



GROWTHFUND  
THE NATIONAL FUND OF GREECE



# **Environmental Social & Governance (ESG) Policy**

December 2022

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## Executive Summary

Growthfund, the National Fund of Greece (Hellenic Corporation of Assets and Participations SA), has assumed an active role towards the modernisation of public enterprises (investees) included in its portfolio, maximising the value of public property and upgrading services for citizens and consumers; all with a view to contribute to the national economy. Moreover, Growthfund is gradually taking up a more active role as an investor and shall pursue new investment opportunities, in line with its strategic aspirations and its Investment Policy. This ESG Policy takes into account Growthfund's Investment Policy and its Technical Supplement, as well as its risk management framework.

Taking into account the evolving global challenges, initiatives, and developments for environmental and social sustainability, Growthfund has included in its Strategic Plan 2022 – 2024 (Strategic Plan) strategic considerations for ESG and sustainability and has, among other matters, set a target to reduce carbon emissions as well as to increase its social impact.

This ESG Policy serves as a guiding document to embed ESG criteria into governance, investment strategies, policies, and risk management. It encompasses principles and procedures, which include:

- ESG governance enhancement, including roles and responsibilities
- ESG due diligence process to manage risk exposure across investment activities
- ESG due diligence checklists
- On-site visit checklists
- ESG due diligence (ESGDD) guidelines by asset category
- Cross-industry ESG and climate-related criteria for disclosure by Growthfund investees
- Grievance mechanism to address ESG issues
- Applicable national, EU, and international laws, regulations, ESG frameworks, principles, and standards.

This ESG Policy is supplemented by a separate handbook for Growthfund investees to support them in their efforts to align and comply with this ESG Policy.

The ESG Policy applies with differentiated status for each of the categories of investees (indicatively public, private assets, SOEs, legacy portfolio, future investments, innovation and impact investments).

Through its Strategic Plan, goal setting and relevant performance monitoring through specific KPIs, as well as through this ESG Policy, Growthfund aims to encourage in particular all investees in its portfolio and/or new investments to address material ESG issues in their governance, business strategy and planning, risk management and ESG reporting and promote value creation.

The ESG Policy is reviewed and monitored by the Growthfund on a regular basis (see chapter 9 Monitoring and Reporting), to reflect developments in ESG-related frameworks and best practices according to Greece's national priorities and international commitments as well as Growthfund's investment mandate.

## Abbreviations & Acronyms

CAPEX	Capital Expenditure
CEO	Chief Executive Officer
COP	Conference of the Parties
CO <sub>2</sub>	Carbon dioxide
CSDD	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
EBRD	European Bank for Reconstruction and Development
EFRAG	European Financial Reporting Advisory Group
EMENA	Europe, Middle East and North Africa
EPRA	European Public Real Estate Association
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESG	Environmental, Social and Governance
EU	European Union
E&S	Environmental & Social
FDI	Foreign Direct Investment
FI	Financial Institution
GHG	Greenhouse Gases
GRESB	Global Real Estate Sustainability Benchmark
GRI	Global Reporting Initiative
IFC	International Finance Corporation
IFI(s)	International Financial Institution(s)
IPCC	Intergovernmental Panel on Climate Change
IPSF	International Platform on Sustainable Finance
KPIs	Key Performance Indicators
MOU	Memorandum of Understanding
NDC	Nationally Determined Contribution
NECP	National Energy and Climate Plan
NFRD	Non-Financial Reporting Directive
NGO(s)	Non-Governmental Organisation(s)
PRI	Principles for Responsible Investment
PRs	Performance Requirements
SASB	Sustainability Accounting Standards Board

SDGs	Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
SOEs	State-Owned Enterprises
SWF(s)	Sovereign Wealth Fund(s)
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Task Force on Nature-related Financial Disclosures
UN	United Nations
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNGC	United Nations Global Compact

## Leadership Statement

Considering the evolving universal challenges, such as climate change and the need to decarbonise our economy and tackle social inequality, we consider our duty to align our strategies and portfolio with objectives like the UN Sustainable Development Goals and the Paris Agreement on Climate.

