Ethics, Conflicts of Interest, Anti-Bribery and Corruption, etc.), including their sustainability components.

**4. Product offering monitoring**

- Provides advice and recommends controls over the Bank's sustainability product offerings, through its participation in the Products and Services Committee and related processes, while it also checks that promotional statements do not misrepresent products or services offered to clients.

## Group Internal Audit (Group IA)[1]

The role of the 3rd Line of Defense within the Bank's governance and organizational structure is allocated to the Group IA for the independent review of the adequacy and effectiveness of the internal control framework. The Group IA mandate covers all processes, risks, and mechanisms for all business lines and internal Units. Specifically, the Group IA strategically focuses on the Sustainability risks, building on the following pillars:

Methodology/ Infrastructure: The Management of Sustainability risks and the Bank's initiatives are recognized as a separate auditable area, subject to risk assessment. Furthermore, climate risk is recognized as a separate risk category, assessed in all relevant areas of the audit universe, in line with the Bank's risk taxonomy.

Resources: Upskilling through dedicated training sessions, on-the-job upskilling (participation in and consultation on the Bank's projects and initiatives around sustainability risks) and increased awareness (e.g. Group IA ESG Focus Group focused at sharing knowledge on sustainable practices and regulatory initiatives).

Sustainability – Audit Universe Coverage and Audit Planning: The Group IA carries out several assignments around sustainability, along with monitoring the Bank's initiatives in this area on a risk-based approach. Key areas of focus include risk materiality, governance and strategy, sustainability risk management framework, product design and offering, reporting disclosures, etc. These initiatives come in addition to the existing coverage by Group IA in sustainability areas, such as consideration of AML perspectives in loan origination (governance-social financing practices), review of compliance with the code of conduct or market practice codes (governance operational and financing practices) and relevant non-recurring and forensic audit work.

1. For more details on the role of the Internal Audit Group, please refer to the Pillar III report.

# Governance

In recent years, the IAG has recognised Sustainability internal controls and the risk management framework as areas of focus, and has taken several initiatives and actions within its strategy. These aim to ensure adequate coverage of the area, in line with the Bank's strategy, as well as industry and regulatory developments.

## 3.5 Sustainability awareness and capacity building

Eurobank is placing great emphasis on building capacity among its employees so they are able to support its clients on their sustainability journey and their green transition. To this end, in addition to launching sustainability initiatives for its clients, Eurobank implements a Sustainability upskilling plan for its employees. During the past years, Eurobank has conducted dedicated sessions tailored to the requirements of specific business units and functions, to enhance their understanding around Sustainability risks and Sustainable financing, crucial for delivering its Sustainability Strategy. Eurobank's internal awareness sessions regarding Sustainability matters cover both members of the management body and other stakeholders across the Bank (e.g. Business & Risk Units). Additionally, the Bank has offered trainings to stakeholders from all 3 Lines of Defense regarding the SFF in order to enhance their understanding of sustainable financing criteria.

## 3.6 Our Remuneration Policy

Eurobank has established a Remuneration Policy that is applicable to all Bank employees and covers their total remuneration. The Remuneration Policy forms an integral part of the Bank's corporate governance practice and is developed in accordance to its operational model, business strategy, objectives, long-term interests of the Bank and incorporates measures to avoid conflict of interest.

The Remuneration Policy promotes sound and effective risk management. It is consistent with the objectives of the Bank's business and risk strategy, corporate culture and values and risk culture, with regard to sustainability risk factors, including long-term interests of the Bank and the measures used to avoid conflicts of interest and should not encourage excessive risk-taking on behalf of the Bank. The Bank ensures that remuneration practices are aligned with the overall risk appetite, taking into account all risks, including climate-related & environmental risks, reputational risks, as well as risks resulting from the mis-selling of products or services.

More specifically, the Remuneration Policy has been designed to (a) be consistent with and to promote sound and effective risk management, (b) stimulate behavior consistent with climate-related, and environmental and sustainability risks approach, as well as (c) comply with Bank's voluntary commitments.

Its basic principles are to:

1. Be gender neutral and non-discriminatory in any aspect of its implementation,
2. Safeguard that remuneration is sufficient to retain and attract executives with appropriate skill and experience,
3. Monitor that internal equity between all Units is applied,
4. Avoid excessive risk-taking with respect to direct or indirect sustainability risks and
5. Link remuneration with long-term performance.

## 3.7 Sustainability Ratings

Eurobank actively participates in internationally renowned sustainability ratings to highlight the continuous improvement in its environmental, social and governance performance, upgrade the relevant disclosures, and further enhance investor confidence in its practices.

In 2023, Eurobank demonstrated significant improvements in key sustainability ratings, including Sustainalytics, MSCI, S&P, CDP, and Moody's, surpassing its 2022 standings. Specially with respect to Sustainalytics, the Bank achieved the international ESG Regional Top Rated distinction, the ESG Industry Top Rated distinction for the 2nd consecutive year and has been included in the Morningstar Sustainalytics' 2024 Top-Rated ESG Companies List. These distinctions are a strong demonstration of Eurobank's commitment to sustainability practices and rank it among the best performing banks globally. This recognition reflects our outstanding performance and management of Sustainability impacts including Human Capital, Data Protection and Security, Business Ethics, Corporate Governance, Product Governance, and Integration of sustainability criteria into financial activities.

# Strategy

# Strategy

The Group supports the transition towards a sustainable economy and considers sustainability and climate change as an opportunity.

A key strategic objective is to adapt the Group's business and operations in a way that address climate change challenges, accommodate social needs within its business model and safeguard prudent governance for itself and its counterparties, in accordance with supervisory initiatives following international standards and best practices.

To this end, Eurobank has designed, approved and is currently implementing the Group's Sustainability Strategy, including targets and commitments, along two key pillars.
Eurobank has expressed the Sustainability aspect of its business through the lens of Impact generation. This aims to capture the essence of the Bank's business effect on the climate, the protection of the natural environment, its contribution to addressing societal challenges at large, the prosperity of its own people, its contribution to raising business capacity in the markets where the Bank operates and the internal processes that build secure the confidence of its stakeholders.

The Operational and Financed pillars of the Sustainability Strategy are combined to address Eurobank's path towards Net Zero by 2050. In line with Eurobank's commitment to the UNEP FI Principles for Responsible Banking, the development of the Sustainability Strategy aims, among others, to identify the most significant impacts on the societies and environment where it operates, capitalizing on the positive ones while minimizing the negative impacts.

# Strategy

## Group's Sustainability Strategy

| Operational Impact Strategy | Financed Impact Strategy |
|---|---|
| Impact arising from the organisation's operational activities and footprint. | Impact arising from the organisation's lending and investing activities to specific sectors and clients. |
| **The Operational Impact Strategy (OIS) defines the Bank's operational sustainability priorities and objectives. In this context, Operational Impact Strategy is deployed through milestones and KPIs that support the annual and long-term targets set across multiple project streams, spanning over the next decade. The Operational Impact Strategy is developed and deployed along the following 3 pillars and corresponding corporate objectives:**<br>1. Environmental impact<br>• Minimising negative impact in its operations to promote environmental stewardship and attain climate neutrality.<br>2. Societal Impact<br>• Providing a diverse and inclusive environment for its people and clients, while fostering sustainable development and prosperity for the benefit of society.<br>3. Governance & Business impact<br>• Focusing on building sustainability awareness, internally and across its value chain, while intensifying its efforts for ethics and transparency. | **Eurobank endeavors to foster favorable economic, social, and environmental outcomes across all facets and sectors of its financing activities, with a commitment to sustainability and responsible stewardship. To achieve this objective, the Bank's Financed Impact Strategy is structured around the following 4 strategic pillars:**<br>• Clients' engagement and awareness to adapt their business so as to address climate change challenges.<br>• Actions for supporting clients in their transition efforts towards a more sustainable economic environment.<br>• Enablers and tools, such as frameworks and products, to underpin sustainable financing.<br>• Assessment and management of sustainability material exposures and risks. |

Making progress along the two pillars of the Sustainability Strategy, the Bank aims to maximize its contribution towards achieving the Paris Climate Agreement's targets and the UN Sustainable Development Goals (SDGs). Through a set of actions with measurable targets, the Sustainability Strategy reflects the Group's vision in the short, medium and long term in relation to the environment, its social footprint, with focus on its people, and the Sustainability impact on the market and its portfolio.

"We aspire to create a future that embraces growth and prosperity for all. We are developing detailed action plan to align our operations, portfolio and investments to become Net Zero by 2050."

## The Pathway to Net-Zero

In line with its commitment to address climate change, Eurobank Holdings joined the Net-Zero Banking Alliance (NZBA) in March 2024, a bank-led, UN-convened alliance of banks worldwide, reinforcing its dedication to aligning its loan and investment portfolios with the objective of achieving net-zero emissions targets by 2050 or sooner, in line with the most ambitious targets set by the Paris Climate Agreement. In alignment with the NZBA's guidelines, Eurobank pledges to undertake a multifaceted approach to bring its portfolios in line with limiting global warming to a 1.5°C scenario and support the transition to a net-zero economy by 2050. The Bank's key enablers to advance decarbonisation are listed below:

- Transition pathways: Transition pathways for corporate clients, to achieve climate targets for the Bank's portfolio.
- Focused Climate Risk Assessment: Focused Client Climate Risk Assessment, supplemented by climate transition scenario analysis, to support the effective implementation of its Net Zero Strategy.
- Enhanced Risk Management Framework: Introduction of additional Risk Appetite Statements related to Sustainability risks.
- Sustainability risks Datamart: Initiation of the preparation for a dedicated Sustainability risks Datamart analysis and framework.

The Bank has started developing sectoral, financed emissions reduction targets based on the NZBA framework, for some of the most carbon-intensive and, therefore, most relevant and impactful sectors and portfolios. The Bank applies established industry standards (e.g. NZBA, PCAF) and accredited science-based decarbonisation scenarios, in line with a 1.5 degree Celsius objective by 2050.

# Strategy

## 4.1 Our commitment towards climate action

Eurobank understands that sustainable growth is key to prosperity. To this end, its commitment to support the transition to a greener economy, by offering financing solutions that foster growth and sustainable development, is at the core of its Financed Impact Strategy.

As a signatory of the Principles for Responsible Banking (PRB), Eurobank has been developing targets that will enable the mitigation of the negative and the amplification of the positive impacts arising from its financing activities. In this context, the Bank will continue to work with its current and future clientele to support them with sustainable financing solutions and facilitate their transition journey. Leveraging on tools and enablers, such as the ESG Risk Assessment and the Sustainable Finance Framework, the Bank's strategic approach is to support the achievement of the sustainability objectives, through financing and advisory solutions to current and potential clientele.

Key aspect of the Bank's strategy is also identifying and managing sustainability risks through dedicated risk management processes as well as developing a Net Zero Plan.


The Bank sets and refines its targets, and is in the process of establishing comprehensive management mechanisms, KPIs and milestones to better implement and monitor the progress made towards achieving them. Aligning the Bank's activities with the Paris Agreement on climate change, the EU Sustainable Finance Action Plan and the UN SDGs is an integral component of this target setting process.

# 4.1 Our commitment towards climate action

## The Bank's Financed Impact Strategy evolves based on the following key components:

| Sustainable Financing | Portfolio Alignment | Net Zero Strategy |
|---|---|---|
| Development of strategies that will promote the green transition of the Bank's clients through sustainable financing. | Gradual alignment of the Bank's portfolio with sectoral transition pathways that are aligned with the 1.5°C climate transition scenario. | Sectoral decarbonisation targets covering the Bank's lending portfolios, with phased target-setting up to 2050. |

In line with its commitment to address climate change, Eurobank Ergasias Services and Holdings SA (Eurobank Holdings) has joined the Net-Zero Banking Alliance (NZBA), a bank-led, UN-convened alliance of banks worldwide, reinforcing its dedication to aligning its lending and investment portfolios with net-zero emissions by 2050 or sooner, in line with the most ambitious targets set by the Paris Climate Agreement. The key enablers towards this ambition are listed below.

| The Bank's key enablers to advance decarbonisation | | | | | |
|---|---|---|---|---|---|
| **Sector Targets** | **Transition Pathways** | **Focused ESG Risk Assessment** | **Enhanced Risk Management Framework** | **Pricing Approach** | **Sustainability Risks Datamart** |
| First wave of sector targets covering the Bank's lending portfolios will be finalised within 2024, including phased target setting up to 2050, and operationalisation of its Net Zero 2030 targets | Transition pathways for corporate clients, to achieve climate targets for the Bank's portfolio | Focused Client ESG Risk Assessment, supplemented by climate transition scenario analysis, to support the effective implementation of its Net Zero Strategy | Enhanced Risk Management Framework with the introduction of additional Risk Appetite Statements related to CR&E risks | Pricing approach in relation to the sustainable financing for the CIB portfolio | Initiation of the preparation for a dedicated Sustainability risks Datamart analysis and framework |

# 4.1 Our commitment towards climate action

## Financed Impact Strategy - Commitments & Targets

More specifically, the following targets have been set regarding sustainable financing disbursements:

| Portfolio targets | Sectoral targets | Other Targets |
|---|---|---|
| **New disbursements**<br>• € 2 billion in new green disbursements to businesses by 2025<br>• 20% of the annual new Corporate & Investment Banking (CIB) portfolio disbursements to be classified as Green/ Environmentally sustainable<br>• Maintain the same growth in absolute terms for Retail Banking new Green disbursements (or more than 50% increase vs. 2023)<br>**Green stock / Exposure evolution**<br>• 20% stock of green exposures by 2027 for the CIB portfolio<br>**Recovery and Resilience Facility (RRF)**<br>• Mobilize € 2,25 billion total green RRF funds in the Greek economy by 2026 | **Renewable energy**<br>• 35% of new disbursements in the energy sector to be directed to Renewable Energy Sources (RES) financing<br>**Green buildings**<br>• 80% of disbursements related to the construction of new buildings to be allocated to green buildings | **New exposure to high emitters**<br>• No new investments in fixed income securities (excluding exposures in sustainability/ green bonds) towards the top 20 most carbon-intensive corporates worldwide<br>**Increase Sustainability-Linked Loans**<br>• Double annual disbursements of Sustainability-Linked Loans for the CIB portfolio |

# 4.1 Our commitment towards climate action

Aiming to continuously enhance its Financed Impact Strategy and within the scope of its Net-Zero commitment, the Bank included additional targets that will enable it to deliver its “Portfolio alignment” and “Net Zero” strategic pillars:

- Align loan portfolio and investments with a net zero carbon footprint by 2050 by developing a robust action plan and roadmap, including intermediate targets to net zero and commitment.
- Actively support clients’ climate transition journey with an ambition to further increase sustainable financing going forward.
- Implement the ESG Risk Assessment supported by the roll out of the Hellenic Bank Association initiative (Interbank ESG Questionnaire), ensuring a harmonized assessment approach for Bank’s clients.
- Further integrate climate risk regulatory requirements into its business strategy and risk management framework, leveraging on key initiatives:
  - → Governance, policies, and control framework,
  - → Climate risk modelling and data management and
  - → Commercial strategies/ sector policies.
- Continue to contribute to the residential green lending sector through the state subsidized programs (e.g. Exoikonomo).

**The targets and commitments of the operational impact strategy for the Environmental aspect are the following[1]:**

| Environmental impact | | | |
|---|---|---|---|
| 1. Achieve Net Zero operational impact by 2033 | 2. Accelerate transition towards a paperless banking network by 2028 | 3. Extend circular economy practices by 2025 | 4. Accelerate preservation of natural resources – water by 2026 |
| • Maintain an Operational Net Zero Action Plan (SBTi-aligned)<br>• Implement energy self-production activities<br>• Increase electromobility for company vehicles<br>• Attain emissions savings due to data centre modernisation<br>• Attain 100% of electricity consumed from RES<br>• Perform energy upgrade of buildings<br>• Achieve green building certifications<br>• Design long-term Energy Plan | • Reduce paper printed | • Enable Zero Waste Practices across the Bank<br>• Launch initiatives for hazardous waste recycling for the public<br>• Achieve waste segregation at source at all major office buildings<br>• Increase recycling of plastic, metals and e-waste | • Reduce total water consumption |

1. For the full Operational Impact Strategy, please refer to the 2023 Business and Sustainability Report.

# Strategy

## 4.2 Our key enablers

### Guiding frameworks

Committed to being transparent about its approach and to ensure that decision-making is in line with leading practices, Eurobank has developed the following three guiding frameworks, defining the approach and criteria for classifying its financing and investing activities as sustainable.

### Sustainable Finance Framework (SFF)

Through its Sustainable Finance Framework (SFF), the Group is able to classify sustainable lending solutions offered to its clients, specifying the applied classification approach and the activities defined as eligible to access sustainable financing (eligible green and social assets). The SFF scope encompasses a wide range of sustainable lending products covering both wholesale and retail banking portfolios. The purpose of establishing the SFF is to provide a clear and comprehensive methodology for classifying, monitoring, and reporting sustainable financing. Eurobank has drawn on internationally recognized industry guidelines and principles for the development of the SFF and is fully committed to being transparent about its Sustainability approach. Specifically, the SFF has been developed based on the following standards and principles:

| | |
|---|---|
| The Green Bond Principles | Green Bond Principles (2021), published by the ICMA |
| Green Loan Principles | Green Association Loan Principles (2021), published by the Loan Market (LMA) |
| The Social Bond Principles | Social Bond Principles (2020), published by the ICMA |
| The Sustainability-Linked Bond Principles | Sustainability-Linked Bond Principles (2020), published by the ICMA |
| | Sustainability-Linked Loan Principles (2021), published by the LMA |
| | The EU Taxonomy Regulation |

## 4.2 Our key enablers

### The SFF defines two levels of alignment:

- SFF alignment - Fulfilment of criteria dictated by best market practice.
- EU Taxonomy alignment - Fulfilment of criteria associated with each of the EU Taxonomy assessment steps (substantial contribution, DNSH, minimum social safeguards).

### In its SFF Sustainable Finance Framework, Eurobank defines four classification approaches:

- **Dedicated-purpose – Green/ Social loans**

  Project-specific loans or financing instruments whose use of proceeds is 100% directed towards eligible green / social activities.

