

Investment Policy

1. Investment principles

1.1. Scope

This investment policy aims at facilitating the practical procedures to be followed by HCAP in order to ensure that the selected and implemented investments meet its objectives, vision and mission. It governs the allocation of amounts retained by HCAP for investment, pursuant to Article 199(1)(b)(ii) of Greek law 4389/2016 (**Investable Amounts**).

It does not determine or envisage the HCAP's actual investment decisions but rather sets the rules and principles that these decisions should comply with.

The investment policy supports HCAP to act for the fulfilment of its special public purpose, in an independent and professional manner while promoting transparency and high standards of modern and effective corporate governance.

The investments must be conducted in accordance with the rules and procedures in the investment framework (comprising law 4389/2016 and HCAP's internal regulation), with the objectives of HCAP's strategic plan incorporating the Ministerial Guidelines.

1.2. Investment context

HCAP's source of funds comes mainly from its operation as a shareholder and investor. The investment scope for HCAP is the generation of sustainable returns over the long term, in order to maximise portfolio performance under a given risk-return framework and ultimately serve the public interest.

Invested amounts in HCAP should result in HCAP generating additional resources for public investment, debt reduction, and reinvestment. They should enable the development of HCAP's assets in order to improve the public benefit and generate sustainable returns over the long-term.

1.3. Technical supplement

A technical supplement will follow the present Investment Policy. The supplement will include specific technical information and parameters on the topics mentioned in the Investment Policy and other topics if necessary. The technical supplement will be approved by the General Assembly of the Sole Shareholder of HCAP, following a proposal by the BoD, prepared by the Investment Committee. The technical supplement may be amended, if necessary, following the procedure described in par. 3 of article 189 of law 4389/2016.

1.4. Overall investment objective

To support the achievement of its purpose as set out in law 4389/2016, HCAP should aim, over the long term, to:

- maintain the purchasing power of the total portfolio, and, shall also aim to
- generate gradually increasing returns, in order to increase in real terms the amounts available over the long term for debt reduction, contribution to the public investment budget, and reinvestment in the HCAP portfolio.

In order to evaluate its performance, HCAP will calculate a Total Shareholder Return across the aggregate HCAP portfolio over set time periods (i.e. 3yr, 5y, or more) and measure it against relevant widely used benchmarks (for example to reflect benchmarks used in comparable circumstances and entities similar to HCAP). Specific benchmarks will be set out in a technical supplement to this investment policy.

1.5. Investment categories/portfolios and objectives by category/portfolio

Being an asset owner and institutional investor, HCAP ought to present the necessary flexibility to reshape and rebalance its total portfolio, whenever opportunities or challenges arise, subject to any restrictions, as noted in the section on divestments.

Investments, among others in equities, fixed income instruments and real estate can be broadly classified into different categories or portfolios. Each portfolio has specific objectives for investments made within that portfolio. The strategic allocation of the total portfolio falls within the following indicative but non-exhaustive broad categories regarding sector of activity and type of investment:

A. SOEs portfolio

Investment in the equity of our portfolio SOEs, which were initially transferred to HCAP by law (or equity of SPVs/subsidiaries related to them), to fund such companies' specific investments.

Investment objectives

Investments in a company in the SOE portfolio should directly support the stated objectives and expected returns, as substantiated in its statement of commitments, over the medium term, and the maintenance of them over the long term.

A special option for liquidity assistance to any SOE in HCAP's portfolio, that occurred due to unexpected unforeseen events (i.e. natural disaster, pandemic, etc), can be examined, under a predefined recovery plan.

B. Real Estate portfolio

Equity investments in ETAD and /or real estate management vehicles.

Investment objectives

HCAP should optimise return on the real estate portfolio over the long term. In relation to ETAD, this should take into account ETAD's purpose as set out in law 2636/1998.