This intention is clearly depicted in Growthfund's Strategic Plan for 2022-2024, which aims to make the economy, the citizens and the environment equal beneficiaries of our vision, and in which sustainability has been identified among our key strategic priorities.

This ESG Policy, which was developed with the technical assistance of European Bank for Reconstruction and Development (EBRD), shall assist us in adopting environmentally and socially responsible governance, investment strategies, policies and risk management procedures.

In the same context, a separate ESG Reporting Handbook for investees was additionally prepared, aiming to support them with their ESG reporting obligations, identification of material issues and integration of relevant ESG considerations into their business models.

This ESG Policy has been endorsed by Growthfund's Board of Directors and is made publicly available to all interested parties.

**Gregory D. Dimitriadis**

**Chief Executive Officer  
Growthfund, the National Fund of Greece**

## 1. About Growthfund

Growthfund, headquartered in Athens, Greece, is a holding company founded in 2016 with the Greek State as the sole shareholder, represented by the Minister of Finance of the Hellenic Republic.

Growthfund's mission as a strategic investor and responsible asset owner is to create benefits for future generations through present day initiatives. Growthfund strives to create value and prosperity by delivering long-term returns, building citizens' trust, and championing green transition to a sustainable economy.

### The Growthfund Asset Portfolio



Growthfund's portfolio comprises subsidiaries and participations as follows:

- 100% - Hellenic Republic Asset Development Fund, which has the mandate to leverage the State's private property assigned to it by the Hellenic Republic through implementing the Asset Development Plan (ADP) and it is additionally assigned the responsibility of contracts that are part of the Development Programme for Contracts of Strategic Importance (Project Preparation Facility/PPF)
- 100% - Hellenic Public Properties Company, which owns, develops and manages a large part of the Greek state's real estate portfolio
- 100% - 5G Ventures SA, which is the fund manager of the Phaistos Venture Capital Fund, investing in companies developing 5G technology-based products or services
- 100% - GAIAOSE, which does railway property management and development (lands and buildings) and rolling stock management
- 100% - Corinth Canal SA (AEDIK), the company managing the Corinth Canal
- 100% - Hellenic Post Group (ELTA and its subsidiary ELTA Courier), offering postal services
- 100% - Transport for Athens Group (OASA and its 100% subsidiaries Road Transport - OSY and Urban Rail Transport - STASY), offering public transport services
- 100% - Central Markets & Fisheries Organization, that manages the Athens food market and 11 fishwarves in various locations across Greece
- 100% - Central Market Thessaloniki, that manages the Thessaloniki food market
- 100% - TIF-Helexpo that manages exhibition infrastructure in Athens and Thessaloniki

- 55.19% - Hellenic Saltworks that produces and sells Greek salt B2B
- 50%+1 share - EYDAP, the Athens Water Supply and Sewage Company
- 50%+1 share - EYATH, the Thessaloniki Water Supply and Sewage Company
- 34.12% - Public Power Corporation
- 25% - Athens International Airport
- 35% - Industrial Parks ETVA-VIPE

Moreover, Growthfund has been granted specific rights by law with regards to 23 regional airports (Alexandroupolis, Araxos, Astypalaia, Chios, Ikaria, Ioannina, Kalamata, Kalymnos, Karpathos, Kassos, Kastelorizo, Kastoria, Kozani, Kythira, Leros, Lemnos, Milos, Naxos, Nea Achialos, Paros, Sitia, Skyros, Syros) which are currently managed by the Civil Aviation Authority.

Hellenic Financial Stability Fund (HFSF) was included in Growthfund's portfolio by virtue of its founding law, however, Growthfund has no powers in relation to HFSF as the decisions for the accomplishment of HFSF's mission and purpose are made exclusively by the relevant bodies of HFSF, which are not selected by Growthfund.

Since 2021, Growthfund is a proud member of **One Planet Sovereign Wealth Funds** network which supports the alignment with the goals of the **Paris Agreement**, based on three guiding principles: 1. Alignment; 2. Ownership; 3. Integration (See Annex).