  The SFF defines the eligible activities (for the wholesale and retail portfolios) along with the applicable eligibility and exclusionary criteria that need to be fulfilled. The eligible activities **include the following:**

| | | | |
|---|---|---|---|
| **Energy Efficiency** | Energy efficiency is a crucial enabler of the green transition. It offers immediate and tangible benefits by reducing emissions, promoting renewable energy integration, fostering economic growth, and enhancing energy security.<br><br>Improving energy efficiency poses one of the most significant hurdles for the implementation of public policies in the coming decade. Through the National Energy and Climate Plan (NECP), Greece has set ambitious energy efficiency targets until 2030 through a set of policies and measures promoting energy efficiency across all sectors.<br><br>Consequently, the energy efficiency activity aims to finance the upgrade of energy transmission and distribution systems and promote innovative energy saving and storage technologies. | **Eligible activities** | • New transmission and distribution systems and upgrades<br>• Smart energy systems (including smart grids and ICT systems) and related storage<br>• Cogeneration of heat/cool and power and district heating/ cooling<br>• Energy storage facilities |

Tables continue on next pages

## 4.2 Our key enablers

| | | | |
|---|---|---|---|
| **Renewable Energy** | Renewable energy plays a pivotal role in mitigating climate change, reducing dependency to fossils fuels and enabling the green energy transition.<br><br>The EU and Greece have set ambitious targets for the increase of RES share in the total energy mix. Increase of RES is a central element to the country's lignite phase out and the National Energy and Climate Plan (NECP) sets measures for accelerating the RES licensing process and integration to the energy grid.<br><br>Through the renewable energy activity, the Bank aims to finance generation of electricity through all RES technologies as well as the manufacturing of associated technologies and equipment and the expansion / upgrade of renewable energy transmission systems. | **Eligible activities** | • RES technologies for electricity generation<br>• RES technologies for equipment manufacturing<br>• Renewable energy transmission systems |
| **Green Buildings** | Given that buildings currently account for more than 40% of energy consumption and 36% of GHG emissions in the EU, there is a need to promote the improvement of the energy efficiency of buildings through renovation and modernization. To make buildings more climate-friendly, new structures need to be energy efficient, but also those already standing need to be renovated as most of them will still be in place for decades to come.<br><br>To this end, the European Commission has developed a renovation wave to improve the energy performance of buildings across the EU, while the National Climate Law and the National Energy and Climate Plan (NECP) have specific provisions for the reduction of building-related emissions and the energy upgrade of the national building stock.<br><br>Through the green buildings activity, the Bank aims to finance the construction of new green buildings and the renovation and energy upgrade of existing buildings. | **Eligible activities** | • Construction of new public, commercial, industrial, and residential buildings<br>• Renovation of existing public, commercial, industrial, and residential buildings<br>• Building energy efficiency improvement, renewable energy promotion, and water consumption reduction |

## 4.2 Our key enablers

| | | | |
|---|---|---|---|
| **Clean Transportation** | Clean transportation is an essential pillar of the green transition, playing a pivotal role in reducing GHG emissions and the mitigation of the environmental impacts caused by the transportation systems.<br><br>Greece, through the National Energy and Climate Plan (NECP) has set targets for the penetration of means of transport using alternative fuels and electricity, the full electrification of the rail infrastructure, as well as the share increase of fixed-route transport, aiming to completely change the technological structure and fuel mix of the transport sector by the end of the next decade.<br><br>Through the clean transportation activity the Bank aims to finance the electrification of the national vehicle fleet as well as the development of the supporting infrastructure. | **Eligible activities** | • Electric, hydrogen and hybrid vehicles<br>• Electric, hydrogen and hybrid vehicles (public or public transport systems)<br>• Electric transportation infrastructure |
| **Pollution prevention & Circular Economy** | More than 2.2 billion tonnes of waste are produced in the European Union every year and there is currently an update of the legislation on waste management to promote reduce waste and promote a shift to circular economy.<br><br>Transitioning to a circular economy is crucial for slowing down the use of natural resources, reducing landscape and habitat disruption and help to limit biodiversity loss. Another benefit from the circular economy is a reduction in total annual greenhouse gas emissions, since industrial processes and product use are responsible for 9 of GHG emissions in the EU, while waste management accounts for 3%.<br><br>Through the Pollution prevention & circular economy activity, the Bank aims to finance waste treatment and reuse facilities as well as circular products and technologies. | **Eligible activities** | • Waste treatment and facilities<br>• Circular products, technologies, and processes |

# 4.2 Our key enablers

- **General-purpose – Company business mix**

  Financing to companies that fulfil the eligibility green/ social criteria and derive their revenue from eligible activities. Specifically, companies are eligible under the business mix category when:

  1. They derive a minimum predefined percentage of their total revenue from eligible activities.
  2. None of their activities are among the excluded ones (as described in Eurobank's Environmental and Social Policy).

- **General-purpose – Sustainability-linked loans/facilities**

  The second type of general-purpose lending adopted relates to Sustainability Linked Loans (SLL). The purpose of SLLs is to enable and accelerate the transition of clients' businesses to more sustainable activities. Through SLLs, Eurobank provides ESG related incentives to its clients, by offering products (loans, bond loans, etc.) with terms linked to ambitious and predefined Sustainability Performance Targets (SPTs).

  The SPTs are specific targets, that aim to improve the ESG performance of the client. The client commits to achieve them during the loan repayment period and as such, the SPTs are also included in the loan agreement (i.e. in the form of non-financial covenants). The accomplishment of the relevant targets is monitored using specific KPIs which are specialised according to the client's activity sector/ industry.

  SLLs are linked to specific incentives provided by Eurobank, including, but not limited, to reduced interest rate or longer repayment period.

  The SFF, outlines the methodology for defining SPTs and proposes overarching as well as industry-specific targets.

- **Recovery and Resilience Facility-based approach**

  Activities approved through the Greek Recovery and Resilience Facility, contributing to the green pillar.

## Green Bond Framework

The Bank's Green Bond Framework assists the Bank in meeting its environmental/sustainability commitments and finance projects that will deliver environmental benefits to the economy and support its business strategy and vision.

The Green Bond Framework is developed in accordance with global best practices and standards and considers EU Taxonomy eligibility criteria to classify potential investments as green. The Framework defines the eligible assets and associated criteria, the use of proceeds, the process for project evaluation and selection, the management of proceeds as well as the relevant reporting obligations.

The eligible green projects contribute to the UN SDGs, the EU environmental objectives and the eligibility criteria align, on a best effort basis, with the Technical Screening Criteria of the EU Taxonomy Climate Delegated Act. In addition, EU Taxonomy DNSH principles and minimum social safeguards are considered for specific projects where relevant information can be provided by the clients.

## Sustainable Investment Framework

The Bank has developed its Sustainable Investment Framework (SIF) for the assessment and classification of investments as sustainable based on criteria observed in international market practices, frameworks and guidelines.

Eurobank's SIF describes the Bank's potential sustainable investment approaches/ strategies, the process for the selection of eligible investments, as well as the monitoring frequency regarding the sustainable portfolio (part of the Bank's investment portfolio). It is noted that the sustainability assessment based on the criteria of the SIF, irrespective of the eligibility outcome, does not prevent the Bank from including non-eligible sustainable investments in its investment portfolio. **The classification approaches used by the Bank in the context of its SIF:**

- Value-based and Risk Appetite exclusions: Exclusion of companies, sectors, or countries whose behaviors do not align with basic societal values and the Bank's Risk Appetite.
- Norm-based exclusions: Exclusion of issuers who do not comply with basic standards of business and international norms.
- Avoid harm: A combination of value-based and norm-based exclusions, with additional activities with negative impacts excluded.
- Sustainable bonds: Selection of bonds that follow sustainable, green or social standards (i.e. selection of bonds that have been labelled as Green, Social or Sustainable and Sustainability-linked labeled (SLB) bonds).
- Best-in-class: Selection of bonds from issuers making the most effort to adhere to ESG practices among their peers.
- Thematic investments: Selection of bonds from issuers whose business activity focuses on selected ESG thematic areas.

# 4.3 Our sectoral approach

Following the guidelines of the NZBA, the Group is in the process of developing targets for reducing financed emissions from the most carbon-intensive and influential sectors in its portfolio, underscoring its commitment to a transition aligned with the ambition of limiting global warming to 1.5oC by 2050. The sector-specific approach to target setting considers the unique challenges and opportunities of the climate transition and adheres to globally recognized standards such as those of the Partnership for Carbon Accounting Financials (PCAF) and science-based decarbonization pathways.

Based on this framework, the Group is in the process of developing the 1st wave of its sectoral targets on the following priority sectors:

- Power Generation
- Oil & Gas
- Cement
- Iron and Steel

These sectors are crucial, as they represent a substantial portion of the Group's financed emissions. By concentrating our efforts on these areas, we aim to drive meaningful progress towards our overall sustainability objectives. Our commitment to setting and achieving these targets reflects our strategic vision and our proactive stance in facilitating a transition to a low-carbon, sustainable, and resilient economy.

Following the development of targets and transition plans on the 1st wave sectors, the group will continue this process for the remaining material sectors / components of its portfolio.

## Power Generation

Eurobank recognizes the fact that a fully decarbonised power generation sector is the essential foundation of a net zero energy system which will also play a key role to driving decarbonisation across all sectors, from transport and buildings to manufacturing. Electricity generation will need to reach net zero emissions globally by 2040 and be well on its way to supplying almost half of total energy consumption. This will require significant increases in the flexibility of electricity systems, investments in new services and technologies such as batteries and green hydrogen, while renewable energy technologies will remain the key to reducing sectoral emissions. A more electrified, renewables-based and efficient energy system brings clear environmental benefits, as well as important increase in affordability.

In response to the above and in order to achieve its sectoral emission reduction target, Eurobank plans to further mobilize its strategy in financing the upgrade of energy transmission and distribution systems and promote innovative energy saving and storage technologies, in line with the National Energy and Climate Plan (NECP) and its ambitious energy efficiency targets until 2030. Eurobank's commitment in supporting the increase of renewable energy share in the total energy mix has been evident, with substantial year-on-year increase in RES projects financing. We intend to intensify even further our financing towards RES projects, both conventional and emerging technologies, contributing to the further increase of RES share in the country's total energy mix and supporting the country's lignite phase out plan.

# 4.3 Our sectoral approach

## Oil & Gas

Eurobank recognizes the critical importance of the oil & gas sector in the global transition to a sustainable and low-carbon energy system. Given the sector's substantial contribution to greenhouse gas emissions, particularly through the combustion of fossil fuels, decarbonizing oil & gas operations throughout their entire value chain is essential for achieving global climate targets.

To achieve this target, Eurobank will implement a multifaceted strategy focusing on the sector's priority areas. We intend to mobilize financing towards cleaner technologies, such as carbon capture, utilization, and storage (CCUS), and support the shift to low-carbon energy sources like green hydrogen and biofuels. Additionally, we plan to invest in energy efficiency improvements, reduction of methane emissions through advanced detection and capture technologies and engage with clients and stakeholders to promote best practices and collaboration on sustainability initiatives across the oil and gas value chain. This approach ensures that our financing activities support the broader transition to a low-carbon economy.

## Iron and steel

The Iron and steel sector plays a key role in decarbonizing industry and poses a great challenge due to its energy intensive nature and reliance on natural gas. To achieve meaningful emission reductions, numerous technologies, including green hydrogen, need to be applied at scale. Additionally, there should be a focus on utilizing scrap steel, increasing energy efficiency, and electrifying the processes.

Leveraging national and European strategies such as the European Green Deal Industrial Plan and the National Energy and Climate Plan, Eurobank aims to implement a comprehensive strategy that includes prioritizing financing for projects incorporating innovative technologies and low-emission fuel consumption such as green hydrogen, as well as electric arc furnaces powered by renewable energy. We plan to promote sustainable practices, such as the adoption of material efficiency, strategies to reduce losses and optimization of steel use. Furthermore, we mean to engage with clients and stakeholders to foster collaboration on sustainability initiatives and encourage knowledge sharing of best practices and innovative solutions.

# 4.3 Our sectoral approach

## Cement

Concrete and cement are essential to economic development and reducing sectoral emissions while producing enough cement to meet demand poses a great challenge. Reduction of the clinker-to-cement ratio through the uptake of clinker substitutes, continuous energy efficiency improvements, adoption of low-carbon fuels, material efficiency improvements, and deployment of innovative technologies, such as Carbon Capture and Storage (CCS), will play a significant role in achieving this goal.

Eurobank plans to focus on financing investments that will reduce process emissions from clinker production, which accounts for most of the sector's emissions, and reducing its reliance on fossil fuels for its high-temperature production process by promoting the expansion of green hydrogen and other low carbon fuels. We intend to support our client's efforts towards optimizing their production processes to lower energy consumption while also financing the deployment of innovative technologies, such as Carbon Capture and Storage (CCS), which will play a significant role in achieving the decarbonisation of the sector. Furthermore, Eurobank aims to engage with clients and stakeholders to foster collaboration on sustainability initiatives, encouraging the adoption of best practices and innovative solutions.

Apart from the priority sectors that Eurobank is focusing on developing its 1st wave of sectoral targets, the Group has also devised sustainable financing approaches for other material sectors. These will guide its approach for developing targets and transition plans for the remaining material sectors of its portfolio:

## Agriculture forestry and fishing

The Eurobank's sustainable financing approach defines eligibility criteria and financing approaches that will generate positive climate impact through:

- Investments aiming to enhance agricultural productivity and minimize environmental impact using modern equipment.
- Extension of sustainable farming practices/ sustainable land use/ reduced water usage.

In addition, Eurobank has identified "marine aquaculture" as an activity with relevance and thus has pre-defined industry-specific Sustainability Performance Targets (SPTs) related to the reduction of Forage Fish Dependency Ratio (FFDR), increase of ingredient sourcing from certified sources on biodiversity and deforestation impacts, decrease of antibiotics use along with overarching SPTs related to emissions reduction and biodiversity protection.

# 4.3 Our sectoral approach

| | |
|---|---|
| **Manufacturing** | Through its Sustainable Finance Framework, Eurobank defines eligibility criteria and financing approaches that will generate positive climate impact through:<br>• Processes, infrastructure, and technologies that facilitate recycling and sustainable waste management practices.<br>• Promoting the substitution of raw materials through the reuse of recovered materials.<br>• Developing, repairing, and sharing activities that lead to reductions in material use.<br>Eurobank has been actively engaging in financing the sector's low carbon transition and plans to further support companies to meet their ambitious environmental targets. |
| **Water supply & waste management** | Through its Sustainable Finance Framework, the Bank defines eligibility criteria and financing approaches that will promote the following:<br>• Anaerobic digestion facilities for production of biogas and digestate from bio-waste.<br>• Dedicated bio-waste treatment plants. |
| **Transportation and storage** | The Bank aims to finance the green transition of the transportation sector through engaging with clients, leveraging on their green transition strategies and facilitating their climate ambitions. |
| **Automotives** | Through its Sustainable Finance Framework, the Bank aims to finance clean transportation and the infrastructure supporting:<br>• Acquisition of electric or other type of vehicles which have zero emission, or hybrid vehicles.<br>• Development and operation of sustainable public or mass transportation systems.<br>• Development and maintenance of infrastructure for electric vehicles, as well as infrastructure to support zero emissions public transport. |
| **Construction** | Through its Sustainable Finance Framework, the Bank aims to extend sustainable financing for buildings that meet green eligibility criteria:<br>• IBuildings certified under an international or national recognized green building certification schemes.<br>• Buildings with Net Primary Energy Demand (PED) at least 10% lower than the primary energy demand resulting from the relevant NZEB requirements. |
| **Real estate** | Through the "Green Buildings" category of the SSF, the Bank aims to finance the construction, acquisition and renovation of buildings that meet, or are close to, the requirements of Nearly zero-energy buildings and are certified under green building certification schemes. We also plan to finance activities for the improvement of existing buildings at a system level which will entail energy efficiency, integration of renewable energy and water efficiency. |

# Strategy

## 4.4 CR&E Risks Scenario Analysis

The Bank provides an in-depth analysis regarding climate change transition and physical risks within the context of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. As the global financial sector increasingly recognizes the importance of understanding and managing climate-related risks, scenario analysis has emerged as a valuable tool for assessing the potential impacts of climate change on financial institutions.

Forward-looking analysis is especially important, but also challenging. Efforts to mitigate and adapt to climate change are without historical precedent, and many aspects regarding the timing and magnitude of climate change in specific contexts are uncertain. For these reasons, the Bank considers that scenario analysis is an important tool to use in its strategic planning process.
This subsection emphasizes on the methodology, benefits, challenges and results associated with the performance of scenario analysis. The methodological approach adopted allows to measure impacts, based on different scenarios and time horizons (2030, 2040 and 2050).

The scenario analysis is a well-established method which provide a way for the Bank to envision potential futures under certain climate-related and environmental trends and conditions. The multiple scenarios utilised enable the Bank to explore and understand how different combinations of climate-related risks, both transition & physical risks, might impact its businesses, strategies and financial performance over the short, medium and long term.

Based on the above, the Bank uses the scenario analysis for developing its strategic plan, business model and adjusting its risk management framework, as it assesses business implications. This integration is crucial for identifying potential opportunities and risks posed by climate-related & environmental factors, particularly for the sectors that are considered as high transition and physical risk sensitive. More specifically, based on the scenario analysis' results, the Bank assessed the potential range of plausible business, strategic and financial impacts from climate change and the relevant management actions that may be considered during the strategic and financial plans. In this context, the Bank informed its strategic planning by considering how different climate scenarios might affect its business model and leverage on sustainable strategies to mitigate risks and capitalize on opportunities. In addition, the Bank developed new sustainable services and products supporting the transition to a sustainable and low-carbon economy. On the other hand, by evaluating the risks associated with the climate-related physical & transitions risks, the Bank enhanced its overall risk management framework including specific climate-related risk appetite and limits to better address these emerging challenges.

Scenario analysis is an ongoing process that plays a vital role in understanding and managing climate-related risks and opportunities. By analysing the evolving developments of climate change and its impacts, the Bank will continue refining its scenario analysis approach. The scenario analysis process considers current economic national & global developments and market practices in order to provide relevant and reliable insights. As a result, the Bank can better align its strategies and risk management practices with emerging trends and stakeholder expectations. This process not only enhances the Bank's resilience to climate-related challenges, but also positions it to capitalize on opportunities within a transitioning economy.

The results of the scenario analysis, which provide a comparison of economic and financial evolutions by sectors and geographies over a range of scenarios and time horizons, indicate that Bank's strategy remains resilient and adaptive.