For the real estate portfolio, HCAP will adopt a performance benchmark, which will be set out in the technical supplement to this investment policy. In relation to commercial assets it should reflect a market benchmark in line with commercial real estate management (for example, as compared with Greek REITs or real estate indices), and should reflect the need to take into account the particular characteristics of other assets in the ETAD portfolio (such as cultural or archaeological characteristics).

C. Value portfolio

Investments focused on delivering sustainable value over the long term. HCAP may invest in profitable, well-managed, highly cash generative companies with effective management, sound governance and competitive products and services, to deliver positive returns over the long run.

Investment objectives

Value portfolio will focus on sustainable value-creating investments that conform to a pre-defined balanced risk-return assessment framework. Investments in this portfolio are expected to earn a return higher than the average return of the SOE and Real Estate portfolios. Based on the investment type selected (equities, fixed income, etc.) relevant benchmarks will be used to validate the portfolio's performance.

Overall, the investments in this portfolio are expected to contribute to the enhancement of sustainable economic performance of the companies involved and therefore appropriate eligibility rules, will be employed.

D. Growth Impact portfolio

Investments in other assets with a growth impact but outside HCAP's core portfolio, aiming to:

- Provide excess and diversified returns to HCAP
- Create positive economic impact.

Investment objectives

The Growth Impact portfolio is designed to take VC/PE-style minority stakes in the new capital of Greek companies, as HCAP seeks to contribute to Greece's ongoing economic recovery and growth.

Investments in the Growth Impact portfolio should support the productive and purposeful endeavour of entrepreneurs and have a positive footprint on the Greek economy. More specific eligibility rules to investments in this portfolio are set out in the section on eligibility.

E. Reserve portfolio

Maintaining reserves to provide liquidity for future investments and to cover future losses. Allocation to said liquidity reserve should provide a sufficient buffer to deal with emergency capital needs, including any future losses and future investments.

The technical supplement to this investment policy shall set out liquidity requirements benchmarks and considerations in more detail.

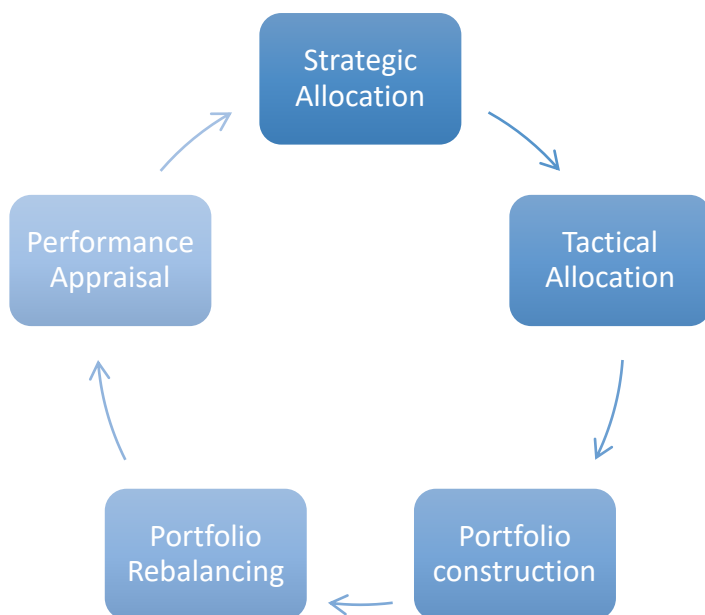
At an aggregate level HCAP should consider the cumulative impact of its equity investments on broader principles including synergies, corporate responsibility, best practices, quality of services offered, including services of general economic interest, security of supply and accessibility, innovation in the production process, environmental innovations, diffusion of knowledge, etc.

1.6. Allocation of investable amounts

The investments will be made within the framework of Strategic as well as Tactical/Dynamic allocation.

The Strategic Allocation describing the acceptable categories of investments and applicable benchmarks is proposed by the Investment Committee to the Board of Directors for approval at least once every two years. Upon approval of the Strategic allocation HCAP will realise the investments and re-balancing of the portfolio in line with the approved framework.