In October 2022, Growthfund also signed an MoU with the **EMENA Sovereign Wealth Funds Collaborative Network**, paving the way for its full membership.



## 2. About the ESG Policy

Environmental, Social and Governance (ESG) are a set of factors to evaluate an organisation's commitment to sustainable operations. Governance, specifically, plays an important role to ensure that an organisation's strategies, policies, and operations are environmentally and socially responsible, transparent, and resilient to disruptions. Investors take ESG considerations into account to make well-informed and responsible decisions that create a positive environmental and social impact.

This ESG Policy articulates Growthfund's role as a responsible investor and its commitments towards integration of ESG factors into governance arrangements, investment strategies, policies, and risk management procedures.

This Policy is in line with Growthfund's Strategic Plan covering the 2022-2024 period where among others it is looking to position for the shift to a sustainable and resilient economy.

The Policy aims at creating medium- and long-term value, sustainable returns, risk avoidance and improvement of the portfolio entities (assets) themselves.

The ESG Policy applies i) to all of Growthfund's assets (both in public and in private markets), ii) all SOEs where Growthfund holds a stake), and future investments, adapting it to the nature of each class and taking into account the following aspects:

- Different speed of adoption of the Policy by investees
- Data availability
- Clarity of the business case
- Ability to invest/divest
- Investment universe possibilities
- Capacity to influence

Growthfund will in due course develop a methodology to apply this ESG Policy to its legacy portfolio as applicable. The **main objectives** of Growthfund's ESG Policy are to:

1. Incorporate ESG criteria into governance, investment strategies, relevant policies and risk management.
2. Establish robust ESG governance across all levels, including Board's oversight of ESG issues, as well as senior management's and officers' ESG risk management of day-to-day operations.
3. Improve the overall ESG performance of Growthfund's asset portfolio through ESG management procedures.
4. Build internal capacity to identify, assess, and manage ESG risks effectively.
5. Incorporate an environmental and social risk rating as part of the approval process for investment activities.
6. Engage with internal and external stakeholders on environmental and social priorities and impacts through reporting and vigorous stakeholder engagement activities.

This ESG Policy is made publicly available to all interested parties and is reviewed and monitored by Growthfund on a regular basis (see chapter 9, Monitoring Plan) to reflect developments and best practices in ESG risk management according to Greece's national priorities, applicable regulatory requirements at the national, international and EU level, and Growthfund's investment mandate.

### 3. Policy Commitments

As a responsible investor, Growthfund publicly commits to adopting and implementing the following **six ESG principles**, consistent with its fiduciary responsibilities and in alignment with the Principles for Responsible Investment (PRI), which is an approach to investing that aims to incorporate ESG factors into investment decisions to better manage risk and generate sustainable, long-term returns.<sup>1</sup> Pursuant to this policy, Growthfund shall:

1. Incorporate both ESG risks and opportunities into the investment analysis and decision-making.
2. Integrate ESG considerations into its policies and practices.
3. Consider the impacts of ESG risks and opportunities across the asset lifecycle, as well as across asset classes and sectors.
4. Require disclosure of ESG performance by the entities in which it invests.
5. Monitor and report on its progress in ESG, including climate-related issues, in accordance with international reporting frameworks, principles and standards.
6. Engage with stakeholders, including the investment value chain, to steer partnerships and promote sustainable practices.

Growthfund also commits to evaluating the effectiveness and improving the content of its ESG principles, procedures and practices over time. This is expected to improve its ability to meet commitments to its sole shareholder as well as better align its investment activities with the broader interests of the Greek society and public interest.

Amidst growing concerns around climate change, Growthfund has set a target to reduce carbon emissions as well as increase its social footprint by looking to invest in the so-called 'Impact' projects, where results are determined by positive measurable outcomes that can be verified and tracked over time. In particular, Growthfund has set a goal to measure and mitigate its own environmental footprint, a 15% reduction of CO<sub>2</sub> emissions by 2024 (2021 baseline year), and increase its social impact for the country and its people.