The Network for Greening the Financial System (NGFS) scenarios that the Bank has adopted, provides a common starting point for analysing climate risks to the economy and financial system. The set of scenarios that are utilized by the Bank, include four representative scenarios that cover different dimensions. More specifically, the scenarios are:

1. **Orderly: Net zero 2050;**
2. **Disorderly: Delayed transition;**
3. **Hot house world: Current Policies;**
4. **Too-little-too-late: Fragmented world.**

The Bank assesses the physical impacts on its strategy utilizing two scenarios:

1. **RCP2.6**
2. **RCP8.5**

# 4.4 CR&E Risks Scenario Analysis

## Overview of scenarios assessed

| NGFS scenarios [1] | Representative Concentration Pathways (RCPs) climate scenarios |
|---|---|
| **1. Orderly: Net Zero 2050,** where climate policies involve early, ambitious action and the impacts are low for both physical and transition Risks | **1. RCP2.6,** that incorporates strong climate policies and limit the increase in average global temperature to below 2°C. |
| **2. Disorderly: Delayed Transition**, in which climate policies are not introduced until 2030 and the outcome has a higher impact on transition risk. | |
| **3. Hot house word: Current Policies**, with limited climate policies and severe physical risks and irreversible changes, including higher sea level | **2. RCP8.5** implying strong climate changes and the necessity of strong adaptation to the new conditions. |
| **4. Too-little-too-late: Fragmented World**, in which delayed and divergent climate policy ambition globally, leads to elevated transition risks due to the overall ineffectiveness of the transition. | |

1. https://www.ngfs.net/ngfs-scenarios-portal/

# 4.4 CR&E Risks Scenario Analysis

## Transition Risk Impact

The Bank employs a large-scale applied Computable General Equilibrium "CGE" model in order to quantify the macroeconomic impacts of the different NGFS scenarios. The model is dynamic, global and specific for Greece. The model represents 46 countries and 60 economic activities linking simultaneously all countries and economic sectors through bilateral trade flows. It represents in detail the economic transactions of all economic agents (firms, households, government and the external sector) and features a bottom up representation of the energy system and all sources of GHG emissions. By explicitly modelling all sources of GHG emissions, their associated abatement options[1] and their costs it is possible to estimate the impact that the adoption of these technologies by firms and households will have on production costs, competitiveness, disposable income and consumption. In particular the model calculates / simulates in each scenario the optimum mix of technologies and measures that have to be adopted so as to deliver the desired (as defined by the NGFS scenarios) GHG emission reduction pathways. The mix of technology and measures is different by country depending on its abatement potential, its capacity to provide the necessary materials and services for the transition, financial adequacy to support clean energy investments, labour skill availability and existing status of energy assets[2]. The model captures how the adoption and transition to a low carbon energy system affects firms' productions costs (explicit representation of energy prices and technologies in firms production decision), households consumption and savings decisions. In this way the model calculates how changes in firms competitiveness and aggregate demand impacts the Greek economy.

To this end the CGE model provides a robust framework to capture the complex energy-economy-climate interactions. The model, by capturing in full detail the energy-environment systems and their interaction with the economy, is able to account for all transitional impacts.

**The model can assess:**

1. Direct (cost on carbon intensive economic activities, the emergence of clean technology etc.),
2. Indirect (value chain effects) and
3. Induced (economy feedback, price and income effects).

**Our analysis provides detailed insights on:**

- What is the impact of carbon pricing on the use of energy technologies
- How the adoption of new energy technologies affects production costs.
- How changes in production costs due to climate and energy policies affect competitiveness, sectoral production and disposable income.
- Attribute economic benefits to the sectors contributing to the decarbonisation process and account for the losses in sectors that are directly or indirectly linked to fossils and conventional technologies.
- Which is the level of carbon prices to achieve different GHG emission reduction pathways.

The Bank explored 4 different scenarios (depicted in the previous page) as part of its strategic planning and risk management with time horizons up to 2050. Key features of the climate-related scenarios (i.e. NGFS) are presented below.

1. These are technologies that can be used to reduce emissions such as PV, Wind Turbines, Hydrogen, Electric cars, Electric Arc in Steel Production etc.

2. Early adoption of ambitious GHG targets leads to retirement of existing non amortized assets – increasing the value of stranded assets and hence the overall cost of adjustment.

# 4.4 CR&E Risks Scenario Analysis

## Summary of transition risk scenarios

| | Orderly: Net zero 2050 | Disorderly: Delayed transition | Hot house world: Current Policies | Too-little-too-late: Fragmented world |
|---|---|---|---|---|
| **Ambition** | High ambition for EU and non-EU to reduce GHG emissions | No action until 2030. High ambition after 2030 for EU and non-EU to reduce GHG emissions. | Low ambition for EU and non-EU to reduce GHG emissions | No action until 2030 and moderate ambition after 2030 (slightly above of Hot House World). |
| **International Energy prices** | **Oil:** Significant reduction as compared to Hot House World.<br><br>**Gas:** High increase in short and medium term and accelerated reduction after 2040. | **Oil:** Similar to Hot House World until 2030 and moderate reduction as compared to Hot House World after 2030.<br><br>**Gas:** Similar to Hot House World until 2030. High increase in 2035 and accelerated reduction after 2035. | Energy prices increase steadily | **Oil:** Similar to Hot House World until 2030 and slightly below Hot House World after 2030.<br><br>**Gas:** Similar to Hot House World. |
| **Cost of clean energy technologies** | Clean energy technologies through R&D and economies of scale will have significant cost reductions | Clean energy technologies will have moderate cost reductions in short term and significant cost reductions in long-term | Clean energy technologies will have moderate cost reductions | Clean energy technologies will have moderate cost reductions |

## 4.4 CR&E Risks Scenario Analysis

| | Orderly: Net zero 2050 | Disorderly: Delayed transition | Hot house world: Current Policies | Too-little-too-late: Fragmented world |
|---|---|---|---|---|
| **Growth Path** | Balanced growth path driven by concerted action, lower than Hot House World | Balanced growth path driven. Similar to Hot House World until 2030 and significantly lower afterwards. | Balanced growth path | Balanced growth path lower than Hot House World |
| **Investment requirements** | Significant both in short-term and long-term driven by decarbonisation and massive deployment of clean energy technologies | Significant in long-term | Follows GDP trajectory by country | Slightly higher as compared with Hot House World |
| **Market size of clean energy technologies** | Countries with established competitive advantage will benefit from exports as the market size of clean energy technologies increases (rate of increase moderated by the cost reductions). | After 2030 countries with established competitive advantage will benefit from exports as the market size of clean energy technologies increases (rate of increase moderated by the cost reductions). | Not significant competitive advantage possibilities as the market size of clean energy technologies increase with a slow pace. | Limited deployment and fragmented markets do not drive cost reductions to their full potential decelerating the adoption rate and hence growth of the market. |
| **GHG intensive Industries** | Significant increases in carbon price leading to increases in production costs of carbon intensive industries. EU industries better positioned due to ambitious 2030 targets. Impact on competitiveness worldwide driven by changes in relative production costs. | Lower increases in production costs than the net zero 2050 scenario but also lower mitigation of climate change. | Limited impact on production costs. Industrial competitiveness marginally affected. | Moderate increase in production costs. Moderate impact on relative prices and competitiveness. |

# 4.4 CR&E Risks Scenario Analysis

The different NGFS scenarios imply a smooth or fast change of the following channels:

**Energy efficiency:**

- Expenditures for energy efficient equipment
- Expenditures on building renovation
- High upfront cost with long-term benefits from energy efficiency (reducing energy bills)
- Financing scheme of these expenditures affect the transition cost over time

**RES:**

- Domestic content of the manufacture of Clean Technologies (EV, Batteries, Wind, PV)
- Investment for RES technologies (installation of PV, Wind, etc.)
- Financing scheme of these investments affect the transition cost over time

**Energy mix & production cost:**

- Energy policies (i.e., carbon price) affect the energy mix by increasing the price of energy (fossil fuels and electricity) in-short term but with possible benefits in the long term through electrification and the energy efficiency (lower energy cost)
- Capital and energy cost in the short-term increase the unit cost of production and deteriorate competitiveness as opposed with long-term that lower energy cost and adoption of more efficient technologies implies competitiveness improvement
- The change in the energy mix decreases the energy dependency with a positive impact on balance of trade

The impact on GDP and sectoral economic activity is driven by changes in production costs, in households' disposable income, in competitiveness and current account.

In the **high ambition scenarios** EU (and Greece - as an ETS (Emissions Trading Scheme) price taker) has a higher than key competitors carbon price as low-cost abatement options have been already taken up (EU being the front-runner in GHG emission reductions) and further decarbonizing the energy system comes at higher marginal cost.

- In both high ambition scenarios EU has a small but negative impact on its GDP which impacts Greece through the trade channel: lower demand for Greek exports – EU countries being the main trading partner of Greece.
- Greek energy and carbon intensive firms (steel, cement) also face high production costs. The ultimate impact on firms that fall under the cement and steel industries greatly depend on their ability to pass through cost reductions, existing RES PPAs (Power Purchase Agreement) and the application of Carbon Border Adjustment Mechanism "CBAM" measures moderate the impact on firms competitiveness.
- The high ambition scenarios entail significant deployment of clean energy technologies which reduces their capital costs through economies of scale, learning by doing and research. Lower costs significantly benefit the Greek economy that is depended on imports (PV, WindTurbines, Electrolysers, Electric Cars) to decarbonize its energy system.
- Households in the high ambition scenarios and in the short run face higher energy costs that have a negative impact on their disposable income which bring benefits in the long term (despite the intense adoption of energy saving measures) as more expensive technologies are used and electricity price increases due to carbon pricing. It should be noted that the positive effects of energy saving expenditures come in the long term.
- Decarbonising the Greek energy system entails a transition from a high OPEX low CAPEX expenditure profile to a high CAPEX low OPEX profile. Despite the long term benefits that energy saving and energy efficient technologies are bringing the short term impact on capital requirements is sufficient to reduce available funds for consumption and investment. In other words high upfront payments require available capital either through self financing (out of pocket) or loans. Economic agents that are not eligible for low cost financing are negatively affected.

In the **low ambition scenarios** EU (and Greece) carbon prices are low hence providing weak signals regarding the adoption of clean energy technologies and decarbonisation related investments.

- The low climate ambition scenarios do not lead to significant clean energy costs reductions (cost maturity is achieved late in the simulation – mostly driven by autonomous technical progress).
- Low investment and financing requirements do not put any pressure in the capital market and costs.

# 4.4 CR&E Risks Scenario Analysis

## Impact in terms of sectoral production, Orderly: Net Zero 2050 vs Hot House World Scenario

| Sector | 2030 | 2040 | 2050 |
|---|---|---|---|
| Agriculture | Moderate Negative | Moderate Negative | Moderate Negative |
| Manufacturing | Moderate Negative | Moderate Negative | Moderate Negative |
| Electricity Supply | Positive | Positive | Strong Positive |
| Water Supply | Same Level | Same Level | Same Level |
| Construction | Moderate Positive | Moderate Positive | Moderate Positive |
| Wholesale & Retail Trade | Same Level | Same Level | Same Level |
| Transporting and Storage | Negative | Negative | Strong Negative |
| Real estate activities | Same Level | Same Level | Same Level |
| Oil and Gas | Strong Negative | Strong Negative | Strong Negative |
| Renewable Energy Sources (RES) | Strong Positive | Strong Positive | Strong Positive |

# 4.4 CR&E Risks Scenario Analysis

**Overview of horizontal Impacts**

- Overall, the net impact on the economic activity (GDP) of Greece is found to be small but negative in the long term in all scenarios examined, compared with Hot House World Scenario. However, changes in the energy system in any scenario examined do not have any critical impact on the structural growth drivers of the economy hence a stable economic growth is projected in all scenarios examined.
- The low ambition scenarios do not have any significant impact on the short term.
- Positive impacts are brought into the economy mainly through energy efficiency improvements as these are characterized by high multipliers and domestic content. Energy efficiency improvements mainly addresses the construction sector (domestic capacity) that is characterized by a high output and employment multiplier. Energy efficiency improvements also reduce the dependency on imported fossil fuels and on electricity.
- In the high ambition scenarios the Greek economy is benefited from reducing its dependency on fossil imports as gradually its system is fully decarbonized. However increased penetration of RES further burdens the trade balance as most of the equipment is imported.
- The impact on household income is mixed: An increase in employment in high value-added sectors takes place in order to support the deployment of clean energy technologies. A decrease in employment in brown sectors leads to skills shortage and increasing unemployment in ages where upskilling – reskilling has low potentials – leading to long term unemployment. The impacts are highly contrasted among regions within Greece although the net impact is small.
- The key sectors benefiting in the high ambition scenarios are the power generation utilities. Significant positive effects on electricity production driven by the electrification of the energy system (despite the energy efficiency improvements the electrification of the economy is significant – in particular through the electrification of the transport sector the net demand for electricity increases significantly).
- Negative impacts are mainly driven by import requirements (assuming that the market share of Greece in clean energy technologies will not change considerably in the future - significant share of the equipment required to decarbonize the energy system is imported – PV, wind turbines, electric vehicles, batteries).

**Key outcomes from scenario analysis**

- Low ambition scenarios in the short-term have moderate impacts on GDP and sectoral production as carbon prices do not increase much production costs but also provide a weak signal for investments.
- **Too Little too late** and **Delayed** transition scenarios have marginal virtually zero impact on the short term.
- **Net zero 2050** is projected to have significant contrasted sectoral impacts both in the short and long term.
- Services are benefited to the extent that operate supplementary to the deployment of the clean energy technologies (design, implementation, financing etc.). Services are characterized by low dependency on energy and openness to trade hence higher energy costs leave the competitiveness of the sector virtually unaffected.
- The demand of clean technologies increases with positive impact in their production. Biofuels, batteries, PV, energy saving equipment/ materials and Wind are essential for the decarbonization of the system. Cost maturity achieved both in the **Net Zero 2050 and Delayed Transition Scenarios.**
- The higher carbon price in Emissions Trading Scheme - ETS (incl. the extended ETS, Transport & Services) **Net Zero and Delayed Transition** imply negative impact on GHG intensive industries - when not sufficient measures are taken to mitigate international competitiveness.

## Physical Risk Impact

Eurobank assesses the physical climate risks related to its clients' activities following an analytical and transparent methodological approach, considering both:

- Chronic effects: impact on companies' revenue or operating costs due to the long-term changes in weather patterns.
- Acute effects: damages to companies' assets or revenue losses attributed to extreme weather events.

To this end, the Bank utilises two Climate Scenarios for the analysis of physical impacts, namely:

# 4.4 CR&E Risks Scenario Analysis

1. RCP 2.6, which is a stringent mitigation scenario with the aim to keep global warming below 2°C, consistent with the goals of the Paris Agreement.
2. RCP 8.5, which is a scenario with weak and delayed action for reducing global GHG emissions. It is a "reference" or worst-case scenario where GHG emissions keep increasing throughout the whole century as it incorporates weak policies for tackling climate change. In other words, it is associated with hot house world scenarios, with average temperature increases exceeding 4°C.

Climate data and indices used in the analysis have been derived from Copernicus Climate Data Store and the Adaptive Greece Hub databases. Historical values have been calculated by using ERA5 reanalysis data, while future projections derived from climate model simulations with general circulation and regional climate model pairs under the EURO-CORDEX program. A total of 4 to 8 model-combinations (depending on the climate index and variable) at a horizontal resolution of 0.11 x 0.11 degrees (approximately 11.5 x 11.5 km) have been used. Multi-model mean values are used in order to minimize the range of uncertainty in climate model simulations while both historical data and future projections are bias-adjusted versus the ERA5 reanalysis data.

The methodological approach developed is applied at the appropriate level of spatial analysis (i.e., at NUTS 2 level for chronic effects and at Postal Code level for acute effects). It takes into account the different levels of vulnerability that the various economic activities have to these phenomena (the analysis is performed at NACE code 2- digits level) and is extended to the time horizon of 2050 (providing where possible also estimates for 2030 and 2040) for chronic effects and the period 2031-2060 for acute effects. At the end of this process, the climate risk attributed to the Bank's financing to companies belonging to an economic sector operating in a specific region is categorized on a 5-point RAG scale, rating them from Negligible to Very High.

More detailed information about the applied methodological framework is given below.

**Analysis of chronic effects**

The analysis of chronic climate change effects was carried out for 2030 (as a representative year of the period 2020-2040), 2040 (representative for the period 2030-2050), and 2050 (representative for the years 2040-2050) at the NUTS 2 level, covering the 13 regions in Greece for the two climate scenarios. In this context, the Bank utilizes a diverse set of indicators derived from European and internationally recognized databases to estimate climate impacts of chronic changes of climate patterns (e.g. mean temperature increase, precipitation changes etc.) on sectoral revenues. These indicators include measures of productivity and yield in primary sector, industrial labor productivity, tourism performance indicators and climate-driven changes in energy production and demand.

More specifically, we have utilized:

- The outcomes of research projects as regards the impact of climate change on the yield/revenue of the primary sector (i.e., agriculture, fishery, and forestry).
- The outcomes of research projects as regards the impact of climate change on the productivity of the mining, manufacturing, and construction sectors.
- The outcomes of research projects as regards the impact of climate change on the productivity of different power generation technologies (both renewables and fossil-fuelled) in Greece.
- The number of heating and cooling degree days attributed to various climatic scenarios in order to assess the changes in heating and cooling needs of the non-residential buildings, which usually affect the operating costs of the companies of the services sector.
- The changes on the Tourism Climate Index associated with the different climatic scenarios that affect tourism activity and associated companies.

The above-mentioned climate indicators are considered as the drivers of the potential chronic impacts of climate change on the companies of the respective economic sectors, affecting either their operating costs or their revenues. In the context of the present analysis, these effects either directly (due to the structure of the climate indicators used) or indirectly (through the input-output tables of the respective economies or other econometric models) were expressed as percentage changes in the turnover of the respective businesses. At the final stage of the process, specific thresholds were adopted as regards the estimated losses due to climate change, with a view the related risks to be characterized as negligible, low, medium, high or very high.