To protect against sacrificing flexibility the Strategic allocation is monitored by the Investment Committee on a quarterly or if needed an ad-hoc basis. Limits will be set respectively, along with tolerance limits per case.



1.7. Investment horizon

HCAP is a long term investor. This implies:

- the ability to take on greater levels of market risk, on the assumption that a long term investor is able to tolerate the shorter term losses that come with the greater market risk exposure. The greater market risk ought to (albeit in practice it need not necessarily) be rewarded with higher long term returns;
- the ability to accept capital being locked up in assets or structures that are impossible and/or entail a high cost to reduce participation in them within a short period of time.

In relation to the growth impact portfolio, HCAP may also adopt a medium-term horizon, in order to more regularly realise gains that may contribute to funding public investment, debt reduction, and investment in HCAP's portfolios, as well as to facilitate periodic rebalancing.

In relation to the liquidity category, HCAP should adopt an investment horizon in line with anticipated liquidity needs.

Divestments

HCAP may make asset divestments in order to realise value generated by HCAP or capital gains on HCAP assets, using the tools set out in the HCAP law. In turn, this will make funds available for public investment, debt reduction and reinvestment in HCAP, and enable reallocation of the portfolio.

Divestments in the SOE and real estate portfolio may be made in accordance with the HCAP law and with the minimum holding requirements set out in the Strategic Plan on the basis of the Ministerial Guidance.

Divestments in the Value and Growth Impact portfolios may be made from time to time in line with the approved Strategic Allocation and Tactical Allocation.

2. Investment process

The process, through which investment decisions are to be taken by HCAP, entails the following steps:

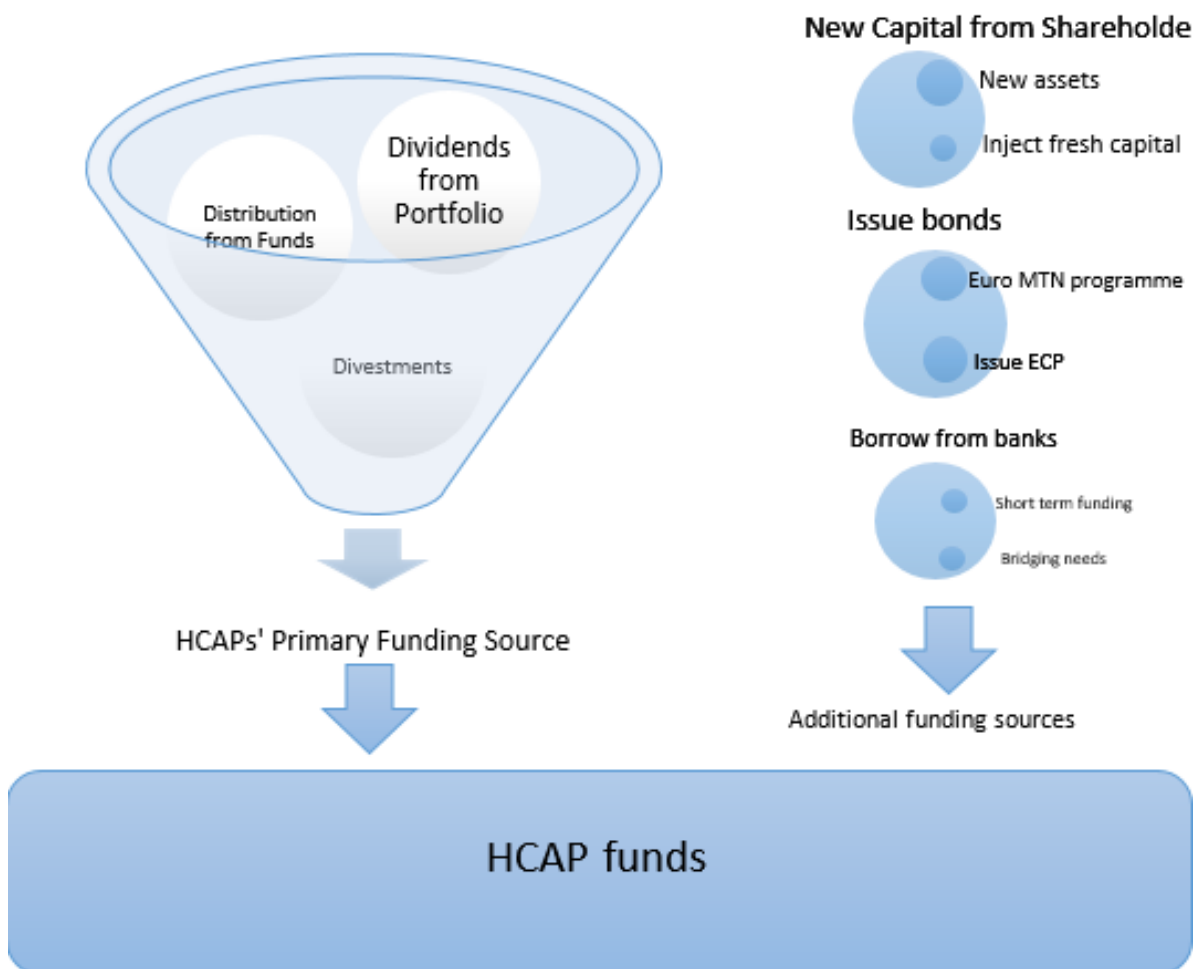
1. **Available budget and procedures for allocation:** This step entails the determination of the available budget for investments (as they arise from the application of art. 199 and 200 of L. 4389/2016 as in force), based on HCAP's net profit and available resources. This is followed by the procedure for determining the amount to be distributed as a dividend to the Ministry of Finance for the financing of the PIB and the part that will remain in HCAP for investments.

