

**EUROBANK CYPRUS LTD - Investment Services offered by Eurobank Cyprus Ltd
(LEI: 5493004KSNE4U7L8714), by its Wealth Management division ('the Division')**

Principal Adverse Impacts (PAIs) Framework for Investment Services - Statement on principal adverse impacts (PAIs) on the Investment Services offered

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Part of the EU Sustainable Finance Action Plan is the **Sustainable Finance Disclosure Regulation EU 2019/2088 (SFDR)** of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector. SFDR has introduced new rules on the incorporation of sustainability risks and factors¹, as well as the disclosures required to be made for Investment Services offered under the Division, as noted in the present PAIs statement that is made by the Division. **The reference period for this first PAI Statement of the Division is 1st January 2023 to 31st December 2023 (the "Reference Period") and the relevant results will be disclosed by the end of June 2024.**

As per SFDR regulation, **Financial Market Participants ("FMPs")** and **Financial Adviser ("FAs")** are required to either comply with the specific disclosure requirements according to their capacity to the extent outlined within the SFDR, including whether they consider principal adverse impacts of investment decisions on sustainability factors or explain why they have opted out of such consideration. Currently the Division takes into consideration the **Principal Adverse Impacts (known as PAIs)** on sustainability factors, **when acting as FMP and when acting as FA.**

The Division recognises that **Sustainability Risks** (as defined under the 'MiFID Information Pack – Part II Risk Disclosure' - available for downloading at Bank's website at <https://www.eurobank.com.cy/en-us/laws-regulations/mifid>), as these are described in the **Division's 'Sustainability Risk Policy in Investment Services'** (available for downloading at Bank's website at <https://www.eurobank.com.cy/en-us/laws-regulations/mifid>), can lead to outcomes that have both positive and negative impacts on the environment or society, as well as on the performance of financial products². Moreover, considering PAIs indicators in the investment process, and monitoring these indicators at entity and product levels, as applicable, may help to manage the investments' adverse impacts (PAIs) and Sustainability Risks.

In principle Sustainability Factors¹ (per SFDR regulation) include concerns regarding environmental, social and governance matters, respect for human rights, anti-corruption and bribery-related issues. Regarding PAIs, there are in total, currently, 18 mandatory PAIs indicators (9 indicators relate to environmental matters and 5 cover social factors, 2 concerning investments in sovereigns and supranationals and 2 concerning investments in real estate assets). As per SFDR, there could be also additional indicators (46 in total) deemed as voluntary regarding disclosure requirements that may be reflected by the Division. The full range of mandatory climate, environmental, social, employee and human rights impacts, for which mandatory indicators have been identified and are considered in our investment processes as FMP and/or FAs, are noted under the below tables. As the sustainable data market is evolving, particularly on PAIs data, the Division aims to publish further information on PAI indicators as data availability improves.

Pursuant to **Article 4 of the SFDR** and the relevant articles of the Commission Delegated Regulation (EU) 2022/1288 ("**SFDR Delegated Regulation**"), this statement explains how the Division currently assesses sustainability factors in its capacity as FMP (see Section 1 below) and in its capacity as FA (see Section 2 below).

¹ According to SFDR, sustainability factors include environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

² When we use the term 'financial product' in this document, we make reference to Bank's managed portfolios for Client under portfolio management service as noted in the 'MiFID Information Pack: Part 1 General Information Document' - available on website at <https://www.eurobank.com.cy/en-us/laws-regulations/mifid>

³ When we use the term 'financial instruments' in this document, we make reference to the underlying instrument as defined in the General Investments (e.g. equity, bonds, funds etc.) of Bank's managed portfolios and/or portfolios under investment advice service for Customers.

Further details of our approach for screening, investment process and engagement are set out in specific policies, and made available on website under 'ESG investing' section at <https://www.eurobank.com.cy/en-us/laws-regulations/mifid> - such as in the Division's 'Sustainability Risk Policy' at the aforesaid website location.

Within the investor profiling and suitability processes, there are controls in place, to monitor and manage relevant PAIs to ensure clients' portfolios reflect their investment objectives and sustainability preferences (as applicable).

SECTION 1: When acting as FMP

In offering discretionary portfolio management under Investment Services per MIFID regime, it is noted that the portfolio may include or exclude financial instruments³ that avoid exposure to certain companies or sectors that may seem harmful to the environment or society subject to the Division's **Sustainability Risk Policy in Investment Services**.

We note that the Division has outsourced the investment management tasks of the discretionary portfolios oversight to third party asset managers "**Eurobank Asset Management M.F.M.C**", being members of **Eurobank Group**, which are external to Eurobank Cyprus Ltd. Therefore, certain sustainable investing activities at investment committee level, including the approach to identify and address principal adverse impacts and the screening of products in decision making process for related managed portfolios is undertaken by such asset managers, on Division's behalf, based on the regulatory requirements and on the related '**Responsible Investment Policy**' of the said asset managers "**Eurobank Asset Management M.F.M.C**" (which is available for downloading at <https://www.eurobankam.gr/en/esg>). The Division works closely with "**Eurobank Asset Management M.F.M.C**", particularly in respect of their policies relating to PAIs that may apply to on the aforesaid services offered by the Division.

We continue to work with all our partners, to ensure that the 'third-party asset managers', are truly aligned with our commitments to our customers. We also engage to understand how these organisations (of such third-party asset managers) are set-up to respond to future sustainable investing challenges.