# 4.4 CR&E Risks Scenario Analysis

## Impact in terms of sectoral production, RCP 2.6

| Sector | 2030 | 2040 | 2050 |
|---|---|---|---|
| Agriculture | High | Very high | Very high |
| Construction | Negligible | Low | Low |
| Electricity Supply | Low | Low | Medium |
| Manufacturing | Low | Low | Low |
| Oil and Gas | Negligible | Negligible | Negligible |
| Real estate activities | Negligible | Negligible | Negligible |
| RES | Negligible | Negligible | Negligible |
| Transporting and Storage | Low | Low | Low |
| Water supply | Low | Low | Low |
| Wholesale and retail | Negligible | Negligible | Negligible |

# 4.4 CR&E Risks Scenario Analysis

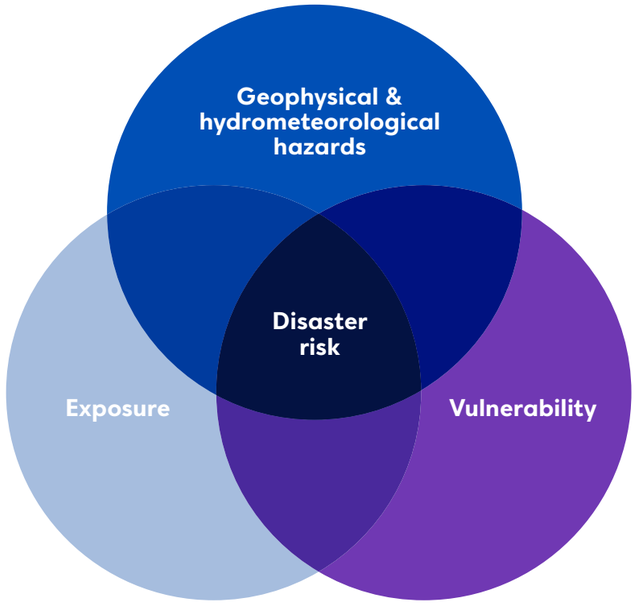
**Analysis of Acute effects**

During the analysis of acute effects, the Bank takes into consideration several extreme phenomena, such as:

- fluvial floods (high-water levels in river channels, causing dyke breach)
- pluvial floods (rainfall intensity exceeding infiltration capacity)
- extreme heat
- wildfires
- water scarcity
- landslides
- coastal floods

The quantitative analysis is performed at Local Administrative Unit (LAU) level in Greece, as well as per NACE code at 2-digit level. The effects are then integrated at Postal Code level, and they are expressed in quantitative categorical scales. The analysis is conducted uniformly for the entire period 2031-2060 and the two RCP Scenarios.

**Risk = *f*(Hazard, Exposure, Vulnerability)**




The overview of our approach is depicted in the Figure below (source: MacFarlane, 2021), and considers three main dimensions:

1. **Climate Hazards:** concern the severity of climate events that have the capacity to damage or destroy a particular geographical area and/or the assets that are located there. It is characterized by the frequency and intensity of acute climate events, such as floods, heatwaves, or wildfires, and is quantified on a scale from negligible to very high.
2. **Exposure:** is defined as the amount of natural or anthropogenic capital that is exposed to the hazard in a given space and time. For instance, a typical measure of exposure is the proportion of a region's area situated within a high-risk flood zone.
3. **Vulnerability:** is defined as the susceptibility or potential damageability of an area and/or asset to a specific hazard intensity. It measures the extent to which assets are likely to be negatively impacted by an event, based on their intrinsic characteristics or resilience.

In the next stage of the methodological framework developed, the climate risk attributed to each extreme phenomenon under consideration, is calculated by geographical area and economic activity as the product of the three indicators formulated to evaluate the abovementioned dimensions. The extreme event with the highest score is considered to be the one shaping the climate risk for that activity in that area. Consequently

$$ACR_{s,r} = \max (H_{i,r} \times E_{i,r} \times V_{i,s})$$

Where ACR the acute climate risk attributed to a company operating in industry s and region r, H the severity of the hazard faced by area r due to phenomenon i, E the degree of exposure of the area r to the extreme effect i, and V the vulnerability of the economic sector s to the extreme event i.

Ultimately, adopting appropriate thresholds, this climate risk attributed to acute effects is characterized, similarly to chronic effects, as negligible, low, medium, high, or very high.

# 4.4 CR&E Risks Scenario Analysis

## Acute Risk Assessment, RCP 2.6

| Sector | Assessment |
|---|---|
| Agriculture | Negligible |
| Construction | Negligible |
| Electricity Supply | Low |
| Manufacturing | Negligible |
| Oil and Gas | Negligible |
| Real estate activities | Negligible |
| RES | Negligible |
| Transporting and Storage | Negligible |
| Water supply | Low |
| Wholesale and retail | Negligible |

# Risk Management

# Risk Management

Eurobank has incorporated Sustainability and CR&E risks aspects across all pillars of its Risk Management Framework, while it identifies, assesses, manages and mitigates relevant risks, with a view to ensuring alignment with its Business Strategy.

The Group Risk Management Framework defines the roles and responsibilities of the Group Risk Management (GRM), which is independent from the Business Units as a 2nd Line of Defense, having full responsibility for the establishment of the Group's Risk Strategy and Risk Appetite Framework, as well as for monitoring all risks assessed as material through the Risk Identification & Materiality Assessment (RIMA) process, including sustainability risks undertaken by the Group. In accordance with relevant supervisory expectations and the Group's enhanced Sustainability Governance operating model for the incorporation of sustainability risks across the three lines of defense (described in the Sustainability Governance section), new roles and responsibilities regarding sustainability risk management have been embedded into the Group Risk Management Framework. In addition, Eurobank has developed its sustainability Risks Management Policy which aims at fostering a holistic understanding of the effects of sustainability risks on its business model, as well as support decision making regarding these matters and providing a robust governance under its Risk Management Framework.

## 5.1 Risk Identification & Materiality Assessment

The Risk Identification & Materiality Assessment (RIMA) process sets the appropriate mechanisms to identify, measure and monitor risks at an early stage, as well as to manage their potential impact on the achievement of the Group's objectives. In this context, RIMA is an essential part of the overall risk appetite process, enabling the Group to build its risk inventory, identify the risks that the Group is or might be exposed to, assess their relevance and materiality and define appropriate risk appetite metrics for the monitoring of the material risks. Eurobank has established respective definitions of climate-related risks and has performed materiality assessment exercises regarding the impacts arising from these risks, the results of which are included in the Group's RIMA Report, Risk Library and Risk Inventory.

### Climate-Related and Environmental Risk Drivers & Transmission Channels

The Group identifies and assesses CR&E risks within the context of the Risk Identification and Materiality Assessment (RIMA) process, which is performed at least on an annual basis, or ad-hoc, if applicable. Through the RIMA process, the Group identifies material risks that could potentially have a significant adverse impact on its financials, capital base, liquidity position or business model. In this context, the Group takes into consideration several different sources to identify new risks, such as the SSM's Supervisory Priorities, the European Union & national legislation changes, developments in the regulatory landscape in general, along with EBA or BCBS reports.

The Group has identified as Climate-Related and Environmental risks as the risks deriving from potential loss or negative impact to the Group, including loss/damage to physical assets, disruption of business or system failures, transition expenditures and reputational effects from the adverse consequences of climate change and environmental degradation.

## 5.1 Risk Identification & Materiality Assessment

As CR&E risks interact with other risks and result in direct distributional impacts and indirect macroeconomic impacts, the Group understands that careful consideration of the cross-cutting nature thereof is necessary in order to ensure the optimal implementation of adaptation activities. Thus, the Group considers CR&E risks as drivers of existing risk types, undertaking a holistic and systemic approach when examining the complex links between CR&E risks and both financial and non-financial risks. Eurobank has integrated CR&E risks elements into its existing risk management processes, creating additional procedures, policies and tools so that these risks can be properly identified and measured.

To this end, the Group has identified the risk drivers related to climate change and environmental degradation, that are most relevant for the business environment in which it operates.

From an internal perspective, the Group has placed great emphasis on building capacity among its employees and increasing overall awareness on sustainability matters. To this end, a dedicated Unit (Group Sustainability Risk) has been established with the overall responsibility for overseeing, monitoring, and managing sustainability risks, in line with the provisions of the Sustainability Risk Management Policy. The Group has defined sustainability risks as potential losses arising from any negative financial impact for the Group, stemming from the current or prospective impacts of any climate-related & environmental, social or governance event(s) on Group's counterparties or invested assets. In parallel, the Group considers various external sources of information, including, inter alia, the cooperation with external advisors and the consultation of public sources (e.g. ThinkHazard!, ENCORE, World Resources Institute etc.) to determine the key risk drivers that could potentially have a significant adverse impact on its operations.

**In this context, the Group has identified the following list of CR&E risk drivers:**

| Climate-Related Risk | | Environmental Risk |
|---|---|---|
| **Transition Risk** | **Physical Risk** | |
| Behavioural Changes | Acute Hazards (floods, wildfires) | Water Scarcity |
| Policy & Regulatory Changes | Chronic Hazards (droughts, heat waves) | Biodiversity Loss |
| Technological Changes | | |

# 5.1 Risk Identification & Materiality Assessment

## Climate-Related and Environmental Transition risk

Transition risk refers to a financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy. This transition may entail extensive behavioral, policy and regulatory, as well as technological changes, to address mitigation and adaptation requirements relating to impacts deriving from climate change and environmental risks. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations.

- **Behavioural Changes**

  Behavioral changes of consumers, suppliers, employees and investors could trigger shifts in supply and demand for certain commodities, products, services and capital as CR&E risks and opportunities are increasingly taken into account. Changing customer or community perceptions of an organization's commitment to or detraction from the transition to a lower-carbon economy and developments aimed at halting or reversing damage to nature, can all result in decreased revenue and/or changes in the revenue mix, while they are also a potential source of reputational risk for many entities.

- **Policy & Regulatory Changes**

  The objectives of policy actions and regulatory requirements generally fall into two categories:

  1. Policy actions that aim to constrain actions that contribute to the adverse effects of climate change (e.g., implementing carbon-pricing mechanisms to reduce greenhouse gas (GHG) emissions, energy use toward lower emission sources) and environmental degradation (e.g. restrictions on water consumption levels, ban of certain environmentally damaging materials/ chemicals).
  2. Policy actions that seek to promote adaptation to climate change (e.g., adopting energy-efficiency solutions, encouraging greater water efficiency measures, and promoting more sustainable land-use practices) and environmental degradation (e.g. more efficient water management practices).

  The risk associated with and the financial impact of policy changes depend on the nature and timing of implementation of the policy change.

- **Technological Changes**

  Technological improvements or innovations that support the transition to a lower-carbon, energy efficient economic system as well as the substitution of products or services with a lower/ improved impact on nature or reduced dependency on nature can have a significant impact on organizations, as different industries may encounter difficulties in adapting to technology advancements toward greener practices.

  For example, the development and use of emerging technologies such as renewable energy, battery storage, energy efficiency, and carbon capture and storage will affect certain organizations, their production and distribution costs, and ultimately the demand for their products and services from end users.

  The timing of technology development and deployment is also a key uncertainty in assessing technology risk.

## Climate-Related and Environmental Physical risk

Physical risk refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as the impact of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation.

Water Scarcity →

# 5.1 Risk Identification & Materiality Assessment

- **Acute Hazards**

  Physical risk is categorized as “acute” when it arises from particular sudden, extreme weather-related events such as storms, floods, droughts, fires or heatwaves that may cause significant damage to property and disrupt value chains.

- **Chronic Hazards**

  Physical risk is categorized as “chronic” when it arises from long-term, gradual changes in climate patterns that have ongoing, cumulative effects such as increasing temperatures, sea level rise, water stress or biodiversity loss. For example, this can result in reduced productivity or lead to subsequent events, such as the disruption of supply chains.

## Environmental risk

- **Water Scarcity**

  Water scarcity is a seasonal, annual or multi-annual condition of water stress. It occurs when water demand consistently exceeds the sustainable supply capacity of the natural system, such as river basins or aquifers. Water scarcity can be driven by drought, desertification and over-extraction of groundwater. Climate change is exacerbating water scarcity by altering rainfall patterns and increasing evaporation rates, further stressing already fragile water systems.

- **Biodiversity Loss**

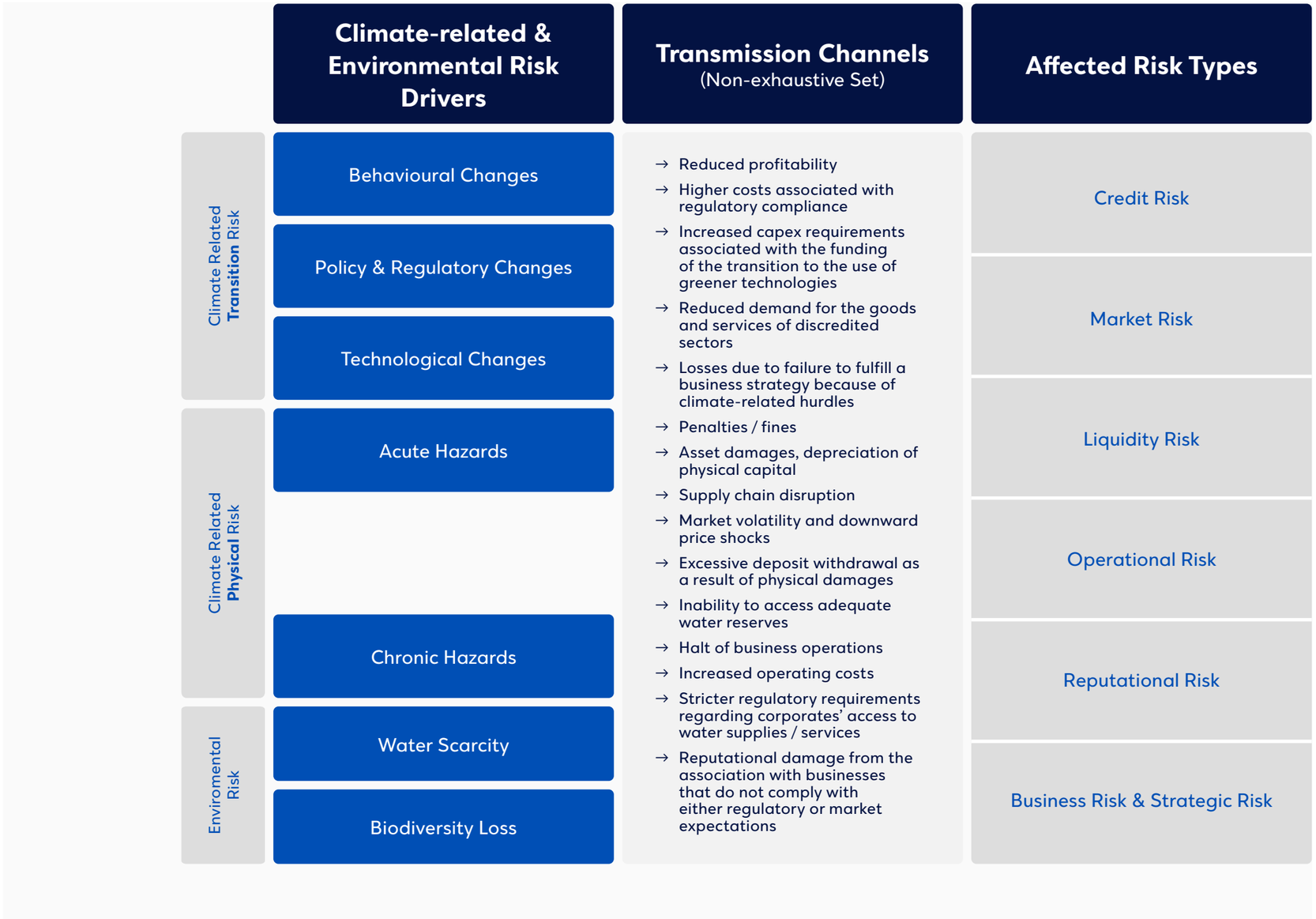
  Biodiversity loss is an average loss in biological diversity over time and/or space that leads to a decline in the ability of the natural world to generate flows of ecosystem services, with negative economic impacts on individuals, households, organisations and countries.

  Biodiversity loss is characterized by two primary dimensions: dependence and impact. In the context of its materiality assessment, the Bank assessed the dependence dimension, as it facilitates the understanding of the vulnerability of the loan portfolio to biodiversity loss. Dependence on biodiversity and ecosystem services can directly affect the financial performance of borrowers.

Table on next page

# 5.1 Risk Identification & Materiality Assessment

Climate change and environmental risks materialise for Eurobank through various channels, including Eurobank's business activities and overall infrastructure (including properties, business premises and facilities). The following figure high-level captures the key transmission channels through which CR&E risk drivers could negatively impact Eurobank's existing risk categories.



# 5.1 Risk Identification & Materiality Assessment

## Sectoral Analysis

To inform the materiality assessment process, the Group performed a heatmapping exercise to determine how CR&E risks affect certain sectors that the Group is exposed to, and subsequently to interpret the impact on the overall Bank's risk profile and operations in terms of financial losses, business disruptions, legal claims and/or reputational damages. Traditional economic variables such as demand, prices, and productivity may be impacted by CR&E risks. With this exercise, the Group sought to take into account the unique characteristics of each sector, while also leveraging on the pertinent analysis for the transmission channels through which CR&E risks may manifest for the Group. For the sectoral analysis, the Group integrated both qualitative and quantitative aspects. Under climate-related transition risk and environmental risk, all identified CR&E risk drivers were assessed, namely Behavioural Changes, Policy & Regulatory Changes, Technological Changes for the former, as well as Water Scarcity and Biodiversity Loss for the latter, while under climate-related physical risk the following risk drivers were selected due to their relevance to the Greek geographical area (where the core operations of the Group are located), **as well as pertinent data availability**:

- Acute Hazards: Floods, wildfires
- Chronic Hazards: Droughts, heat waves

The sectoral analysis is expected to take place annually and its outcome will be taken into consideration in the Group's follow-up actions in terms of measuring the materiality of the risks and allocating relevant resources within the organization.