At the beginning of each year (e.g. within the first 4 weeks), HCAP and the Ministry of Finance in consultation will determine an allocation of investable amounts between (i) the amount earmarked for its own of the investments and (ii) the amount to be paid to the Ministry of Finance for the investments of the PIB.

This split will foresee that at least 45% of available funds will remain with HCAP, which HCAP may allocate among eligible investments as it determines. The rest will be paid to the PIB as dividend, unless the General Assembly decides otherwise, according to the procedure that follows.

As part of those consultations, information will be exchanged regarding potential investment opportunities. In the absence of reservations from any party, the Board of Directors of HCAP will prepare a recommendation to the GA regarding the amount to be retained by HCAP for investment and the amount to be distributed as extraordinary dividend. The General Assembly will take a decision on the amount and distribution of the extraordinary dividend to the shareholder (and hence will be used for the investments of the PIB) and for the part that will remain in HCAP for its own investments (at least 45% of the overall budget).

HCAPs' potential sources of funding



- Statement of commitments and Offers to subscribe in new equity from existing investees:** Companies in the SOE and Real Estate portfolio (at company level, on its subsidiary level or its SPV level) may determine that they have a need for equity injections to finance their investment proposals as incorporated in their strategic and business plans as they stand at the time of submission in order to achieve the objectives set out in their statement of commitments.

Companies in the SOE or Real Estate portfolio may submit an offer to HCAP to subscribe in new equity for this purpose. In doing so, such companies should provide to HCAP details of:

- the elements of the company's (subsidiary or SPV) business plan that will be funded using the proceeds of the equity raising and why an equity raising is the preferred funding method.
- the expected impact on the company's (subsidiary or SPV) objectives as set out in the Statement of Commitments and the time horizon for that impact.
- the expected impact on the total return to shareholders and other stakeholders in the company and the time horizon for that impact.

3. Identification of potential Value and Growth Impact portfolios investees: HCAP may solicit offers to subscribe in equity of companies that would satisfy the requirements of the Growth and Value portfolio, or may engage advisors or consultants to identify potential investees.

