



ESG Investment Policy

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ESG Investment Policy

1. Disclaimer

This document contains key information on the responsible investment policy ("ESG Investment Policy") of Piraeus Asset Management MFMC (the "Company").

The present document is part of the overall Investment Policy of the Company and applies, pursuant to the Regulation (EU) 2019/2088 (SFDR - Sustainable Finance Disclosure Regulation) both to the individual and the collective portfolios managed by the Company, including the portfolios of UCITS falling within the field of Articles 8 and/or 9 as well as to the provision of investment advice.

This document does not constitute promotional material.

Information included herein is pursuant to Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, with the aim to disclose information regarding the policies of the Company for the integration of sustainability risks in the investment decision-making process and in the investment advice.

A careful review is recommended to formulate a comprehensive opinion before deciding to invest.

Investments involve risks.

Mutual Fund unit prices may be increased or decreased, which may lead to a change in the initial amount invested in units and to fluctuations in the income from Mutual Fund units.

Interested investors are prompted, before making any investment decision, to carefully consider the Key Investor Information Documents (KIIDs) and the UCITS Prospectus to weigh, with the help and advice of qualified professional advisors, the suitability of each investment and the tax consequences it may have. In case of the provision of investment advice service, interested clients are prompted to carefully consider the appropriate information provided to them in good time before entering into the contractual relationship with the Company and the provision by the latter of investment advice.

The Company has received an operating license in Greece and is supervised by the Hellenic Capital Market Commission.

UCITS DO NOT HAVE A GUARANTEED RETURN AND PREVIOUS PERFORMANCE DOES NOT
GUARANTEE FUTURE RETURNS

➤ 2.Introduction

Global challenges, commitments and initiatives such as the United Nations Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change, and the European Commission's commitment to a climate-neutral continent by 2050 (Green Deal), now call for the integration of sustainability risks as well as, where applicable, the assessment of the adverse impacts on sustainability and sustainable investment objectives in the investment decision-making process and in the investment advice.

Piraeus Asset Management MFMC (the “Company”), a member of Piraeus Bank Group, which has set as a strategic goal the sustainable development, banking and investments, closely monitors the ongoing developments in the changing regulatory framework and appropriately adapts its investment policy and products, responding not only in the requirements of the supervisory authorities, but also in the increased interest of the investors for products and services with characteristics and goals of sustainable investments.

The Company, as a signatory of the Principles for Responsible Investment Initiative (PRI) since 2019, has adapted its investment policy by applying the ESG Investment Policy to UCITS portfolio management and provision of investment services, with the aim to maximize returns and more effective risk management.

The disclosure of this ESG Investment Policy with this document intends, among others, to reduce information asymmetries with regard to the integration of sustainability risks, the consideration of adverse sustainability impacts, as per case, the promotion of environmental or social characteristics, and sustainable investment.

The ESG Investment Policy of the Company has taken into account the requirements of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on Sustainable Finance Disclosure Regulation (SFDR), and is available for any interested party on the website www.piraeusaedak.gr and will be updated in due time and course, without prior notice.

The Company offers Mutual Funds which involve, among others, the promotion of environmental or social characteristics, or a combination thereof, and the investees in which the investments are made follow proper governance practices.

➤ 3. Definitions

The Company in the context of the development and implementation of this ESG Investment Policy has adopted the following definitions:

Definitions	Descriptions
Sustainable Investment	An investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.
ESG/Sustainability risk	Environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.
ESG / Sustainability Factor	Environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

➤ 4. ESG Investment Approach

The use of ESG factors in the investment process of a collective or individual portfolio, as well as in the investment advice provision is complementary to the existing statutory investment process regardless of the type or category of the investment and constitutes a combination of qualitative and quantitative methods.

At the strategic level of an investment decision there are two main approaches, the Top Down approach which emphasizes into the macroeconomic climate assessment and the Botton Up approach where a microeconomic assessment takes place of the environment between the individual investment categories and securities.

Based on this approach, the primary, secondary and tertiary level of capital allocation is determined, regardless of the investment nature of the portfolio.

The ESG Investment Policy excludes specific predefined sectors and investments with high risk and negative impact on ESG issues.

At the same time, the Company is actively looking for sectors and investments with a positive impact on ESG issues.

Ideally, these investments:

- follow sustainability norms,
- create and maximise added value,
- exhibit outstanding performance,
- are led by excellent and accountable teams,
- apply transparent governance policies, and
- have established processes with respect to human rights.

➤ 5. ESG Approach regarding UCITS not falling within the field of articles 8 or/and 9 of the Regulation and the provision of investment services.