The sectors that were designated for assessment in this context are considered to significantly contribute to climate change and environmental degradation. Each sector received a severity score for each of the determined risk drivers. The scores have the following dimensions: **1-Minor Impact, 2-Low Impact, 3-Medium Impact, 4-High Impact.** The following table demonstrates what each score represents in terms of severity:

Sectoral Analysis Scores' Definition

| Scores | Definition |
|---|---|
| **High** | Sector is severely affected by climate change and/or environmental degradation, with regards to societal/ regulatory/technological shifts or physical hazards |
| **Medium** | Sector is moderately affected by climate change and/ or environmental degradation, with regards to societal/ regulatory/technological shifts or physical hazards |
| **Low** | Sector has low vulnerability in terms of climate change and/ or environmental degradation, with regards to societal/ regulatory/technological shifts or physical hazards |
| **Minor** | Sector has minor vulnerability in terms of climate change and/or environmental degradation, with regards to societal/ regulatory/technological shifts or physical hazards |

# 5.1 Risk Identification & Materiality Assessment

## Materiality Assessment per Risk

The Group has carried out a number of actions to ensure that there is a concrete procedure via which CR&E risks are fully taken into consideration and afterwards evaluated in order to conduct a solid materiality assessment. A proportionate method has been used in the evaluation of the materiality of the CR&E risks, concentrating only on those that are considered to be able to have the most detrimental effects. In parallel, it should also be noted that the materiality assessment process follows the “gross approach”. In other words, without considering specific techniques designed to mitigate the underlying risks. In this year’s RIMA, the Bank further enhanced its CR&E materiality assessment by incorporating the biodiversity loss. In this context, the Bank conducted a thorough loan portfolio analysis to determine the sectors most vulnerable to biodiversity loss by analysing sector-specific dependencies and impacts based on the ENCORE tool. The results of the materiality assessment exercise are included in the Group’s RIMA Report, Risk Library and Risk Inventory.

The risks identified as material form the basis for the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) exercises, in the context of which the Group identifies mitigating actions to ensure that it remains adequately capitalized and maintains sufficient liquidity buffers to support its business strategy.

## Credit Risk

The results of the heatmapping exercise serve as the foundation for the materiality assessment of credit risk. The Bank has assessed the concentration of its Non-Financial Corporation (NFC) portfolio as of 31.12.2023 towards climate-related risks to conclude to a materiality assessment outcome.

# 5.1 Risk Identification & Materiality Assessment

**Climate-Related Transition Risk**

The transition to a low-carbon economy poses significant challenges for counterparties due to associated required expenditures that could severely burden businesses' financials. To assess transition credit risk, the Bank leveraged both quantitative and qualitative aspects. The quantitative analysis was based on the dedicated climate scenario analysis and introduced transition risk shocks and their translation into macroeconomic and sectoral level impact. In this context, to inform the heatmapping exercise, quantitative data regarding the percentage change in the Gross Value Added (GVA) of the selected sectors were utilized. Along with expert judgement from specialists, scores for the impact of transition risk drivers to the selected sectors were determined. **The relevant assessment is shown in the following table.**

The RES sector is defined based on the loan purpose and in line with the Group's Sustainable Finance Framework (SFF)

Climate-related **transition risk** sectoral credit exposure impact assessment

| | Sectors / Portfolio Impact | Impact |
|---|---|---|
| 1 | Agriculture | Medium |
| 2 | Mining and quarrying | High |
| 3 | Manufacturing | Medium |
| 4 | Electricity supply | Minor |
| 5 | Water supply | Low |
| 6 | Construction | Low |
| 7 | Wholesale and retail trade | Low |
| 8 | Transporting and Storage | High |
| 9 | Real estate activities | Low |
| 10 | Oil and Gas | High |
| 11 | Renewable Energy Sources (RES) | Minor |

# 5.1 Risk Identification & Materiality Assessment

**Climate-Related Physical Risk**

The Bank places significant emphasis on the geographic location and distribution of clients' collaterals. In this context, the Bank assesses the physical climate risks related to its counterparties' activities following a detailed and transparent methodological approach.

The severity and frequency of physical risk losses have increased as a result of the intensification of extreme weather events globally. In this context, both counterparties' creditworthiness as well as asset values may deteriorate. **The relevant assessment is shown in the following table.**

Climate-related **physical risk** sectoral credit exposure impact assessment

| | Sectors / Portfolio Impact | Impact |
|---|---|---|
| 1 | Agriculture | High |
| 2 | Mining and quarrying | Medium |
| 3 | Manufacturing | Low |
| 4 | Electricity supply | High |
| 5 | Water supply | Low |
| 6 | Construction | Low |
| 7 | Wholesale and retail trade | Minor |
| 8 | Transporting and Storage | Medium |
| 9 | Real estate activities | Minor |
| 10 | Oil and Gas | Minor |
| 11 | Renewable Energy Sources (RES) | Minor |

# 5.1 Risk Identification & Materiality Assessment

### Water Scarcity

For the analysis regarding water scarcity, the Bank utilized the RCP 8.5 climate scenario for acute impacts due to its severity. The quantitative analysis is conducted at the NUTS 3 level for all 52 prefectures in Greece, as well as at the NACE code level 1. The classification outcome is determined by selecting the maximum impact from each region for each NACE code level 1.

The materiality assessment of water scarcity is based on the heatmapping exercise. Water shortage could manifest for the counterparties in the form of pertinent value chain disruptions or corresponding capital expenditures to comply with transition risk related to more environmentally friendly water management techniques. Through a comprehensive analysis of transmission channels, the Bank determined the key causal chains through which water scarcity materializes for the Bank and build its materiality assessment approach accordingly. The Bank has considered Copernicus Climate Data Store database for information around the projected water stress conditions.

Through a concentration analysis, the Bank aimed to identify whether water scarcity has a severe detrimental impact to the Bank's credit exposures. **The relevant assessment is shown in the following table.**

**Water scarcity** sectoral credit exposure impact assessment

| | Sectors / Portfolio Impact | Impact |
|---|---|---|
| 1 | Agriculture | High |
| 2 | Mining and quarrying | Minor |
| 3 | Manufacturing | Low |
| 4 | Electricity supply | Minor |
| 5 | Water supply | High |
| 6 | Construction | Minor |
| 7 | Wholesale and retail trade | Minor |
| 8 | Transporting and Storage | Minor |
| 9 | Real estate activities | Minor |
| 10 | Oil and Gas | Minor |
| 11 | Renewable Energy Sources (RES) | Minor |

# 5.1 Risk Identification & Materiality Assessment

**Biodiversity loss**

Physical biodiversity risks arise from a loss or degradation of things provided by the ecosystem which are vital to the economic system (e.g. availability of water, pollination or genetic diversity). Transition risks, on the other hand, describe risks that arise as a result of the transformation process towards a more sustainable and environmentally friendly economy. Such risks could arise for example if the water price increases significantly for a company with high water consumption (e.g., due to regulatory requirements).

To identify business operations impacting biodiversity, the Bank conducted a thorough loan portfolio analysis to identify the sectors most vulnerable to biodiversity loss. Utilizing the ENCORE tool (Exploring Natural Capital Opportunities, Risks, and Exposure), the Bank analyzed sector-specific dependencies and impacts related to biodiversity loss.

The ENCORE tool facilitates the assessment of dependencies on biodiversity loss by exploring the ways in which economic activities rely on ecosystem services and natural capital. **The relevant assessment is shown in the following table.**

**Biodiversity** loss sectoral credit exposure impact assessment

| | Sectors / Portfolio Impact | Impact |
|---|---|---|
| 1 | Agriculture | High |
| 2 | Mining and quarrying | Medium |
| 3 | Manufacturing | Low |
| 4 | Electricity supply | Medium |
| 5 | Water supply | High |
| 6 | Construction | Low |
| 7 | Wholesale and retail trade | Minor |
| 8 | Transporting and Storage | Low |
| 9 | Real estate activities | Low |
| 10 | Oil and Gas | Low |
| 11 | Renewable Energy Sources (RES) | Medium |

# 5.1 Risk Identification & Materiality Assessment

## Market Risk

### Climate-Related Transition Risk

Eurobank considers that climate transition risk is the most prominent channel that has the potential to result in the greatest losses for the Bank's trading book and accordingly market exposures in terms of transition risk have been evaluated for this year's materiality assessment exercise. The transmission channel for market transition risk includes corporates with high carbon footprints whose valuations may be impacted to account for future transition-related losses to more sustainable operations.

Leveraging on the heatmapping exercise, Eurobank has performed a concentration analysis of the trading book, evaluating exposures as of 31.12.2023. **The relevant assessment is shown in the following table.**

Climate-related **transition risk** sectoral trading exposure impact assessment

| | Sectors / Portfolio Impact | Impact |
|---|---|---|
| 1 | Agriculture | Medium |
| 2 | Mining and quarrying | High |
| 3 | Manufacturing | Medium |
| 4 | Electricity supply | Minor |
| 5 | Water supply | Low |
| 6 | Construction | Low |
| 7 | Wholesale and retail trade | Low |
| 8 | Transporting and Storage | High |
| 9 | Real estate activities | Low |
| 10 | Oil and Gas | High |
| 11 | Renewable Energy Sources (RES) | Minor |

# 5.1 Risk Identification & Materiality Assessment

## Operational Climate-Related Physical Risk

The Bank recognizes that a wide variety of disruptive events or unforeseen circumstances can cause disruptions to its business operations. For example, if Bank's headquarters are hit by extreme physical events, it may face operational shutdowns, damage to infrastructure, and data loss. For this reason, the Bank assesses risks of business disruption to preserve its reputation, safeguard revenues, effectively serve its clients and maintain both a stable financial market and customer confidence. The abovementioned assessment is part of a comprehensive Business Continuity Planning that is documented in the Bank Business Continuity Management System and Policy.

More specifically, in the context of Business Continuity Risk Assessment, the Bank has determined Disaster Scenarios including the Loss of building facilities after extreme climate events (e.g. flood, fire, extreme weather conditions of heatwaves/ cold). The Risk Assessment is conducted at building level by the Business Continuity Unit in collaboration with subject matter experts per each threat category (i.e. Physical Security, IT Operations & Infrastructure, Equities IT, Technical Projects and Group Information, Cyber & IT security).
The outcome of the Risk Assessment classifies the Risk Threats across Risk Levels (Low, Moderate, High, Critical). The estimation of the Risk Level is based on the assessment of the Risk Likelihood (possibility of a risk to occur) and Risk Consequence (range of consequence in case a risk occurs) of the specific climate related threat as depicted in the table below. The Risk Likelihood and Risk Consequence of each threat are estimated based on the judgment of the subject matter expert taking into consideration relevant controls in place and the real events statistics.

### Reputational Climate-Related Transition Risk

For this assessment the Bank considers CR&E transition risks, pertaining to regulatory compliance risks and strategic risks, that can give rise to reputational risk. Exposures of non-compliance with regulatory requirements and misalignment to a changing market sentiment as regards the transition towards a lower-carbon economy is assessed qualitatively. The Bank performed a qualitative analysis assessing the established tools, processes and frameworks.

## Liquidity Risk

### Climate-Related Transition Risk

In the context of funding needs, the Bank acknowledges that a decline in the value of the corporate bonds it holds could potentially have an impact on its liquidity. Corporate bonds may be used as collateral to secure loans from other financial institutions or to enter into repurchase agreements to fund operations, while the Bank's ability to raise funds on favorable terms may be hampered by an overall decline in its assets. To determine the approximate impact of climate risk in Bank's liquidity, the current analysis summarizes the impact on the Bank's buffer of HQLAs from a potential devaluation of the corporate securities that are mapped as vulnerable (medium / high risk sectors) to the climate risk.

To reiterate, the assessment for transition liquidity risk drew on both the sectoral analysis and a scenario that was internally designed with the goal of determining how resilient the corporate securities portfolio is to changing economic conditions as a result of the transition factors that were examined.

### Climate-Related Physical Risk

The Bank acknowledges that climate physical risk could potentially have an adverse impact on its liquidity. Extreme physical events (mainly acute ones) could lead to deposit withdrawal or draw of credit lines, therefore putting Bank's own liquidity under pressure and leading to crystallized liquidity risk. These withdrawals could affect the Bank's Liquidity Coverage Ratio (LCR) by increasing the Bank's net cash outflows. Specifically, under an event of heavy flooding clients may need to withdraw deposits to finance recovery of operations and /or to absorb the related losses. The current analysis summarizes the impact on the Bank's customer deposits from a potential flood event in certain areas of middle Greece (mainly middle Greece). Under an internally developed scenario which took into account specific parameters, an outflow amount and its impact on Bank's LCR was determined.

# 5.1 Risk Identification & Materiality Assessment

## Business Risk and Strategic Risk

### Climate-Related Transition Risk

For the materiality assessment of climate business risk and strategic risk, transition risk has been identified as the most relevant risk driver. To evaluate this risk, the Bank examined several aspects of climate change impact to its overall operations, including the heatmapping exercise outcomes as well as pertinent shifts to Bank's organizational structure and strategy.

In the context of the heatmapping, the gross interest income as of 31.12.2023 derived from high-impact and medium-impact sectors in terms of susceptibility to climate transition risk was evaluated. This assessment is based on the notion that that adverse changes in revenues caused by external trends (i.e. climate change) will negatively affect current or prospective earnings. Therefore, sectors negatively impacted from climate transition risk may give rise to future losses for the Bank. **The relevant assessment is shown in the following table.**

**Climate-related transition risk** gross interest income impact assessment

| | Sectors / Portfolio Impact | Impact |
|---|---|---|
| 1 | Agriculture | Medium |
| 2 | Mining and quarrying | High |
| 3 | Manufacturing | Medium |
| 4 | Electricity supply | Minor |
| 5 | Water supply | Low |
| 6 | Construction | Low |
| 7 | Wholesale and retail trade | Low |
| 8 | Transporting and Storage | High |
| 9 | Real estate activities | Low |
| 10 | Oil and Gas | High |
| 11 | Renewable Energy Sources (RES) | Minor |

# 5.1 Risk Identification & Materiality Assessment

Qualitative factors were also considered when determining the materiality. Given the growing regulatory and market requirements, the Group could face negative consequences arising from the failure to design and implement an effective climate business design. Integrating climate change concerns into the Group's operations over the past few years has resulted in major alterations ranging from internal governance structure to business strategy commitments.

As the Group understands that sustainable development is key to prosperity, the aforementioned changes include, inter alia, the incorporation of climate strategic goals in the Group's financial planning, the offering of financing solutions that foster growth and sustainable development as well as the enhancement of the Bank's governance arrangements with the establishment of dedicated bodies across the three lines of defense. Group's risk appetite has also been enriched with climate risk key performance indicators that are regularly monitored and provide the Group's tolerance and willingness to undertake relevant risks.

## Materiality Assessment Results

The aggregated results of the CR&E materiality assessment are shown in the table below along with the approach and criteria that were used for to **evaluate each type of risk.**

| | | Risk | Approach | Materiality Result |
|---|---|---|---|---|
| Climate Risk | Physical Risk | **Credit Risk** | Concentration (credit exposures) / Heatmapping analysis | **Material** |
| | | **Liquidity Risk** | Scenario analysis | **Non-Material** |
| | | **Operational Risk** | Scenario analysis/ Historical analysis | **Non-Material** |
| | Transition Risk | **Credit Risk** | Concentration (credit exposures) / Heatmapping analysis | **Material** |
| | | **Market Risk** | Concentration (trading exposures) / Heatmapping analysis | **Non-Material** |
| | | **Liquidity Risk** | Scenario analysis / Heatmapping analysis | **Non-Material** |
| | | **Business Risk and Strategic Risk** | Concentration (gross interest income) / Heatmapping analysis | **Material** |
| | | **Reputational Risk** | Qualitative Assessment | **Non-Material** |
| | Water Scarcity | **Credit Risk** | Concentration (credit exposures) / Heatmapping analysis | **Non-Material** |
| | Biodiv-ersity Loss | **Credit Risk** | Concentration (credit exposures) / Heatmapping analysis | **Material** |

# Risk Management

## 5.2 Sustainability Data

The Group recognizes the importance of relevant and reliable data for the provision of meaningful insights, suitable for decision-making purposes. Having already performed an assessment of sustainability data availability in its internal systems against regulatory requirements/ expectations, the Group continues to enhance its environmental risk data aggregation capabilities and IT infrastructure accordingly, while also using appropriate controls and safeguards to ensure the accuracy and completeness of the compiled information. The Group seeks to further improve environmental risk data granularity through allocating detailed roles and responsibilities, for the purposes of sustainability data management, and implementing approaches for remediation of identified data gaps (i.e., engaging with external data providers, developing methodological approaches for estimating required information).

The Group Sustainability Unit is responsible for the collection, calculation and review of ESG data related to the operational impact, in line with the associated certified management systems (ISO 14001/EMAS, ISO 50001, ISO 14064). The Group Sustainability Risk is responsible for establishing internal reporting and disclosure processes for the financed impact, as well as the oversight of the associated data collection, in line with the Group's data governance framework..

## 5.3 Risk Appetite & Monitoring

### Risk Appetite

The Group articulates its Risk Appetite via a set of qualitative and quantitative statements relating to, inter alia, solvency, liquidity, profitability, asset quality and other areas related to the material risks. The purpose of these indicators and thresholds is to support the evaluation whether the Group operates within its risk appetite. The outcome of this process is the Risk Appetite Statements (RAS) document whereas the principles, process and governance aspects related to the RAS are outlined in the Risk Appetite Framework (RAF). The RAS are complemented by a set of Business Line Statements (BLS) which constitute operational metrics (and limits) at the level of business where the risks are undertaken.

Based on the above, the Bank has established relevant Risk Appetite Statements, both quantitative and qualitative, related to Sustainability Risks to effectively manage these risks, in line with the Bank's monitoring and escalation processes. Within this framework, the Bank has set a RAS for at least 20% of the annual new CIB disbursements to be classified as green/ environmentally sustainable loans, by applying the criteria set in the Group's Sustainable Finance Framework, which also includes RRF green tagging classification. This target was reached during 2023, demonstrating the Bank's commitment towards green transition. In addition, Eurobank has set a RAS whereby, the Group shall make no new investments in fixed income securities (ESG/ Green Bonds are excluded) issued by the top 20 most carbon-intensive corporates worldwide. Furthermore, the Bank has introduced a qualitative RAS in relation to the environmental risk posed to biodiversity. Based on its exclusion list, the Bank shall refrain from financing activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources.

## 5.4 Sustainability Risk Management Tools & Processes

Eurobank has put in place a set of tools for identifying, measuring and managing Sustainability risks, including the credit granting and monitoring processes across the Group's both 1st and 2nd Lines of Defense.

### Engagement with Counterparties for Environmental Risk Mitigation

To facilitate the green transition of its clients, Eurobank has developed a dedicated approach to increase client engagement and awareness regarding Sustainability risks. Besides the initiatives launched aiming to build Sustainability literacy and capacity among its clients (e.g., online events, articles and webinars, digital academy for businesses), the Bank also utilizes the following tools in order to engage with its counterparties in the context of its credit granting and asset management activities, so as to understand their strategies and mitigate their Sustainability risks exposures.