It is clarified that the potential investees are fully responsible for the preparation and submission of all the required information in relation to the proposed investments. Where the equity funding in the relevant company or SPV will fund specific projects, this may include indicatively that, in relation to such projects:

- a. The business /investment case presented by the promoter should comply with applicable regulations and legislative framework.
- b. Preparation of the investment technical description adequately supported by evidence on its technical soundness and related risk mitigation measures for project risks.
- c. The project promoter should be able to demonstrate evidence that they can implement the proposed investment according to an investment project roadmap and timeline, as well as provide analysis of required resources and relevant availability (all of which shall be binding to the extent that they shall be revisited once the project has begun in order to ensure appropriate use of funds and project performance)
- d. The project promoter should be free of conflict of interests and reputational risk
- e. Perform as required on a case-by-case basis the market/ sectoral analysis needed and depending on the size and magnitude of the project the respective impact assessment.
- f. Any other information related to project costs and relative components.

Roles and duties of the involved parties

The involved parties in the investment decision process are not only HCAP's corporate bodies and executive departments, but also the management of its subsidiaries and other companies. For HCAP, the involved parties are the General Assembly, the Supervisory Board, the Board of Directors and the Investment Committee. In addition, the subsidiaries make offers to HCAP to subscribe in new equity.

The party responsible for the decision of investments in SOEs, Real Estate Value and Growth Impact portfolios is HCAP's Board of Directors, following the proposal of the Investment Committee and in accordance with the specific procedures of the internal regulation (art. 192 of L. 4389/2016 as in force).

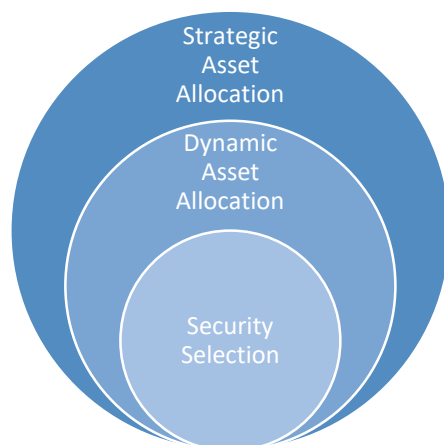
Investment and divestment decisions in relation to the liquidity reserve are taken by HCAP's board on the basis of a proposal by the Investment Committee.

HCAPs' Investment Committee (IC)

The role of the IC will be to set the portfolio Strategic Allocation, monitor the limits and track performance of the portfolio versus benchmarks.

HCAPs' Investment Division (ID) and the CIO

Make proposals to the Investment Committee, Generate and Execute investment plan, build and monitor investment portfolios, follow Strategic and run Dynamic Asset Allocation, evaluate performance and risk-adjusted returns, report to IC and BoD on portfolio performance, security selection.



Strategic Asset Allocation: Most important contributor to long-term performance

Based on total return objectives and risk tolerance

Dynamic Asset Allocation: Active management at the macro level

Capture shorter-term opportunities in the markets

Add value over and above the strategic allocation

Security Selection: Managers providing investment ideas specific active management

3. Eligibility and restrictions

HCAP investments are subject to various eligibility requirements and restrictions, which vary for different portfolios, as set out in this section.

A. Investments in the SOE and Real Estate portfolios

Apart from investments in "direct subsidiaries", HCAP may also invest in its "other subsidiaries", in each case as defined in law 4389/2016.

Investments in the SOE portfolio should focus on achieving the agreed upon objectives of those SOEs.

Amongst investments in the Real Estate portfolio can be subscriptions in newly issued shares in ETAD or in any other real estate management vehicles.

B. Investments in the Value and Growth Impact portfolios

HCAP should avoid taking equity positions, which would provide it with control over an investee company. Eligible instrument types and liquidity shall be set out in a technical supplement to this investment policy.