To enhance disclosure and transparency, Growthfund commits to start disclosing its ESG performance and impacts in alignment with:

- The Corporate Sustainability Reporting Directive (CSRD)
- The Task Force on Climate-related Financial Disclosures (TCFD)
- The EU Taxonomy
- The UN Global Compact
- The Principles for Responsible Investment (PRI)
- The SASB Standards
- The GRI Standards
- The One Planet SWF

Growthfund commits to supporting its investee companies to the extent possible and as applicable in relation to the type of investment, including by engaging with them in order to assist them in complying with Growthfund's ESG Policy.

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<sup>1</sup> PRI - <https://www.unpri.org>

Investee entities included in the Growthfund portfolio are expected to adopt transparency and disclosure best practices that follow ESG international standards, frameworks and initiatives. There is not one standard that fits all entities. There are some frameworks that can be applied to all entities of all sectors and sizes like the UN Global Compact, GRI Standards and SASB, however, there are frameworks that are more applicable to specific sectors like EPRA and GRESB for the Real Estate sector or Principles for Responsible Banking for the banking industry. For listed entities which are also heavy emitters (and/or for other heavy emitters), the TCFD Recommendations should be adopted. Each entity is expected to perform an assessment of available frameworks and select the one(s) more suitable for them.

To facilitate the alignment of the investee companies with Growthfund's ESG Policy, Growthfund has developed an **ESG handbook for investees**.

Growthfund commits to review this ESG Policy and list of ESG risk factors on a regular basis to capture and reflect market developments, regulatory updates and best practices in the ESG investment management industry. This is a process that will be done step-by-step, as Growthfund develops.

## 4. ESG Integration into Governance

Growthfund encourages good governance practices, which contribute to the creation of long-term value for all shareholders, and efficient oversight and management of ESG issues throughout its investment activities.

The Board of Directors is ultimately responsible for ESG issues, sets strategic priorities, approves and oversees the implementation of the ESG Policy. Oversight and management of ESG risks and opportunities occurs at different levels within Growthfund. In particular, Growthfund shall establish:

- processes by which the Board and/or Board Committees (e.g., Audit, Risk, Investment Committees) are informed about ESG issues,
- how the Board and/or Board Committees should consider ESG issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organisation's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures (CAPEX), acquisitions, and
- how the Board monitors and oversees progress against goals and targets for addressing ESG issues.

The Strategic Guideline of the sole Shareholder, provide that the Board shall incorporate ESG (including climate) risks and opportunities into the risk management and strategy.

Growthfund ensures that Board members and the management have a deep understanding, skills and expertise in ESG risks and opportunities, and that they receive proper and adequate training on ESG and climate-related issues.

### Senior Executive Management Team

Oversight and management of ESG issues is embedded in Growthfund's senior management structure. The **CEO** regularly discusses ESG Policy and risk management along with the executive level management. The CEO is closely involved in identifying, accelerating and promoting the development of ESG opportunities in line with Growthfund's transition to a low-carbon economy. Growthfund has assigned a **Chief Sustainability & Coms Officer and the Sustainability Integration Manager** who work with C-Level managers, employees and shareholders to address Growthfund's approach to ESG issues, with the goal to direct and steer Growthfund's environmental and social impact. To ensure the effective implementation of the ESG Policy, Growthfund will assess the need for enhancing its management procedures for the identification, assessment, management, and monitoring of ESG and climate-related risks. The **Chief Investment Officer** assesses the ESG Policy implementation, along with any violation related to the policy commitments. At the **Chief Investment Officer's** direction, the **investment office** engages corporate management or other appropriate teams to collect feedback regarding the ESG Policy implementation, any violations and effectiveness. The **Chief Investment Officer** and the **Chief Sustainability & Coms Officer** along with the investment office provide a report to the Board of Directors of the feedback associated with the ESG Policy implementation, violations and effectiveness, as well as recommendations.