### Collateral Insurance Requirements

At the point of loan origination, the Bank requires that borrowers provide insurance policies for real estate properties accepted as collateral, excluding plots of land. Compulsory coverage includes

Engagement with Counterparties for Sustainability Risks Mitigation →

# 5.4 Sustainability Risk Management Tools & Processes

protection against physical risks such as fire, earthquake and flood for both corporate and retail borrowers. Desirable coverages vary based on real estate type and circumstances, such as properties under construction or proximity to protected areas. These coverages encompass, among others, damages from smoke, vehicle collision and civil liability. In cases of Real Estate construction financing, the Bank requires from its clients an insurance contract against every risk during the construction phase, which indicatively should cover physical risks such as fire, earthquake, flood etc.

## Incorporation of Environmental Risk Factors in the Creditworthiness Assessment

### A. Moody's Risk Analyst (MRA) Model

The Group's MRA Models assess the CIB borrowers' credit profile based on qualitative and quantitative criteria. Specifically, the "Risk of Adverse Events" criterion assesses a client's vulnerability to adverse developments or business interruptions, fines, litigation and negative publicity, stemming among others, from environmental, social and governance parameters (including health and safety of employees).

### B. Environmental & Social Management System (ESMS)

When integrating Environmental and Social (E&S) issues into its business model, the Group implements an Environmental and Social Management System (ESMS) to assess direct and indirect environmental and social aspects, aiming to mitigate potential credit risks arising from the operation of businesses that are financed. As part of its Environmental and Social Policy, Eurobank maintains a list of activities that are excluded from financing, in line with the exclusion lists of the EBRD. For all financing transactions, the Group ensures that its clients demonstrate an organized and systematic approach to E&S risk management that complies with applicable local, national and international environmental, health and safety, and labour legislation and standards, relevant permits, as well as public disclosure requirements. The ESMS process consists of client/ activity environmental and social risk screening, risk assessment process, decision of risk control approach and ongoing performance monitoring.

### C. Climate Risk Scorecard

In line with best market practices, as well as taking into account supervisory requirements/ expectations regarding the establishment of an approach for further assessing clients with higher climate risk exposure, the Bank has developed a Climate Risk Scorecard for the consideration of climate-related and environmental risks.

In this context, an assessment process based on the Climate Risk Scorecard is to be performed for all new financing transactions, limit increases and limit renewals (existing and new clients based on the climate risk scorecard's applicability), initially applied to the Bank's Corporate & Investment Banking (CIB) portfolio.

The Climate Risk Scorecard comprises a modular questionnaire which includes targeted climate risk and sustainable financing related questions, both qualitative and quantitative, capturing the following key dimensions: Transition risk, Taxonomy Aligned Activities, Physical risk, Sustainable financing, Emissions, Strategy, Climate & environmental incidents, Transition - Green technology. In addition, the questions of the Climate Risk Scorecard have been developed in order to examine climate risk and sustainable financing aspects both at client and at transaction level. The output of the Climate Risk Scorecard is one of the following three scores: (a) High Risk, (b) Medium Risk and (c) Low Risk.

### D. Interbank ESG Questionnaire

In recent years, increased regulatory focus has been placed on ESG aspects in the banking sector. Based on the regulatory framework, institutions are expected to enhance their credit risk classification procedures in order to identify and evaluate climate-related and environmental risks, as well as integrate ESG aspects in the creditworthiness assessment process. Based on this, an interbank initiative in the Greek banking market was jointly launched, by the Hellenic Bank Association (HBA) and the major Greek Banks, in order to design a common Interbank ESG Questionnaire for their clients. The objective is to develop a comprehensive ESG Questionnaire to be used by the Greek Banks, ensuring a harmonized assessment approach and a level-playing field, in order to incorporate a holistic assessment of client ESG factors. The ESG Questionnaire ensures the alignment with supervisory expectations/ requirements (e.g. meeting obligations regarding the EBA Guidelines on Loan Origination and Monitoring and the ECB Guide on Climate-Related and Environmental Risks), the applicable international standards/ guidelines (e.g. Task Force on Climate-related Financial Disclosures), as well as the Banks' operational needs, and best market practices.

# 5.4 Sustainability Risk Management Tools & Processes

### E. ESG Risk Assessment

By combining the Climate Risk Scorecard and the Interbank ESG Questionnaire, Eurobank has developed the ESG Risk Assessment, a holistic approach which assists in assessing and classifying the Bank's clients in terms of ESG criteria, as per the relevant regulatory framework. More specifically, Eurobank's ESG Risk Assessment assesses its Corporate & Investment Banking (CIB) clients both at obligor , as well as at transaction level, along with the Sustainable Finance Framework classification. In this context, Eurobank has developed an internal ESG Risk Scoring methodological approach for the ESG Risk Assessment in order to facilitate the final ESG Risk scoring assessment and classification of the client. The output of the ESG Risk Assessment is one of the following three scores: (a) High ESG Risk, (b) Medium ESG Risk and (c) Low ESG Risk. During the credit decision/ granting process, Eurobank uses the ESG Risk Assessment to consider the client's ESG risk scoring and profile, as well as the possible mitigating actions on selected cases. Overall, the ESG Risk Assessment aligns with Eurobank's business strategy, enhances ESG risk awareness, promotes sustainable financing and ensures adherence to the Group's risk appetite and credit policies.

### F. Collateral Valuation

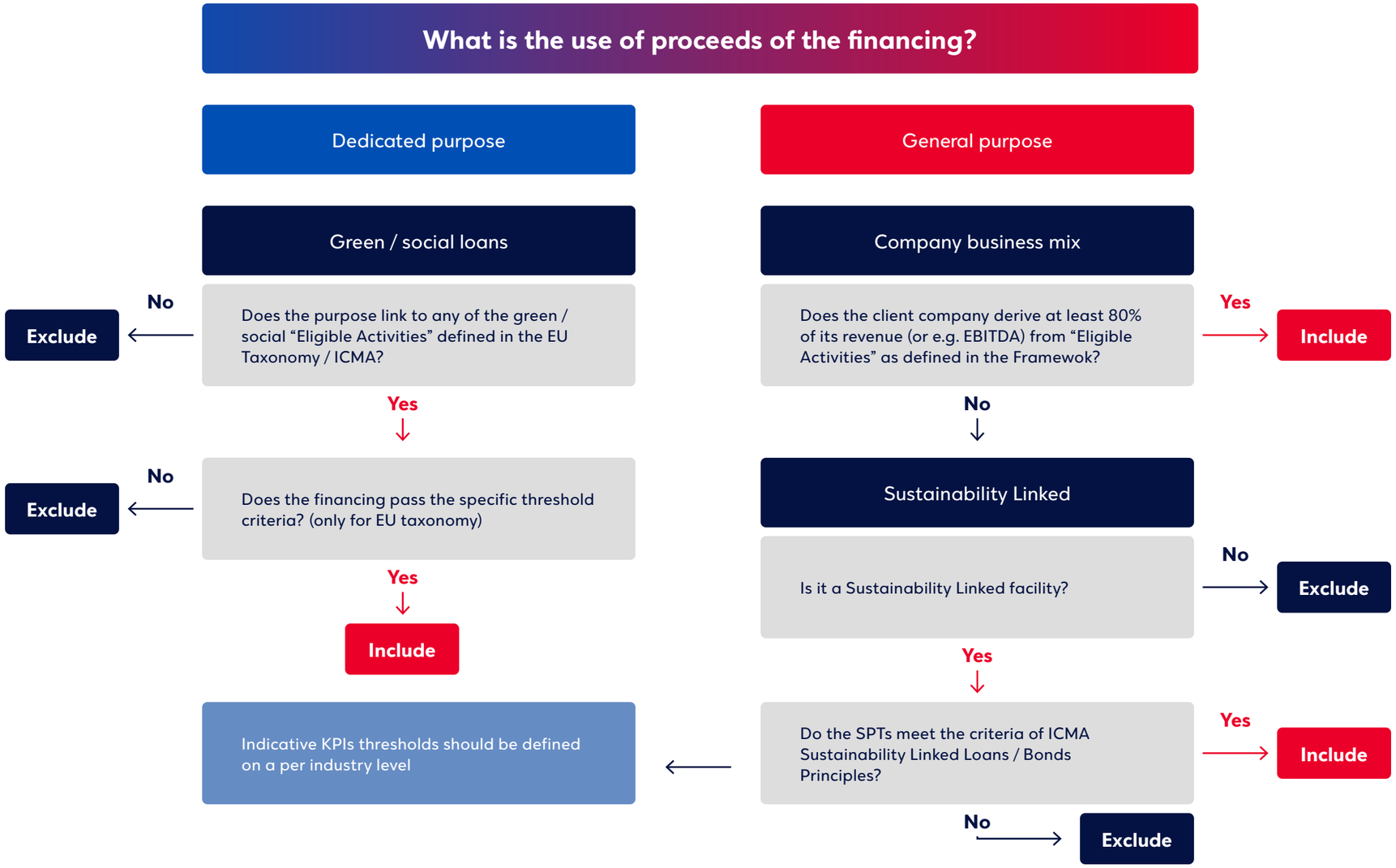
The Bank acknowledges that collateral valuation should account for physical locations, as physical risks may affect the value of collateral (e.g. increased flood risks). Recognizing the potential impact of physical risks on collateral value, the Bank is incorporating climate-related risks into its Collateral Valuation Policy and procedures, aiming to mitigate risks associated with properties vulnerable to environmental hazards, in alignment with the regulatory standards. In this context, the Bank updated its Collateral Valuation Policy (CVP) to specify accepted collateral types and valuation procedures, as well as integrated assessments of climate-related and environmental risks. This involves collecting pertinent information such as Energy Performance Certificates (EPCs) and incorporating forward-looking estimates of natural hazards. The updated Policy also considers broader climate-related and environmental factors, such as waste management and accessibility, enhancing valuation accuracy and risk management.

### G. Sustainable Finance Framework Assessment Tool

The Group's Sustainable Finance Framework (SFF) provides a clear and comprehensive methodology for classifying, monitoring, and reporting sustainable financial products. The SFF sets out the eligible assets to be financed, presented separately for the portfolios of Wholesale and Retail (i.e. presentation of the scope, sustainable financing classification and applicable regulatory frameworks). If a potentially eligible financing fulfils the criteria outlined for each classification category, then, upon following the necessary evaluation and approval verification process, it can be classified as sustainable financing.
In this context, the Group has developed and integrated into its system the Sustainable Finance Framework (SFF) Assessment Tool for the Corporate & Investment Banking (CIB) portfolio to underpin the classification and evaluation of sustainable/ green financing opportunities in a structural manner, as part of the loan origination process. The SFF Assessment Tool automates the process of assessing the Group's financing solutions against the criteria defined in the SFF.

Table on next page

The following figure depicts the decision process for the sustainable financing classification based on the Group's Sustainable Finance Framework (SFF):



# 5.4 Sustainability Risk Management Tools & Processes

## Asset Management Activities

The Bank has outsourced investment advice and portfolio management services to Eurobank Asset Management M.F.M.C., which is the investment arm of the Eurobank Group. Thus, due diligence, research and investment decision processes when selecting financial instruments are conducted based on the applicable policies of Eurobank Asset Management M.F.M.C. Eurobank Asset Management M.F.M.C. was the first asset management company in Greece to join the global Principles for Responsible Investment (PRI) initiative.

The Responsible Investment Policy of the Company is also in line with the requirements set by Regulations (EU) 2019/2088 and (EU) 2020/852 on sustainability-related disclosures in the financial services sector and on the establishment of a framework to facilitate responsible investment.

The Responsible Investment Policy specifies Eurobank Asset Management MFMC efforts to integrate Environmental, Social & Governance (ESG) information/ criteria into the investment processes, and outlines the foundation, ownership, and oversight mechanisms that support Eurobank Asset Management MFMC's approach. ESG integration is the practice of incorporating material ESG information/ criteria into the investment process in order to mitigate risks over the long-term for UCITS, AIFs, and portfolios under management.

Overview of Approaches & Processes

As per the Responsible Investment Policy document of Eurobank Asset Management M.F.M.C., the Company integrates ESG factors into the investment process. In particular, the ESG analysis includes the assessment of environmental criteria (e.g. emissions of greenhouse gases, exposure to fossil fuel) and social (e.g. violations of UN Global Compact principles) at the level of the companies in which the Funds and Portfolios invest. The specific sustainability factors considered may vary, as they depend on the specific investment strategy followed by each Fund/ Portfolio.

The Investment Management & Corporate Strategy division of the Company pays close attention to investments in sensitive sectors. The sectors concerned include, but are not limited to, thermal coal exposure, thermal coal power generation, oil & gas production, oil sands extraction, shale-energy extraction, off-shore Arctic Oil & Gas Exploration, exposure to controversial weapons. Companies from these sensitive sectors may be excluded from the investment. The effect of ESG factors on the investments of a Fund/ Portfolio is considered throughout the whole investment lifecycle. In accordance with Principle 2 of the PRI the Company aims via active ownership to reduce risks and encourage improvement in ESG practices and performance where they are material to long-term shareholder value creation.

**Eurobank Asset Management uses the Sustainable Investment Strategies described below:**

1. ESG Integrated: Integration of ESG metrics in the analysis, selection, and composition of managed portfolios. Securities of issuers with high sustainability risks and/or principal adverse impacts may be purchased and retained in the portfolio.
2. Best in Class: Preferences towards securities with low or medium sustainability risks and/or decreases the weight of securities with high sustainability risks, as defined by ESG scores, without excluding entire industries.
3. Best in Class Plus: Seeks to invest in securities of issuers with low sustainability risks compared to their peers within the respective industry/sector, while: a) Excluding those with high sustainability risks (ESG risk classified as "severe") b) In addition, a negative screen is used to exclude the 20% worst ESG scoring stocks from the investable universe.
4. Sustainable Investing: Seeks to invest mainly in issuers that contribute to making a positive environmental and/or social impact, as measured by third party ESG vendors, UN SDG contribution and PAI consideration and address. In addition, the Best-in-Class Plus process as above is applied in this strategy.

The Responsible Investment Policy also presents the applicable Investee company exclusions based on Controversial Activities and Revenue Thresholds. Also, the Policy sets out Investee company exclusions based on breaches of International Norms i.e. companies in severe breach of UN Global Compact Principles on human rights, labor standards, environmental protection, and anti-corruption.

## Scenario Analysis & Stress Testing

**A. Climate Stress Test Scenario Analysis in the 2024 ICAAP**

Sustainable Investment Strategies →

# 5.4 Sustainability Risk Management Tools & Processes

As part of ICAAP 2024, the Group introduced a short-term climate transition risk scenario and a scenario for acute physical risk in the Normative Perspective, while a long-term climate risk scenario embedding both transition and chronic physical risk was used in the Economic Perspective. In this context, the following applies:

IEconomic Perspective: The Bank assessed forward-looking climate risk using targeted Climate Stress Test scenarios to quantify the impacts of climate-related risks on its credit risk exposures. These impacts were integrated into the economic perspective as an indicative internal capital requirement. More specifically, the Bank utilized a long-term climate scenario to assess sectoral Gross Value Added (GVA) impact, considering both transition and chronic risks. The scenario is based on the NGFS's 'Orderly Scenario', which aligns with EU and Greece's Net Zero 2050 targets, anticipating that climate policies are introduced early and become gradually more stringent precise. The scenario provides GDP and GVA projections extending up to 2050, which incorporate the impact from both the transition and chronic risk.

Normative Perspective: The Group assessed its vulnerabilities to climate-related risks and their transmission channels to credit risk through targeted Climate Stress Test scenario analyses. For this purpose, the Bank designed and developed relevant Climate Stress Test scenarios capturing both transition risks and physical risks. The analysis quantified the credit risk impact in the Bank's loan portfolios by examining two sensitivity scenarios:

1. Transition Risk: The Group performed an individual assessment of the Bank's Top 20 Clients of CIB (for the sectors identified as most sensitive to transition risk) under a short-term disorderly climate scenario, in line with Network for Greening the Financial System (NGFS) scenarios. The analysis reflected the effects at macroeconomic, sectoral and counterparty level through a dedicated climate scenario model, developed by an external provider.
2. Physical Risk: The Group applied a sensitivity shock on the CRE and RRE price indices, in line with the dedicated climate scenario, which examines acute risks under the RCP8.5, resulting from a flood event.

**B. Group Climate Risk Stress Test (CRST) Framework**

The Group Climate Risk Stress Test (CRST) Framework accommodates a dedicated governance structure and defines the minimum requirements for designing, executing, approving, and applying the climate risk stress test. The Framework provides a transparent and repeatable process for designing and executing the climate risk stress test, as well as for reporting and evaluating stress test outcomes and determining management actions.

The CRST Framework has been developed as per the overall Stress Testing Policy of the Group, also taking into account the provisions of the ECB Guide on climate-related and environmental risks and the requirements of the 2022 ECB Climate Risk Stress Test. Additionally, the Framework complies with other best practices and supervisory requirements, such as the EBA Guidelines on institutions' stress testing (EBA/GL/2018/04).

# Metrics and Targets

# Metrics and Targets

**20%**

of total CIB disbursements classified as **sustainable in 2023**

**€2.18 billion**

total outstanding balance of **green exposures** as of 31.12.2023

**45%**

year-on-year **growth in green exposures**

## 6.1 2023 Sustainable financing targets and performance

Based on actual performance, the Bank has integrated its financed impact strategy into its operations and has made significant progress towards achieving its targets. Specifically it has:

**1. Operationalised its Sustainable Finance Framework**

- It has developed governance structures, processes and tools that integrate identifying sustainable financing opportunities, engaging with clients on sustainable financing offerings and evaluating financings against the criteria of the SFF into the day-to-day operations. It has, therefore, increased its capacity to deliver its sustainable financing targets.
- Key elements include the introduction of dedicated roles for guiding relationship managers in engaging with clients on sustainable financing as part of the loan origination processes, as well as an automated tool that underpins the classification and evaluation of financings against the approaches and criteria of the SFF.
- It has extended the sustainable financing approach to its retail business and individual banking, leveraging co-financing programmes focusing on sustainability, as well as introducing dedicated products tailored to meet specific market needs.