C. Investments in the reserve portfolio

Eligible instrument types and liquidity in the reserve portfolio shall be set out in a technical supplement to this investment policy.

D. General restrictions

HCAP may not make investments in companies that have a material proportion of their operations in certain “restricted sectors” as mentioned in Regulation (EC) No 1157/2016, which include:

- Illegal economic activities: Any production, trade or other activity, which is illegal under the laws or regulations of the home jurisdiction for such production, trade or activity,
- Tobacco and distilled alcoholic beverages: The production of and trade in tobacco and distilled alcoholic beverages and related products,
- Production of and Trade in Weapons and Ammunition: The financing of the production of and trade in weapons and ammunition of any kind,
- Casinos and equivalent enterprises,
- IT Sector Restrictions Research, development or technical applications relating to electronic data programs or solutions, that are intended to enable to illegally enter into electronic data networks; or download electronic data and,
- Life Science Sector Restrictions: When providing support to the financing of the research, development or technical applications relating to human cloning for research or therapeutic purposes; or Genetically Modified Organisms (“GMOs”).

E. State aid

HCAP's investments must be in line with State Aid legislation.

4. Risks ¹

HCAP’s investment strategy must take into consideration the associated investment risks and other critical factors. This section sets out high-level guidance on risk appetite for each portfolio, identifies key risk types, and requires HCAP to determine approaches for managing and measuring those types of risk in line with the stated risk appetite.

¹ Section 4 will be replaced by the dedicated Risk Management Framework Policy, once this is formalised

4.1. Risk appetite

Achieving HCAP's investment objectives carries different levels of risk depending on the sector and condition of each investee company, especially in the SOE portfolio.

A. SOE portfolio

HCAP is expected to take a moderate but not excessive level of risk in order to achieve the objectives for the SOE portfolio, other than in relation to turnaround or distressed assets.

Regarding turnaround or distressed assets, HCAP may take an elevated, but again not excessive, level of risk, within the allocation limits set for investment in these kinds of assets.

B. Real estate portfolio

HCAP is expected to take a moderate but not excessive level of risk in order to achieve the objectives for the real estate portfolio.

C. Value portfolio

HCAP is expected to take an elevated but not excessive level of risk in order to achieve the objectives for the Value portfolio, in line with the levels of return expected for that portfolio.

D. Growth Impact portfolio

HCAP is expected to take an elevated but not excessive level of risk in order to achieve the objectives for the Growth Impact portfolio, in line with the levels of return expected for that portfolio.

E. Reserves

HCAP should take a low level of risk for reserves.

4.2. Types of risk

HCAP shall determine a level of risk appetite for each type of risk relevant to it, including those set out below, in line with the high-level guidance in the preceding section. HCAP shall determine an approach to managing each type of risk that is relevant to it.

- **Development and operational risks:** risks related to changes in labor and materials costs, inadequate cost management, cost overruns, lack of resources and the risk that the relative applications for licenses may be refused or not be given on time, the risks of unacceptable conditions to any planning permissions and the risk that the planning process may take longer than anticipated or that the actual cost exceeds the projected.
- **Financial and economic risks:** financial risk related to the potential investor's default risk and its weakness or inability to carry on operations in a financially sustainable way.
- **Market risk:** The market risk is associated with demand risk or sales volume risk, which is the risk of generating lower than expected revenues if the actual demand for products or services falls short of the demand initially forecasted. The market risk is a factor to be considered especially in investments in the growth impact portfolio and in cases where the absence of historical data renders demand estimates uncertain. Market risk can also arise from price risk or unexpected changes in the level of the price. Price risk can also arise from the structural characteristics of demand.