Growthfund ensures that investees comply with the evolving E&S laws and regulations at national and EU levels and that they enhance transparency and disclosure of ESG performance in accordance with international ESG reporting frameworks, principles, and standards. Along with the ESG regulatory

compliance and reporting requirements, Growthfund encourages its investees to start integrating ESG in their strategy and risk management processes to manage material ESG issues and grasp sustainable financing opportunities.

## 5. ESG Investment Strategies

Growthfund management is gradually employing a mix of the most commonly recognised ESG investment strategies presented in the table below, and according to Growthfund's strategy as described in the Investment Policy and Technical Supplement.

ESG Strategy	Explanation
<b>Negative / Exclusions</b>	Exclusionary Screening: The exclusion from Growthfund (or asset portfolio) of certain sectors, companies or practices based on specific ESG criteria.
<b>Positive</b>	Best in Class Screening: Investment in sectors, companies or assets selected for positive ESG performance relative to industry peers.
<b>Norms based screening</b>	Screening of investments against minimum standards of business practices based on international norms.
<b>Integration of ESG factors</b>	The systematic and explicit inclusion of environmental, social and governance factors into financial and investment analysis.
<b>Sustainability Themed Investing</b>	Investment in themes or assets specifically related to sustainability (for example clean energy, green technology or sustainable tourism or agriculture). Thematic investments could also target specific SDGs or investments that are aligned with the Paris Agreement objectives.
<b>Impact Investing</b>	Targeted investments, aimed at solving social or environmental issues, including community investing, where capital is specifically directed to underserved individuals or communities, as well as financing that is provided to activities with a clear social or environmental purpose.
<b>Active Ownership and Engagement</b>	The use of shareholder rights and powers to influence behavior, including through active engagement (i.e., communicating with senior management and/or boards of companies/entities), filing or co-filing shareholder proposals, and proxy voting that is guided by comprehensive ESG guidelines.

## 6. ESG Strategies for Asset Classes and Sectors

Growthfund considers, as applicable on a case-by-case basis, ESG strategies in all asset classes and sectors that Growthfund invests in.

The table below reflects the ESG strategies that Growthfund applies to each investment **asset class**.

ESG Strategy	Investment Asset Classes					
	Real Estate	Fixed Income	Equity	Private Equity	Venture Capital	Reserves
Negative / Exclusions	✓	✓	✓	✓	✓	✓
Positive	✓	✓	✓	✓	✓	✓
Norms based screening	✓	✓	✓	✓	✓	✓
Integration of ESG factors	✓	✓	✓	✓	✓	
Sustainability Themed Investing	✓	✓	✓	✓	✓	✓
Impact Investing	✓	✓	✓	✓	✓	
Active Ownership & Engagement	✓	✓	✓	✓	✓	

The table below reflects the ESG Strategies that Growthfund may apply per the **scope** of Growthfund's portfolios.

ESG Strategy	Scope of Portfolio				
	SOEs	Real Estate	Value	Growth	Reserves
Negative / Exclusions		✓	✓	✓	✓
Positive		✓	✓	✓	✓
Norms based screening		✓	✓	✓	✓
Integration of ESG factors	✓	✓	✓	✓	
Sustainability Themed Investing	✓	✓	✓	✓	✓
Impact Investing	✓	✓	✓		
Active Ownership and Engagement	✓	✓	✓	✓	

## 7. ESG Due Diligence Process

Growthfund ensures that its investment decision-making process and risk management policy are consistent with i) well-defined procedures and best practices on assessing and managing core non-financial risks and ii) with the ESG material issues as they have been identified by the materiality assessment for each investee entity in the portfolio. Growthfund applies specific Environmental and Social (E&S) risk management procedures in alignment with international standards, in particular (a) E&S Risk Screening; (b) E&S Due Diligence; (c) E&S Monitoring; and (d) E&S Action Plan for Investment Assets.

The objective of the E&S risk management procedures is to enable Growthfund to manage non-financial risks in investment activities and provide step-by-step guidance on identifying, assessing and managing ESG risks with respect to its investments. These procedures are followed along with Growthfund's standard process for assessing investments.