Regarding UCITS not falling within the field of articles 8 or/and 9 of the Regulation as well as the provision of investment services, before the investment decision making, the Company assesses the sustainability risks and their adverse impacts on the returns of the individual and collective portfolios under management and generally of the financial products provided by it, taking under consideration the following criteria:

- ESG Score extracted by specified databases and information organizations (indicatively: Bloomberg, Reuters, κλπ.)
- Issuer's/Company's section and country of activation.
- Constant monitoring of the company's/issuer's financial statements Integration of shareholder engagement, based on the Engagement Policy the Company applies and monitoring of the general meetings of the companies/issuers.
- Assessment of how the company/issuer follows good governance practices and the precautionary principle of 'do no significant harm', in order to ensure that neither the environmental nor the social objective is significantly harmed.

Taking under consideration the criteria mentioned above, the Company evaluates all financial products and includes them in the lists of permitted or non permitted investments, as per case.

➤ 6. ESG Approach regarding UCITS falling within the field of articles 8 or/and 9 of the Regulation.

ESG/SustainabilityFactors

The ESG Investment Policy applied to UCITS of articles 8 or/and 9 of the Regulation considers three (3) groups of sustainability factors involved in the assessment of an investment decision.

- Factors related to a Company's interaction with the natural environment (environmental factors).

- Factors related to a Company's practices that have an impact on the workplace, society or community (social factors).
- Factors related to the way a company is governed (governance factors).

6.1. Environmental factors (E)

Factors that relate to a company's interaction with the natural environment:

- Climate Change
- GHG Emissions
- Pollution (air, water, land)
- Water Scarcity
- Deforestation
- Biodiversity
- Energy Efficiency
- Waste Disposal
- Natural Resources
- Recycling
- Circular Economy
- Plastics
- Conflict Minerals
- Environmental Regulation
- Renewables

6.2. Social factors (S)

Factors that relate to a company's practices that have an impact on the workplace, society or community:

- Slavery, Child & Compulsory Labour
- Labour Relations
- Health and Safety
- Human Rights
- Local Communities
- Culture
- Working Conditions
- Training
- Professional Development
- Impact on Indigenous Communities
- Sports
- Well-being
- Discrimination
- Diversity & Inclusion
- Staff Turnover
- Benefits
- Licence to Operate
- Stakeholder Engagement

6.3 Corporate Governance factors (G)

Factors that relate to how a company is governed:

- Executive Compensation
- Board Independence and Composition
- Shareholder Rights
- Transparency
- Accountability
- Responsible Supply Chain
- Codes of Conduct
- Anti-corruption & Bribery
- Ethics
- Litigation
- Fines
- GDPR (personal data protection)
- Compliance
- Tax Avoidance
- Cyber Security
- Director Nominations
- Board Committees

➤ 7. Weight assigned per ESG Factor applied to UCITS of articles 8 or/and 9 of the Regulation

7.1. The (E) factor – 30% weight assigned

Environment is considered crucial due to international agreements and initiatives such as the the Paris Agreement on Climate Change, the European Commission's commitment to a climate-neutral continent by 2050 (Green Deal) and the Task Force on Climate-related Financial Disclosures (TCFD).

Climate change is an indicator with financial impact and can cause a discount (or premium) to an investment.

Some sectors due to the transition to a low carbon economy are exposed to more risks (i.e. coal dependent energy companies) and some sectors present new business opportunities (i.e. renewables, cleantech, electromobility, etc.).

7.2.The (S) factor – 30% weight assigned

Social factors are important for all companies regarding the human capital internal processes and may be proved material to certain sectors that require social license to operate (i.e. mining, oil and gas, extractives, etc).

7.3. The (G) factor – 40% weight assigned

Governance is considered as the most important of the three factors since the Company believes that efficient corporate governance is the foundation and prerequisite of financial performance as well as for the efficient management of the other two ESG/sustainability factors.

Companies with weak corporate governance indicate high risks (with direct effects in most cases in financial performance) and lower chances for sustainable performance in the long-term.

8. ESG Filters and Screening applied to UCITS of articles 8 or/and 9 of the Regulation

The Company has adopted a mix of ESG Investment Strategies including:

- ESG Scores, and
- ESG Filters.

In order of execution, ESG Strategies, Scores & Filters include:

- Negative Screening (exclusions),
- Positive ESG Screening,
- Norms-based Screening.

8.1. Negative – Exclusionary Screening (Negative Filter)

The Company applies exclusion ESG criteria (absolute and conditional) to the following cases. The following sectors are excluded:

- Pornography (absolute)
- Controversial Weapons (absolute)
- Casinos (absolute)
- Lottery (conditionally, sports betting and numerical lottery might be included provided that sustainability actions mitigate negative impacts and sound corporate responsibility policies are in place)
- Energy Companies with revenue from coal exceeding 75%.
- Countries are excluded where there is:
 - War,
 - and
 - Violation of human rights.