**2. Enhanced its capabilities for the collection of sustainability risk data**

The Bank is continuously enhancing its capabilities for the collection of sustainability risk data, through integration of additional information requirements in the credit process, as well as cooperating with third-party data providers. It has implemented a set of tools for identifying, measuring and managing sustainability risks, including the credit granting and monitoring processes. These are used by the involved Units across the Group's both 1st and 2nd lines of defense, with the relevant tasks being performed in a collaborative and efficient way. Having already performed an assessment of sustainability data availability in its internal systems against regulatory requirements/ expectations, the Group continues to enhance its environmental risk data aggregation capabilities and IT infrastructure accordingly, while also using appropriate controls and safeguards to ensure the accuracy and completeness of the compiled information. The Group seeks to further improve environmental risk data granularity, through the allocation of detailed roles and responsibilities for the purposes of sustainability data management and the implementation of approaches for the remediation of identified data gaps (i.e., engagement with external data providers, development of methodological approaches for the estimation of required information).

**3. Intensified engagement with its counterparties on sustainability risk mitigation**

Aiming to facilitate the green transition of its clients, the Bank has developed a dedicated approach to increase client engagement and awareness regarding environmental risks. Besides the initiatives launched aiming to build sustainability literacy and capacity among its clients (e.g. online events, articles and webinars, digital academy for businesses), the Bank also uses tools to engage with its counterparties in the context of its credit granting and asset management activities, so as to understand their strategies and mitigate their sustainability risks exposures.

**4. Introduced sustainable products**

Eurobank has developed multiple products that aim to stimulate sustainable growth, including RES investments, energy saving programmes for residential buildings, and debt restructuring programmes for vulnerable groups. Going forward, it plans to develop additional products dedicated to promoting sustainable practices for the Retail portfolio.

**5. Achieved the sustainable financing targets set as part of its financed impact strategy**

For the second consecutive year, Eurobank achieved the sustainable financing targets related to its corporate portfolio, set as part of its financed impact strategy. New SFF-aligned annual disbursements exceeded the 20% target of total corporate disbursements, while corporate green exposures increased from €1.5 billion in 2022 to €2.18 billion in 2023, posting a 45% year-on-year growth.

# 6.1 2023 Sustainable financing targets and performance

The following tables demonstrate Eurobank's performance against its sustainable financing targets.

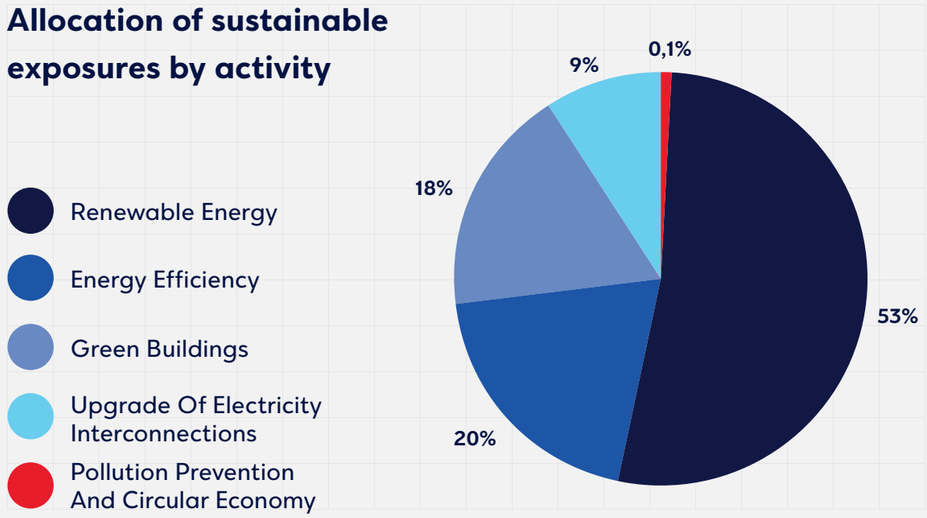
| | Target | 2023 Performance |
|---|---|---|
| **Annual sustainable disbursements** | 20% of new corporate disbursements to be classified as Green/ Environmental | √ 20% |
| | Double Retail green gross disbursements within 2023 compared to 2022 | √ more than 2 times increase |
| **Annual sectoral targets** | 35% new disbursements in the energy sector to be directed to RES | √ 53% |
| | 80% of disbursements related to construction of new buildings to be directed to green buildings | √ 100% |

| | Target | Performance so far |
|---|---|---|
| **Green stock targets** | 2 billion in new green stock by 2025 | • On track |
| | 20% of green stock exposures by 2027 | • On track |

# 6.1 2023 Sustainable financing targets and performance

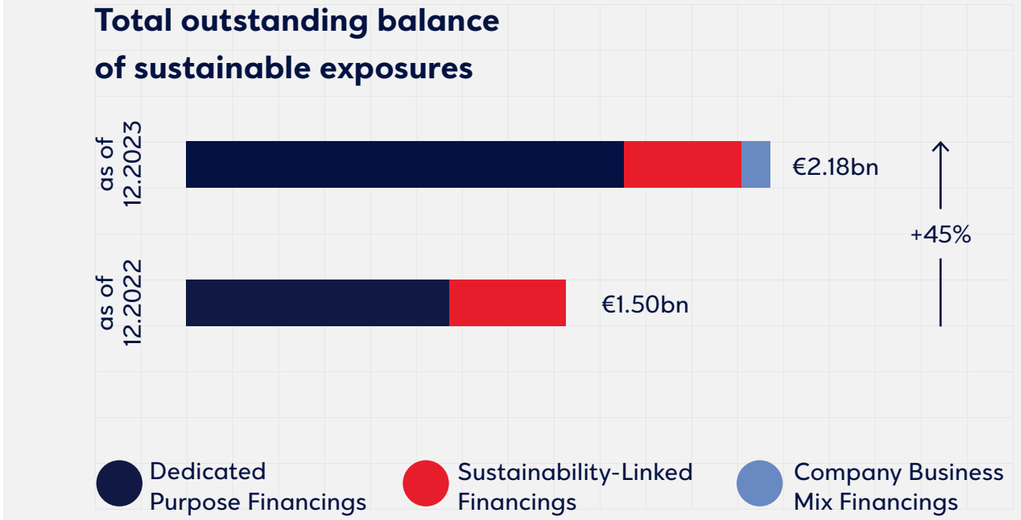
In terms of allocation per financing approach, as described in the Sustainable Finance Framework, the majority of exposures related to green – dedicated purpose financings while sustainability-linked and business mix financings account for the remaining 21%. As per the activities financed, over half of the sustainable exposures relate to renewable energy projects, while energy efficiency projects/ interventions account for 20% and green buildings account for 18%.

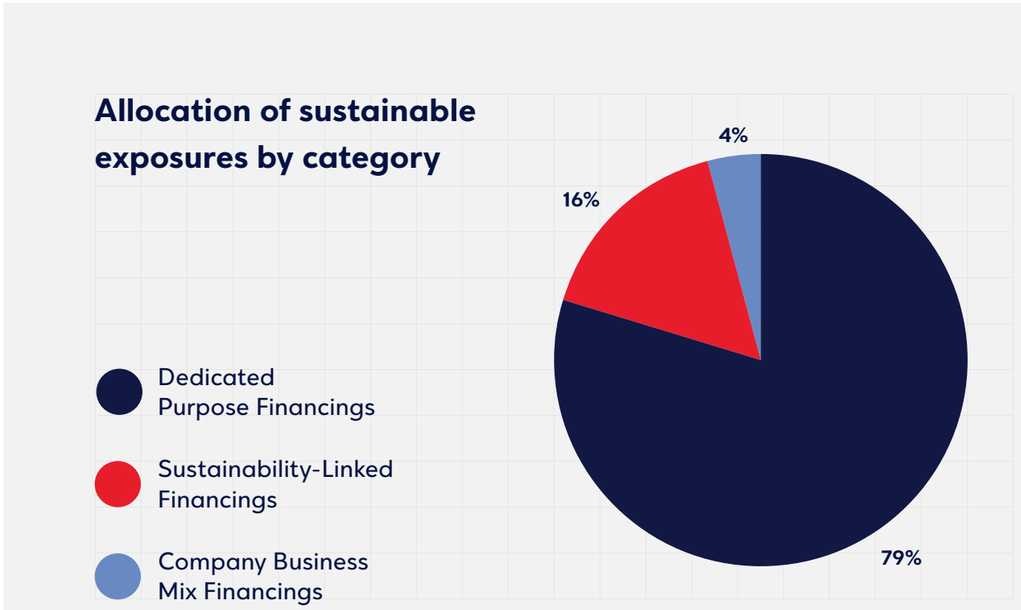
**Allocation of sustainable exposures by activity**



# 6.1 2023 Sustainable financing targets and performance

The Bank's corporate portfolio sustainable stock exposures increased by around €0.7 billion in 2023, posting a 45% year-on-year growth, in line with the Bank's green stock targets.



## Metrics and Targets

**2.5%**
Turnover
**Green Asset Ratio**

**3.5%**
CapEx
**Green Asset Ratio**

**20.9%**
Turnover
**Taxonomy-eligible assets**

**24%**
CapEx
**Taxonomy-eligible assets**

# 6.2 Implementation of the EU Taxonomy Regulation

The EU Taxonomy (Regulation (EU) 2020/852 of the European Parliament and of the Council was adopted in 2020 by the European Parliament and represents an important step for the EU to achieve the Paris Agreement climate neutrality goals. It determines whether an economic activity is environmentally sustainable, and obligates financial and non-financial entities subject to the Non-Financial Reporting Directive (NFRD) to disclose the alignment of their activities.

The key indicator of alignment for credit institutions is the Green Asset Ratio (GAR), which companies are required to publish starting in 2024. It determines the extent to which activities comply with the criteria of the Taxonomy regulation. It is the ratio of a company's taxonomy-aligned assets to covered assets (total assets excluding exposure to sovereigns, central banks and the trading portfolio). Moreover, as required by the EU Taxonomy Regulation, activities to be taxonomy-aligned must meet the specific taxonomy criteria, and ensure that they cause no significant harm to any of the other environmental objectives (DNSH) and meet minimum social safeguards (MSS).

In line with best market practices, the Group has integrated the requirements of the EU Taxonomy within its three lines of defense, with key roles consisting of:

- Client engagement in the context of the Sustainability Risk and Sustainable Finance Assessment.
- Establishment and monitoring of climate risk and EU Taxonomy related KPIs to ensure alignment with risk limits and sustainable financing strategy/targets.
- Development of relevant disclosures.

As part of its sustainability strategy, the Group is implementing initiatives that will, among others, enable it to increase the share of taxonomy-aligned assets in the coming years by:

- Developing sectoral near, mid and long-term financed emission reduction pathways, in line with science-based decarbonisation pathways.
- Performing perimeter analysis of Taxonomy-related sectors, counterparties and financings affecting the Green Asset Ratio, and developing action plans for increasing Taxonomy-aligned financings in the future.
- Further integrating sustainability risks and sustainable financing considerations in the business planning process (e.g. project budgeting and prioritisation), to reflect the Group's business strategy and relevant targets.

# 6.2 Implementation of the EU Taxonomy Regulation

**Results**

The Group's total GAR based on turnover and total GAR based on CapEx as at year-end 2023 cover the two climate-related EU environmental objectives – Climate Change Mitigation (CCM) and Climate Change Adaptation (CCA) – and are outlined below:

| Summary EU Taxonomy KPIs | | | | | |
|---|---|---|---|---|---|
| | 31 December 2023 | | | | |
| Assets | Gross carrying amount (in € million) | Turnover KPIs | | CapEx KPIs | |
| GAR – Covered assets in both numerator and denominator | 21,655 | | | | |
| Assets excluded from the numerator for GAR calculation (covered in the denominator) | 38,795 | | | | |
| **Taxonomy-eligible assets** | | 12,605 | 20.9% | 14,481 | 24.0% |
| **Taxonomy-aligned assets** | | 1,484 | 2.5% | 2,088 | 3.5% |
| **Total GAR assets** | **60,449** | | | | |
| **Total assets** | **81,165** | | | | |
| Impairment for loans and advances at amortised cost, debt instruments and other adjustments, according to EU taxonomy methodology | (1,384) | | | | |
| **Total assets according to the Consolidated balance sheet as of 31 December 2023** | **79,781** | | | | |

The reported main and additional KPIs calculated on 31 December 2023 for the Group, including the reporting templates as set out in the Taxonomy Regulation and FAQs, are presented below. Eligibility information for the additional four environmental objectives has not been reported for 2023 as there are no available data by the counterparties, based on the latest published taxonomy information.

# 6.2 Implementation of the EU Taxonomy Regulation

Summary of KPIs to be disclosed by credit institutions under Article 8, Taxonomy Regulation

| | | Total environmentally sustainable assets [1] | KPI [3] | KPI [4] | % coverage (over total assets) [5] | % of assets excluded from the numerator of the GAR (Article 7 [2 and 3] and Section 1.1.2. of the Annex V) | % of assets excluded from the denominator of the GAR (Article 7 [1] and Section 1.2.4. of the Annex V) |
|---|---|---|---|---|---|---|---|
| Main KPI | Green asset ratio (GAR) stock | 1,484 | 2.5 | 3.5 | 74.5 | 47.8 | 25.5 |
| Additional KPIs | GAR (flow) | 650 | 6.9 | 11.0 | 31.5 | N/A | N/A |
| | Trading book [6] | | | | | | |
| | Financial guarantees [7] | 44 | 1.9 | 6.5 | | | |
| | Assets under management [7] | 24 | 0.4 | 2.1 | | | |
| | Fees and commissions income [6] | | | | | | |

1. Total environmentally sustainable assets used for turnover KPI. Total environmentally sustainable assets used for CapEx KPI amounts to €2,088 million

2. Total environmentally sustainable assets used for turnover KPI. Total environmentally sustainable assets used for CapEx KPI amounts to €1,042 million for GAR flow

3. Based on the Turnover KPI of the counterparty

4. Based on the CapEx KPI of the counterparty

5. % of assets covered by the KPI over Group's total assets

6. "Trading book" and "fees and commissions income" KPIs shall apply from financial year 2025 onwards

7. Total environmentally sustainable assets used for turnover KPI. Total environmentally sustainable assets used for financial guarantees - CapEx KPI amounts to €152 million and for assets under management to €116 million.

Assets' Data Table continued →

# Metrics and Targets

## 6.3 Operational Footprint[1]

Eurobank has established an Environmental Management System (EMS) that serves as an integrated framework for effectively managing all environmental aspects arising from the Bank's operations. It encompasses all Head Office Buildings and Bank branches, ensuring 100% coverage of its operations. The EMS implemented by Eurobank adheres to the guidelines set forth by the Eco-Management and Audit Scheme (EMAS) and is primarily designed to ensure compliance with the Bank's Environmental Policy within the scope of its operations.

**Energy Management**

The importance of climate change makes energy consumption monitoring one of the most important environmental priorities for Eurobank. It applies a certified Energy Management System (EnMS), in accordance with the ISO 50001 standard, with the purpose of responsible energy management in all the Bank's office buildings and branches, covering 100% of its operations. This aims to minimize energy costs, the environmental impact of harmful greenhouse gas emissions and fossil fuel depletion.

According to the energy review conducted in the context of the EnMS application the Energy consumption at **Eurobank occurs from:**

- burning of natural gas and oil for heating
- the use of oil and gasoline by vehicles used for transporting materials between its buildings within Attica and
- the use of electricity for the organization's operations.

Eurobank's total energy consumption for 2023 reached 37,261 MWh (134.14TJ), reflecting a decrease of 10.88% compared to the previous year's consumption of 41,809 MWh (150.51TJ). Furthermore, the corresponding index of energy consumption per area, when compared to the figures from 2022, presents a reduction of 9.42%.

1. For the detailed presentation of the Bank's operational environmental footprint, please refer to the Environmental Report 2023

| Fuel consumption | Unit | 2021 | 2022 | 2022 after recalculation | 2023 | Annual Change (%) | Annual Change after 2022 recalculation (%) |
|---|---|---|---|---|---|---|---|
| Heating oil (Also including oil for emergency power generators) | lt | 25,217 | 27,884 | | **21,627** | -22.44% | |
| Surface area of spaces heated by oil | $m^2$ | 5,885 | 3,254 | | **6,468** | 98.75% | |
| Heating oil per surface area | $lt/m^2$ | 4 | 9 | | **3** | -60.97% | |
| Natural gas | kWh | 3,431,771 | 3,163,095 | | **2,269,425** | -28.25% | |
| Surface area of spaces heated by natural gas | $m^2$ | 74,729 | 65,996 | | **65,996** | 0.00% | |
| Natural gas by surface area | $kWh/m^2$ | 46 | 48 | | **34** | -28.25% | |
| Petrol for vehicles | lt | 5,080 | 5,029 | | **5,579** | 10.93% | |
| Diesel | lt | 1,622 | 1,084 | | **807** | -25.50% | |

## 6.3 Operational Footprint

| Electricity consumption | Unit | 2021 | 2022 | 2022 after recalculation | 2023 | Annual Change (%) | Annual Change after 2022 recalculation (%) |
|---|---|---|---|---|---|---|---|
| Electricity | kWh | 41,395,496 | 38,314,106 | | **34,721,424** | -9.38% | |
| Electricity from RES | kWh | 40,326,924 | 37,508,269 | | **34,041,904** | -9.24% | |
| Electricity from non RES | kWh | 1,068,572 | 805,837 | | **679,520** | -15.68% | |
| Percentage of electricity consumption from RES | % | 97.42% | 97.90% | | **98.04%** | 0.15% | |
| Electricity consumption per employee (intensity) | kWh/ person | 6,460 | 6,144 | | **5,739** | -6.59% | |
| Electricity by surface area (intensity) | kWh/m² | 147 | 143 | | **132** | -7.90% | |

| Energy consumption | Unit | 2021 | 2022 | 2022 after recalculation | 2023 | Annual Change (%) | Annual Change after 2022 recalculation (%) |
|---|---|---|---|---|---|---|---|
| Heating oil | kWh | 248,892 | 275,211 | | **211,553** | -23.13% | |
| Natural gas | kWh | 3,431,771 | 3,163,095 | | **2,269,425** | -28.25% | |
| Petrol for vehicles | kWh | 45,945 | 45,488 | | **50,971** | 12.05% | |
| Diesel | kWh | 16,011 | 10,694 | | **7,896.2230** | -26.17% | |
| Electricity | kWh | 41,395,496 | 38,314,106 | | **34,721,424** | -9.38% | |
| Total energy consumption | kWh | 45,138,115 | 41,808,595 | | **37,261,268** | -10.88% | |
| Total energy consumption per employee (intensity) | kWh/ person | 7,044 | 6,704 | | **6,159** | -8.14% | |
| Total energy consumption by surface area (intensity) | kWh/m² | 160 | 156 | | **141** | -9.42% | |

# 6.3 Operational Footprint

## Greenhouse Gas Emissions

Eurobank is committed to reducing its environmental footprint and actively contributes to the reduction of greenhouse gas emissions. As part of this effort, the Bank closely monitors its operational emissions through the implementation of a certified Energy Management System (EMS) in accordance with the ISO 50001 standard.