**E&S Risk Screening:** E&S risk screening process aims to identify and assess existing or potential E&S risks and impacts, including climate risks and impacts, of Growthfund's assets, confirm compliance with Growthfund's ESG Policy and Exclusion List, identify the asset's E&S risk level (High/Medium/Low), as well as to define the appropriate level of requirements, where risks have been identified.

**E&S Due Diligence:** The E&S Due Diligence (ESDD) process confirms and deepens the assessment undertaken during the E&S risk screening. It aims to deliver insights into the efficacy of how ESG risks and impacts are managed, enabling Growthfund to make a fully informed decision about the specific asset, including **engagements, consultations, and on-site visits to verify the level of E&S risks**, where needed. In the ESDD process, Growthfund will apply E&S Checklists, ESDD Report and E&S Action Plan guidance documents (see **Annexes**).

**E&S Monitoring:** Growthfund ensures that an appropriate E&S monitoring process is in place to make sure that existing E&S risks are managed appropriately and potential E&S risks are identified and addressed over the life of the investment, in particular:

- Ensure that each asset maintains continuous compliance with the applicable E&S legislation and the standards stipulated in the asset development plan.
- Assess the implementation of the Environmental and Social Action Plan (ESAP), if any.
- Stay informed about developments/risks affecting the asset's E&S risk structure or compliance requirements.

**E&S Action Plan for Investment Assets:** According to the E&S risk rating of an investment activity, an Environmental and Social Action Plan (ESAP) may be drafted by Growthfund as a result of the financial and ESDD process. The purpose of an ESAP is to mitigate any potentially adverse E&S risks and impacts of the project/activity and to ensure continued compliance with Growthfund investment decision-making processes and ESG Policy, as well as national laws and regulations, and compliance requirements by international financial institutions (IFIs) and/or investors where applicable.

To assist Growthfund executive and investment managers in their investment analysis and decision-making, Growthfund commits to developing and maintaining a list of ESG risk factors and due diligence process that should be considered as part of the financial analysis of any investment decision. These ESG factors and due diligence process also guide engagement activities. ESG risk factors mentioned in

this ESG Policy are not exhaustive and do not attempt to identify all forms of risk that are appropriate to consider in a given investment transaction or engagement; yet these risk factors should be reviewed for any Growthfund investment or engagement in any asset class and sector.

More information about the Growthfund's E&S risk management procedures is provided in **Annex**.



## 8. Integrating ESG into the Investment Value Chain

The objectives of Growthfund's ESG Policy is to add long-term value, minimise risk, and drive societal progress by meeting the expectations of **stakeholders**, enhancing transparency and improving ESG performance. **Executives responsible for management** of Growthfund investments who do not strive for ESG integration affect achieving the long-term expected rate of return. Therefore, Growthfund incorporates ESG considerations into its analysis of the riskiness of its investment decisions and its ownership policies and practices, to the extent that ESG factors are material to the long-term success of an investment. Growthfund holds an equity stake in a number of assets (legacy portfolio). One of Growthfund's priorities whilst assuming its active investor role is to ensure that ESG risks and opportunities are integrated into the Board agenda for the assets in which it invests and to guide Growthfund's stewardship activities to promote long-term value for the entities and assets it holds and invests. Growthfund executives sit on several boards of investee companies and Growthfund takes an active approach to ESG integration towards its investee companies and participations through educational plans, target plans and recommendations on a board and executive management level and participations included in its portfolio.

Growthfund management has the objective of assessing ESG risks when making an active investment in alignment with this ESG Policy. The external asset managers originating investment opportunities need to balance the rate of return with all the risks including consideration of the specific investments' exposure to ESG factors in the sector (industry) in which that investment, company, entity operates. Exposures to ESG factors/ or impact factors can be measured through different approaches either linked to international standards and/or ESG methodologies. External asset managers are also expected to demonstrate strong internal capacity when it comes to ESG investing, have credible professional ESG certifications and adopt internationally renowned principles for responsible investing. The evidence from the integration of ESG in the investment selection process needs to be embedded in the periodic reporting to Growthfund.