8.2. Positive – Best in Class Screening (Positive Score -Filter)

The Company applies Positive/Best in Class ESG criteria and invests actively in sectors with positive ESG impact and growth opportunities such as:

- Renewables

- Cleantech
- Waste Management
- Energy Efficiency
- ResourceEfficiency
- InnovativeTechnologyModels
- Green Real Estate
- SustainableWaterSolutions
- SustainableAgribusiness and Farming
- HealthyNutrition
- Natural Cosmetics
- Healthcare
- Sustainable Industry
- Electromobility
- SharingEconomy

8.3. Norms – based screening

The Company applies in parallel a norm – based screening.

This strategy prefers investments that follow sustainability relevant policies, processes, standards, initiatives, frameworks and norms such as:

- International Labor Organization (ILO)
- Universal Declaration of Human Rights
- United Nations Global Compact
- Task Force on Climate-related Financial Disclosures (TCFD)
- Sustainable Development Goals (SDGs)
- Principles for Responsible Investment (PRI)
- Sustainability Accounting Standards Board (SASB)
- International Integrated Reporting Council (IIRC) Framework
- Carbon Disclosure Project (CDP)
- Global Reporting Initiative (GRI)
- Accountability Standards
- Sustainability Code
- ISO 26000

8.4. Shareholder Engagement

The Company is – in principle – a passive shareholder.

It engages in dialogue with companies addressing also ESG issues, when necessary and needed.

Means of communication on ESG issues may include (but not limited to) telephone calls, investor road shows, corporate (live) presentations, in-vivo meetings, formal (e)mailing and annual shareholder assemblies.

In accordance with its Shareholder Engagement Policy, the Company participates in the General Meetings of Shareholders of listed companies which shares are included in the UCITS / UCI under

management, provided that the total of UCITS / UCI it manages hold more than 5% of the total shares of a company.

In all portfolio positions, when infringement of ESG issues arises (i.e. predefined red flags) the Company immediately proceeds to divestment in due time. Such red flags may include:

- Violation of human rights,
- Environmental fines,
- Occupational Health & Safety issues,
- Governance Issues (i.e. extraordinary executive compensation, corruption, bribery, tax evasion).

The following procedure describes the steps of implementing the ESG Investment Policy in relation to the existing investment process.

The following process describes the steps of the ESG Investment Policy implementation.

- Investment universe of asset classes and funds of funds.
- ESG Weights: E:30%, S:30%, G:40%
- 1stFilter: Negative Screening (Sectors/Countries excluded)
- 2ndFilter: Bloomberg – Reuters data (ESG Score threshold applied)
- 3rdFilter: Positive Screening (preferred sectors selected)
- 4thFilter: Norms-based Selection
- Piraeus Asset Management MFMC ESG Universe – Bottom-Up Analysis
- 5th Filter: Financial Analysis employed
- Piraeus Asset Management MFMC ESG Portfolio created.

The Company implements recording procedures of data and analyses which lead to the implementation of the ESG Investment Policy.

Additionally, for the implementation of ESG Investment Policy, the Company relies on receiving information from specialized databases and information organizations (such as Bloomberg, Reuters, etc.).

It is noted that sometimes due to lack of data, the implementation of the ESG Investment Policy may be subject to restrictions.

However, this is expected to be normalized over time as more and more companies and issuers, which may be included in the investment universe of the Company, will publish reliable information on sustainability risks and factors, due to both best business practices and regulatory requirements such as:

1. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (EU Taxonomy Regulation) on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.
2. Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.

➤ 9. Statement of the Company regarding the adverse impacts of investment decisions on sustainability factors.

Due to the lack - for the time being - of available data related to sustainability factors for all issuers of financial products included in the collective (UCITS) and individual portfolios managed by the Company, as well as in those recommended to its clients with respect to the provision of investment advice, the Company declares that for the moment it does not consider adverse impacts of investment decisions on sustainability factors. However, as soon as the aforementioned data regarding sustainability factors become available, the Company intends to amend the present ESG Investment Policy, by adopting a specific procedure in order to consider adverse impacts of investment decisions on sustainability factors.

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➤ 10. Updating of ESG Investment Policy

The Company closely monitors the regulatory developments, updating this ESG Investment Policy when required and deemed necessary.

➤ 11. Contact

For any information, question or clarification regarding this ESG Investment Policy, as well as any issue or information that may relate to the Company's investment positions, please contact:

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