- **General Macroeconomic risk:** includes risks which are related to the overall state of the economy. Such risks may be managed through the monitoring of country data such as unemployment rates, price indexes, monetary policy variables, interest rates, exchange rates, exports, etc.
- **Regulatory and delay risks:** The regulatory risks refers to changes and unexpected amendments in the general legal framework such as corporate laws, tax laws, environmental standards, changes in the judicial system and contractual obligations regarding the investment. In addition, they relate to the possibility of changes in public needs (in the case of investments in SOEs).
- **Governance and Reputational risks:** risks associated with the sound corporate governance and transparency of corporate structures in which the portfolio is vested.

4.3. Quantification and measurement of risk

HCAP's board shall adopt appropriate metrics for quantifying risk and which enable HCAP to monitor the level of risk it is taking in line with the principles set out above for each portfolio.

The complete Risk framework is presented in a dedicated document (Risk Policy).

5. Diversification

HCAP has to reduce the risks associated with its investments and to ensure its investments diversification. The technical supplement will identify HCAP's approach to diversification.

6. Other matters

6.1. External consultants - Managers

In implementing its investment policy, HCAP may need to seek the advisory services of external consultants or asset managers. The need for advisors or asset managers comes out from the Investment Committee in respect to the investment decision process and investment appraisals. Outsourcing support may be required in the drafting of periodic investment reviews, evaluating and recommending investment opportunities, including conducting due diligence with respect to new investments. In addition, they may be required to assist with the implementation and execution of new investments, whilst supporting the ongoing review of committed investments, including reports on significant developments, proposed amendments to improve investment performance, and periodic and timely review of the investments risks.

The Investment Committee shall adopt specific criteria in regards to the procedures associated with the selection of advisors or asset managers as well as their performance monitoring. Further details will be presented in the technical supplement.

6.2. Disclosure and transparency

The disclosure and transparency framework must ensure the level of disclosure for the Asset Investment Plan to be provided to interested parties, the shareholder, the parliament, the general public and media and potential investors.

6.3. Content of the disclosed investment programme

The disclosed AIP should include contents set out in a manner that provides transparency to all interested parties and explains the alignment of the investment program with HCAP's objectives. The content of the investment program includes at least the following:

- The basic outline of the HCAP investment framework,
- The investment budget allocation,
- A description of the approved investments funded by HCAP which could summarise information including project title, sector of operation, budget, expected outcome and results (without disclosing any sensitive information) and,
- The alignment of the approved investments with HCAP's investment framework.

In any case, the level of information of the AIP content shall be in line with the applicable legal and regulatory framework.

6.4. Reporting on investment performance

HCAP needs to ensure that it holds accurate and relevant information in regards to the impact of its investments. This can be achieved through adequate reporting to be disclosed to interested parties and targeted recipients and in any case, to be aligned with the HCAP's reporting framework guidelines, which refer to financial and non-financial information. In this context and according to L. 4389/2016 (art. 192 as in force), the Board of Directors is required to prepare and submit to the General Assembly of the sole shareholder an annual report on the activities of the Corporation, submitted at the same time to the parliament and discussed by the competent parliament committee.

HCAP's annual report shall include information on its investment programme and the performance of that programme in meeting HCAP's investment objectives.

For investments in the SOE portfolio, this includes an evaluation of how additional equity funding has supported an SOE in achieving the objectives set out in its Statement of Commitments and in achieving HCAP's targeted benchmark rate of shareholder return for that asset.

For the Value and Growth Impact portfolios, this includes information on the portfolios' financial performance and on the impact that companies in the portfolios have made on total returns' improvement.

The Supervisory Board in its annual report to the General Assembly shall include information on the performance of the BoD and Investment Committee in making investment decisions.

7. Review

Review and revision

This investment policy will be reviewed by the BoD following a proposal by the Investment Committee, and if necessary amended (following the usual procedures for amending the Internal Regulation) if:

- there are material changes in the investment objectives
- the policy is not considered suitable as a framework for achieving the expected level of investment performance
- changes in the market environment or in the condition of the portfolio warrant a review of allocation limits or other investment parameters

Regardless of the above, the BoD following a proposal by the Investment Committee should review the policy at least every five years.