Growthfund's strategic partners (which may include for example suppliers, consultants, data providers, membership organisations, government offices, international entities, media, industry associations etc.) should be aware of the existence of this ESG Policy, its provisions and commitments. All strategic partners of Growthfund are expected to take into consideration this ESG Policy. Growthfund will also take a proactive role in encouraging its strategic partners to adopt ESG policies and practices on their own depending on their size and industry. Selection criteria of strategic partners may also include ESG considerations.

Embracing ESG criteria is rising in importance as a driver of **foreign direct investment (FDI)**, with investors increasingly taking into account such criteria as part of their country selection decision. ESG performance has a material effect on how attractive a location is to foreign investors. By promoting ESG investments to foreign investors, Greece can benefit from industry-specific expertise, technology transfer and job creation in sectors that deliver environmental and social impact. There are specific areas where FDI flows can be particularly helpful when it comes to moving Greece closer to meeting SDGs and Paris Alignment targets. These sectors include inter alia renewable energy sources, eco-friendly housing, agriculture, wastewater treatment plans and electronic waste recycling among many others. Lastly, waterproofing supply chains from disruptive events is key for foreign investors with operations in several countries, and ESG can play a key role in this.

## 9. Monitoring and Reporting

Monitoring and reporting are pivotal steps for the implementation of this ESG Policy.

Growthfund's **ESG Policy monitoring plan** is defined as follows:

The Investment Committee meets once a year to review the efficiency and implementation of the ESG Policy and suggests potential improvements and modifications matters discussed during the meeting shall include:

- National strategies and priorities
- Shareholder's investment mandate
- Trends and developments (including policy, legislative and regulatory developments) in relation to ESG investment strategies and disclosure standards
- Growthfund's commitments to international pledges and initiatives
- Operational efficiency of the ESG Policy
- ESG internal capacity, accountability, and governance

Growthfund monitors its investment for alignment with national laws, regulations, and policies on an ongoing basis.

Growthfund monitors the water and **waste disposal** and **recycling rates** of its investment portfolio in alignment with the National Action Plan on Circular Economy and Law on Recycling. Reporting on biodiversity will also be included over time.

With regard to reporting, Growthfund itself has committed to start disclosing its ESG performance and impacts and in alignment with:

- The Corporate Sustainability Reporting Directive (CSRD)
- The Task Force on Climate-related Financial Disclosures (TCFD)
- The EU Taxonomy
- The UN Global Compact
- The Principles for Responsible Investment (PRI)
- The SASB Standards
- The GRI Standards
- The One Planet SWF

Ongoing reporting empowers investee entities' leadership to show their Board and investors results and progress, ultimately reflecting on the bottom line.

Growthfund's investees (legacy portfolio) are active in sectors that are estimated to account for over 25% of Greece's total CO<sub>2</sub> emissions. In response, Growthfund has set a KPI to reduce CO<sub>2</sub> emissions by 15% by 2024 (baseline year 2021). As a result, all investees must report to Growthfund their **CO<sub>2</sub> emissions** on an annual basis and submit their **decarbonisation and transition plans** to meet Paris Agreement targets, and in compliance with Greece's first Climate Law 4936/2022 (Government Gazette A/105/27.05. 2022), where and as applicable.

Growthfund also expects investee entities to conduct and report through **double materiality** assessment— how an investee entity both impacts and is impacted by climate change – and disclose

material ESG issues relevant for their industry, size and activity. To this end, Growthfund defines mandatory ESG disclosures by investee entities (see ESG Handbook for investees).

Investee entities are also required to align with and disclose compliance with Growthfund's **six ESG principles** as set out in this Policy as well as refrain from activities in **Growthfund's Exclusion List**.

The following **minimum cross-sector ESG KPIs** are expected to be measured and reported by all investee entities (irrespective of their sector/industry and size), gradually.