The Bank applies the International Standard ISO 14064 for the quantification and reporting of greenhouse gas emissions (category 1-6) as well as gas removals. The pertinent correspondence with the International Standard “GHG Protocol Corporate Accounting and Reporting Standard” (scope 1, 2 & 3) is also mentioned. As per emissions, the Bank utilizes emissions conversion coefficients from National Inventory Report (NIR) Greece 2023, Renewable Energy Sources Operator & Guarantees of Origin (DAPEEP SA), Department for Environment, Food & Rural Affairs (UK-DEFRA) (full set, version 1.1 of 2023) and Global Warming Potential (GWP), as needed for each specific case. Further to issuance of new version of emissions conversion coefficients (emissions factors) issued during 2023 from the Ministry of Environment and Energy due to the new climate law 4936/2022 (Government Gazette 105/A/ 27.05.2022), the environmental 2022 data regarding GHG emissions have been recalculated.

**The table below shows the GHG emissions per Category / Scope.**

| Emissions by greenhouse gas | Unit | 2021 | 2022 | 2022 after recalculation | 2023 | Annual Change (%) | Annual Change after 2022 recalculation (%) |
|---|---|---|---|---|---|---|---|
| Carbon dioxide $CO_2$ | $tCO_2e$ | 22,499 | 19,988 | 27,986 | **24,648** | 23.31% | -11.93% |
| Methane $CH_4$ | $tCO_2e$ | 46 | 43 | 23 | **21** | -50.80% | -7.88% |
| Nitrous oxide $N_2O$ | $tCO_2e$ | 33 | 32 | 57 | **49** | 52.51% | -13.43% |
| Total GHG emissions | $tCO_2e$ | 22,578 | 20,063 | 28,066 | **24,718** | 23.20% | -11.93% |

Table continue on next page

## 6.3 Operational Footprint

| Total Emissions | Unit | 2021 | 2022 | 2022 after recalculation | 2023 | Annual Change (%) | Annual Change after 2022 recalculation (%) |
|---|---|---|---|---|---|---|---|
| GHG emissions – Category 1 , Scope 1 | tCO2e | 1,872 | 2,681 | 2,367 | **2,262** | -15.64% | -4.43% |
| GHG emissions – Category 2, Scope 2 | tCO2e | 16,169 | 12,824 | 20,463 | **18,545** | 44.61% | -9.38% |
| GHG emissions – Category 3, 4, 6, Scope 3 | tCO2e | 4,538 | 4,558 | 5,236 | **3,912** | -14.18% | -25.29% |
| GHG emissions – Category 1 & 2, Scope 1 & 2 | tCO2e | 18,040 | 15,505 | 22,830 | **20,807** | 34.19% | -8.86% |
| Total GHG emissions | tCO2e | 22,578 | 20,063 | 28,066 | **24,718** | 23.20% | -11.93% |
| Total GHG emissions per employee (intensity) | tCO2e/ person | 3.52 | 3.22 | 4.50 | **4.09** | 26.99% | -9.22% |
| Total GHG emissions by surface area (intensity) | tCO2e/ m2 | 0.08 | 0.07 | 0.10 | **0.09** | 25.22% | -10.49% |
| GHG emissions – Category 1, Scope 1 / Total GHG emissions | % | 8.29% | 13.36% | 8.43% | **9.15%** | -31.53% | 8.51% |
| GHG emissions – Category 2, Scope 2 / Total GHG emissions | % | 71.61% | 63.92% | 72.91% | **75.02%** | 17.38% | 2.90% |
| GHG emissions – Category 1 & 2, Scope 1 & 2 / Total GHG emissions | % | 79.90% | 77.28% | 81.34% | **84.17%** | 8.92% | 3.48% |
| GHG emissions – Category 3,4,6, Scope 3 / Total GHG emissions | % | 20.10% | 22.72% | 18.66% | **15.83%** | -30.34% | -15.17% |

Table continue on next page

## 6.3 Operational Footprint

| Intensity Index | Unit | 2021 | 2022 | 2022 after recalculation | 2023 | Annual Change (%) | Annual Change after 2022 recalculation (%) |
|---|---|---|---|---|---|---|---|
| Total Energy Intensity | MWh/million € | 29.71 | 15.26 | | **18.11** | 18.66% | |
| Carbon Emission Intensity (scope 1) | $tCO_2e$/million € | 1.23 | 0.98 | 0.86 | **1.10** | 12.32% | 27.24% |
| Carbon Emission Intensity (scope 2) | $tCO_2e$/million € | 10.64 | 4.68 | 7.47 | **9.01** | 92.53% | 20.65% |
| Carbon Emission Intensity (scope 3) | $tCO_2e$/million € | 2.99 | 1.66 | 1.91 | **1.90** | 14.26% | -0.53% |
| Carbon Emission Intensity (scope 1+2) | $tCO_2e$/million € | 11.87 | 5.66 | 8.34 | **10.11** | 78.66% | 21.33% |
| Carbon Emission Intensity (scope 1+2+3) | $tCO_2e$/million € | 14.86 | 7.32 | 10.25 | **12.01** | 64.03% | 17.26% |
| Operating Income | (€ m) | 1,519 | 2,739 | | **2,057** | -24.89% | |

Carbon Emission Intensity is calculated as GHG emissions in terms of operating income in millions of euros.

| Emissions of Gaseous Pollutants | Unit | 2021 | 2022 | 2022 after recalculation | 2023 | Annual Change (%) | Annual Change after 2022 recalculation (%) |
|---|---|---|---|---|---|---|---|
| Sulphur Dioxide-$SO_2$ | t | 642 | 594 | | **538** | -9.38% | |
| Nitrogen Oxides-NOX | t | 50 | 46 | | **42** | -9.65% | |
| Particulate Matter | t | 33 | 31 | | **28** | -9.40% | |

Gaseous pollutants from electricity are also included.

Table continue on next page

## 6.3 Operational Footprint

| Water | Unit | 2021 | 2022 | 2022 after recalculation | 2023 | Annual Change (%) | Annual Change after 2022 recalculation (%) |
|---|---|---|---|---|---|---|---|
| Water consumption | $m^3$ | 62,322 | 54,460 | | **54,894** | 0.80% | |
| Water consumption per employee | $m^3$/person | 9.73 | 8.73 | | **9.07** | 3.90% | |
| Water consumption by surface area | $m^3/m^2$ | 0.22 | 0.20 | | **0.21** | 2.44% | |

| Paper | Unit | 2021 | 2022 | 2022 after recalculation | 2023 | Annual Change (%) | Annual Change after 2022 recalculation (%) |
|---|---|---|---|---|---|---|---|
| A4 & A3 Paper supply | kg | 209,243 | 129,850 | | **187,963** | 44.75% | |
| A4 & A3 Paper supply per employee | kg/person | 33 | 21 | | **31** | 49.20% | |
| A4 & A3 paper supply with environmental labelling | % | 100 | 100 | | **100** | 0.00% | |
| Paper consumption from MPS printers | million pages | 52 | **45** | | **45** | 0.00% | |

# Metrics and Targets

## 6.4 Our financed emissions

The Bank has committed to align its portfolio with climate transition pathways and to develop phased, sectoral decarbonisation targets covering its portfolio, with the ultimate objective of reaching net zero by 2050. To this end it is in the process of developing an action plan and roadmap towards net zero, a key part of which is the calculation of its financed emissions, which will in turn inform its sector-specific action plan. The Bank calculates and discloses its financed emissions following the PCAF methodology, which is based on a revenue-based approach, with emission factors estimated for each sector and country through a multiregional input-output analysis framework. Note that reported emissions have been applied where the disclosed emissions from the Bank' clients have been available across Scope 1, 2 and 3, while where one or more reported scope categories were not disclosed/complete, the Bank has incorporated estimated emissions according to its internal methodology, in line with the PCAF standard.

**The table below presents the Bank's GHG financed emissions for loans, bonds and shares positions:**

Table on next page

# 6.4 Our financed emissions

[1] It should be noted that the Bank's financed emissions depicted for 2023 have been influenced by the Scope 3 financed GHG emissions of a specific counterparty operating in sector C.27 – Manufacture of Electrical Equipment. In contrast, the Bank's financed emissions for 2024 have been reduced as this specific counterparty temporarily excluded Category 11 (use of sold products) Scope 3 emissions from their reporting, as these emissions are currently under recalculation.

| Nace Code | Outstanding Amount (€ million) | % Outstanding Amount | Scope 1 ('000 $tCO_2e$) | Scope 2 ('000 $tCO_2e$) | Scope 3 ('000 $tCO_2e$) | Total Emissions ('000 $tCO_2e$) |
|---|---|---|---|---|---|---|
| A - Agriculture, forestry and fishing | 414.8 | 1.7 | 224.3 | 19.2 | 165.8 | 409.3 |
| B - Mining and quarrying | 121.1 | 0.5 | 30.6 | 10.5 | 27.2 | 68.3 |
| C - Manufacturing[1] | 4,425.5 | 18.3 | 1,518.7 | 766.0 | 19,614.8 | 21,899.5 |
| D - Electricity, gas, steam and air conditioning supply | 2,655.3 | 11.0 | 1,145.3 | 151.4 | 302.0 | 1,598.7 |
| E - Water supply; sewerage, waste management and remediation activities | 65.0 | 0.3 | 62.8 | 81.3 | 48.9 | 193.0 |
| Exposures to other sectors (NACE codes J, M - S) | 2,338.6 | 9.7 | | | | |
| F - Construction | 1,031.9 | 4.3 | 76.2 | 14.6 | 892.2 | 983 |
| G - Wholesale and retail trade; repair of motor vehicles and motorcycles | 4,110.3 | 17.0 | 628.2 | 401.2 | 2,292.8 | 3,322.2 |
| H - Transportation and storage | 4,364.6 | 18.1 | 1,371.3 | 89.2 | 711.8 | 2,172.3 |
| I - Accommodation and food service activities | 2,401.6 | 10.0 | 8.2 | 60.1 | 224.7 | 293.0 |
| K - Financial and insurance activities | 131.4 | 0.5 | | | | |
| L - Real estate activities | 2,067.8 | 8.6 | 1.5 | 13.6 | 32.9 | 48.0 |
| **Grand Total** | **24,127.9** | **100** | **5,067.1** | **1,607.1** | **24,313.1** | **30,987.3** |

# Metrics and Targets

## 6.5 Lines of Reporting and Frequency of Reporting relating to Sustainability Risks

The Bank has adequate monitoring and reporting mechanisms in place to ensure appropriate management of the Sustainability risks generated by its business activities. For this purpose, the Bank has developed appropriate Key Performance Indicators (KPIs) and Key Risk Indicators (KRIs) that are reported to the senior management and management body in order to effectively oversee Sustainability risks across the Bank, leveraging on the insights gained from the 2022 ECB Climate Risk Stress Test, ECB's Report on CR&E Risk Good Practices, on the Group's internal exercises (e.g. scenario analysis/ materiality assessment processes for transition and physical risk), as well as taking into account best market practices.
In this context, the Bank has established a Sustainability Risks Monitoring Dashboard with appropriate Sustainability risks KPIs/ KRIs that are reported to the senior management and management body on a semi-annual basis, while RAS and Sustainability Strategy targets are reported quarterly, to enable the efficient oversight of Sustainability risks through selected metrics.

For the selection and the definition of the climate risk monitoring indicators, the below were also taken into account:

1. Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01);
2. Task Force on Climate-related Financial Disclosures – Guidance on Metrics, Targets, and Transition Plans; and
3. Development of Tools and Mechanisms for the Integration of ESG Factors into the EU Banking Prudential Framework and into Banks' Business Strategies and Investment Policies – Study by BlackRock on behalf of the European Commission

Additionally, the Bank's Business Units maintain and update appropriate templates and mechanisms to monitor respective sustainable financing disbursement amounts (e.g. Green and Social Loans), in line with the provisions of the Group's SFF. The ongoing and timely monitoring of sustainable loans allows senior management to assess the evolution of sustainable financing volumes and trends, considering Bank's relevant targets and facilitates internal reporting. Going forward, the Bank aims to implement further systemic enhancements in its IT and data infrastructure, support the standardization of the monitoring of pertinent information, as well as safeguard data availability and accuracy.

Table on next page

## 6.5 Lines of Reporting and Frequency of Reporting relating to Sustainability Risks

The following table describes indicative KRIs/ KPIs included in Eurobank's Sustainability Risks Monitoring Dashboard:

| | Area | Indicator Category | Sustainability Risks Monitoring Indicator | Metric |
|---|---|---|---|---|
| 1 | Transition Risk | Credit Risk Indicators – Sectors Subject to Transition Risk (Corporate & Retail Portfolios) | **Concentration of exposures to sectors with high transition risk in Group's portfolios** | € 20.4bn |
| 2 | Sustainable Financing | Credit Risk Indicators – Exposures (Corporate Portfolio) | **New CIB disbursements in Green / Environmentally sustainable loans over total new CIB disbursements** | more than 20% |
| 3 | Physical Risk | Credit Risk Indicators – Sectors Subject to Physical Risk (Corporate & Retail Portfolios) | **Concentration of exposures to sectors subject to physical risk in Group's portfolios** | € 2.7bn |
| 4 | Physical Risk | Credit Risk Indicators – Collateral Subject to Physical Risk (Corporate & Retail Portfolios) | **Concentration of exposures collateralized with immovable property located in areas subject to physical risks in Group's real estate secured portfolio** | € 1.4bn |
| 5 | Transition Risk | Market Risk Indicators – Exposures (Corporate Portfolio) | **Exposures towards the top 20 most carbon intensive counterparties globally in Group's trading and banking portfolios** | € 0.048bn |
| 6 | Real Estate Energy Performance Certificate (EPC) & Energy Consumption | Credit Risk Indicators – Energy Performance Certificate (EPC) and Energy Consumption (Corporate & Retail Portfolios) | **Concentration of real estate collateral in Energy Performance Certificate (EPC) and Energy Consumption Bands in Group's portfolios** | € 6.3bn with EPC D or better |
| 7 | Green Asset Ratio | Green Asset Ratio Stock | **Green Asset Ratio Stock** | 2.5% |
| 8 | Green Asset Ratio | Taxonomy-aligned Exposure | **Taxonomy-aligned Exposure** | € 1.5bn |
| 9 | Sustainable Financing | Credit Risk Indicators – Exposures (Corporate & Retail Portfolios) | **% of SFF financing over Bank's portfolios** | € 2.7bn |

# Metrics and Targets

## 6.6 Commitments and targets

The targets and commitments associated with Eurobank's Sustainability Strategy reflect its vision in the short, medium, and long term. The tables below summarise the Bank's performance against the environmental targets associated with the pillars of its Sustainability Strategy.

| Target | Target Date |
|---|---|
| €2 billion in new green disbursements to businesses by 2025 | 2025 |
| 20% of the annual new Corporate & Investment Banking (CIB) portfolio disbursements to be classified as green/ environmentally sustainable. | 2024 |
| 20% stock of green exposures by 2027 for the CIB portfolio | 2027 |
| Mobilise €2.25 billion total green RRF funds in the Greek economy by 2026 | 2026 |
| 35% of new disbursements in the energy sector to be directed to Renewable Energy Source (RES) financing | 2024 |
| 80% of disbursements related to the construction of new buildings to be allocated to green buildings | 2024 |
| No new investments in fixed income securities (excluding exposures in sustainability/ green bonds) towards the top 20 most carbon-intensive corporates worldwide | 2024 |
| Double annual disbursements of Sustainability-Linked Loans for the CIB portfolio | 2024 |
| Maintain the same growth in absolute terms for Retail Banking new green disbursements (or more than 50% increase vs. 2023) | 2024 |

# 6.6 Commitments and targets

Environmental targets that correspond to the environmental aspects and aim at continually improving the Bank's environmental performance are set each year. The targets concern all Bank's office buildings and branches and cover 100% of its operations.

## Natural resource conservation

| Environmental Target | Performance 2022 | Target 2023 (%) | Target value 2023 | Performance 2023 | Saving amount / change | Change (%) | Status | Target 2024 (%) | Target value 2024 |
|---|---|---|---|---|---|---|---|---|---|
| Reduction in electricity consumption (MWh) | 38,314 | 3% | 37,165 | 34,721 | -3,593 | -9.38% | Target achieved | -5% | 32,985 |
| Increase in the percentage (%) of electricity consumption from RES | 97.90% | 1% | 98.39% | 98.04% | 0.15 | 0.15% | Target not achieved | 0.50% | 98.53% |
| Reduction of paper consumption (million pages) MPS | 45 | -3% | 44 | 45 | 0 | 0.00% | Target not achieved | -3% | 44 |
| Reduction of water consumption ($m^3$) | 54,460 | -3% | 52,826 | 54,894 | 434 | 0.80% | Target not achieved | -2% | 53,796 |

## Reduction in Greenhouse Gas (GHG) Emissions

| Environmental Target | Performance 2022 | Target 2023 (%) | Target value 2023 | Performance 2023 | Saving amount/ change | Change (%) | Status | Target 2024 (%) | Target value 2024 |
|---|---|---|---|---|---|---|---|---|---|
| Reduction of GHG Emissions Scope 1 (tn CO2e) | 2,367 | -3% | 2,296 | 2,262 | -105 | -4.43% | Target achieved | -2.00% | 2,217 |
| Reduction of GHG Emissions Scope 2 (tn CO2e) | 20,463 | -3% | 19,850 | 18,545 | -1,919 | -9.38% | Target achieved | -5.00% | 17,617 |
| Reduction of Indirect GHG Emissions Scope 1 & 2 (tnCO2e) | 22,830 | Not target set | | 20,807 | -2,024 | -8.86% | New Target | -4.67% | 19,835 |

EUROBANK

Holdings

# TCFD Climate - related & Environmental **Risk Report**