Table A – see below highlights the selected indicators, when acting as FMP, that will be monitored during the Reference Period. The results "Reference Period" **1st January 2023 to 31st December 2023** will be disclosed by the end of June 2024, for Indicators noted with **Y** in **Table A**.

For any remaining mandatory PAIs that are not sufficiently covered in the results of the "Reference Period" **1st January 2023 to 31st December 2023**, Eurobank Cyprus and Eurobank Asset Management M.F.M.C. will make a reasonable effort to enhance their reporting as the availability and quality of data increases.

SECTION 2: When acting as FA

The Division describes hereto how it assesses adverse impacts on sustainability factors as part of its investment advisory services. This statement on principal adverse impacts of investment advice on sustainability factors covers the **Reference Period from 1 January 2023 to 31 December 2023**.

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² When we use the term 'financial product' in this document, we make reference to Bank's managed portfolios for Client under portfolio management service as noted in the 'MiFID Information Pack: Part 1 General Information Document' - available on website at <https://www.eurobank.com.cy/en-us/laws-regulations/mifid>

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Overview of investment advice service

The Division provides investment advice to its Clients on a range of financial instruments³ (such as funds, bonds, stocks etc), which may include financial instruments³ of Eurobank Group. Investment advice is generally provided at the whole portfolio level.

Suitability assessment and PAIs

When providing investment advice, the Division ensures that personal recommendations are suitable for that Client and in line with their needs, investment objectives, risk tolerance, ability to bear financial losses and any sustainability preferences. As part of this suitability assessment, Clients are asked whether they have a preference for reducing principal adverse impacts from their investments (via considering PAIs) and how they are looking to achieve this (either on a qualitative or quantitative basis and in respect of which PAIs). Therefore, **the Division would only consider PAIs in the provision of investment advice, if the Client has expressed sustainability preferences relating to PAIs.**

The Division considers specific parameters when selecting and recommending financial instruments³, such as:

- restrictions and parameters agreed with the Client for the relevant assignment; and/or
- the portfolio may include or exclude financial instruments³ that avoid exposure to certain companies or sectors that may seem harmful to the environment or society subject to the Division's **Sustainability Risk Policy in Investment Services.**

Any investment advice provided will be subject to the restrictions and/or guidelines documented in the relevant investment advice agreement in place with the Client.

Description of how the Division uses the published information on PAIs

Where a Client has indicated that they have sustainability preference(s) relating to the consideration of PAIs, the Division:

- would use information made available by FMPs for the underlying financial instruments³ (for those instruments that are within scope of SFDR), mainly using available and/or appropriate third-party information (ie. external rating companies – see **Annex 1** below)
- ensures that any related personal recommendations to be made are to include suitable financial instruments³ for which there is available information regarding Client's declared PAIs (as applicable).

Approach to ranking and/or selecting Financial Instruments³ based on the PAI indicators at strategy level

The Division, when acting as FA, does not rank and select financial instruments³ based on the PAI indicators listed in SFDR, at strategy level. Though, when selecting and recommending financial instruments³, any restrictions and parameters agreed with the Client for the relevant assignment, are considered by the Division.

Description of PAI criteria or thresholds used when recommending financial instruments³

Where a Client has indicated a sustainability preference relating to PAIs, the Division seeks to ensure that financial instruments³ are recommended that meet those preferences where possible.

The Division has in place internal criteria/thresholds(to reduce relevant adverse impacts as applicable), for selecting and advising on Financial Instruments³, based on PAIs per Clients' preferences.

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³ When we use the term 'financial instruments' in this document, we make reference to the underlying instrument as defined in the General Investments (e.g. equity, bonds, funds etc.) of Bank's managed portfolios and/or portfolios under investment advice service for Customers.

TABLE A

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			
	Indicator	Metric	Applicable
Greenhouse emissions	1. GHG emissions	Scope 1 GHG emissions	Y
		Scope 2 GHG emissions	Y
		Scope 3 GHG emissions	Y
		Total GHG emissions	Y
	2. Carbon footprint	Carbon footprint	Y
	3. GHG intensity of investee companies	GHG intensity of investee companies	Y
gas	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Best endeavor
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Best endeavor
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Best endeavor
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	Best endeavor
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Best endeavor
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Best endeavor
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS			
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines	Y
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Y
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Best endeavor
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	Y
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Y
Indicators applicable to investments in sovereigns and supranationals			
	Indicator	Metric	Applicable
Environmental	15. GHG intensity	GHG intensity of investee countries	Best endeavor
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	Best endeavor
Indicators applicable to investments in real estate assets			
	Indicator	Metric	Applicable
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	Best endeavor
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	Best endeavor

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Annex I - data sources:

The Division follows the process included in its ‘Sustainability Risk Policy’ (as amended from time to time) available for downloading at <https://www.eurobank.com.cy/en-us/laws-regulations/mifid>

For example, the sources currently considered are noted herein below:

Data Sources
Sustainalytics (eg. ESG Risk rating, ESG Score*, carbon emissions etc)/ Morningstar Direct
Bloomberg

*Morningstar (being an external rating company) provides an ESG score for funds (i.e. Morningstar Globes with a score from 1 to 5) which take into consideration various ESG criteria for each underlying asset (e.g. the controversial conduct of companies). This score allows us to identify the best-in-class funds.

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