Environmental	Social	Governance
Climate change mitigation, adaptation	Occupational health and safety	Compliance with national laws and regulations
Measure GHG emissions (as stated in Climate Expectations document)	Stakeholder and community engagement	Board independence, diversity and structure
Water (use/recycling)	Human rights	Executive pay
Pollution prevention, control	Prohibit child labor	Anti- Bribery and corruption
Biodiversity, land use	Prohibit forced labor	Avoid Conflicts of interest
Energy use and efficiency	Diversity, inclusion, equal pay	Anti-money laundering
Waste (circular economy practices)	Training, education	Transparency and disclosure

Additionally, all investee companies should align with and disclose their performance in relation to **Growthfund's "Climate Change Expectations"** document for investees, such as to perform an assessment and report on an annual basis their alignment with the **17 UN Sustainable Development Goals (SDGs)**, with regard to underlying risks and business opportunities, as well as their alignment with the objectives of the **Paris Agreement on Climate**.

Growthfund also expects investees to start gradually incorporating climate-related metrics and targets to evaluate and report their climate risk exposure and impact across their business activities in alignment with the **TCFD Recommendations**. Available examples of metrics and targets may be found in **Annex** (Cross Industry, Climate-Related Metric Categories and Examples, Sector-specific criteria, Examples of Quantified Climate Related Targets).

Depending on their industry, size, geographical exposure and activity, some investee entities need to report and disclose KPIs in additional ESG issues, as identified by a (double) materiality assessment process.

In addition to the monitoring of cross-sector ESG criteria, which are applicable to all investees, Growthfund may monitor sector-specific ESG material issues, depending on the sector of portfolio companies.

Growthfund investees are also expected to monitor and report **KPIs** according to identified material issues, as a result of a materiality assessment that takes place regularly and based on the **double materiality** concept<sup>2</sup>.

<sup>2</sup> The concept was first formally introduced by the European Commission in 2019, with the Guidelines on Non-financial Reporting, in an attempt to better capture companies' sustainability impact.

Investees should utilise internationally recognised ESG/Sustainability **frameworks** and **standards** that provide for effective stakeholder engagement, materiality assessment and reporting of non-financial indicators in a consistent, comparable and timely manner.

To better monitor ESG performance of portfolio companies and entities, Growthfund will utilise **ESG scores and ratings** provided by national and international ESG rating agencies and data providers to the extent it is possible. Growthfund will also examine the possibility of developing itself or through partnerships an **internal ESG assessment tool** that will assist it in collecting, managing, assessing and reporting ESG information and performance internally and to interested parties. To achieve this objective appropriate technology infrastructure, systems, processes and procedures will be established.

Growthfund also commits to the monitoring of the implementation of this ESG Policy in terms of 1. Commitment, 2. Investment Decision-Making Processes, 3. Management Procedures and 4. Reporting Practices.

## 10. Contact

For any inquiries and additional information with regard to Growthfund's ESG Policy, please contact:

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Chief Communications and Sustainability Officer

**Evgenia Mavrou**

Sustainability Integration Manager

**GROWTHFUND**

The National Fund of Greece

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Website: [www.growthfund.gr](http://www.growthfund.gr)

## Annexes/Technical Supplement

### Annex 1. References and Resources

Greece's National Action Plan on Circular Economy, 2018

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<https://isif.ie/responsible-investment>

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<https://unctad.org/webflyer/how-public-pension-and-sovereign-wealth-funds-mainstream-sustainability>

SASB Materiality Finder - <https://www.sasb.org/standards/materiality-finder/find/?lang=en-us>

EBRD Environmental and Social Risk Categorisation List

<https://www.ebrd.com/downloads/about/sustainability/ebd-risk-english.pdf>

## Annex 2. Grievance Mechanism

If the operations of Growthfund's assets generate significant risks and/or adverse impacts on stakeholders (internal and external), potentially affected stakeholders may raise grievances. In these cases, the focus should be placed on how Growthfund deals with these grievances, including those which may not be considered fair. Where Growthfund's assets significantly affect stakeholders and no grievances have been registered, then Growthfund should investigate whether this is due to an ineffective grievance mechanism or a consequence of good E&S due diligence, monitoring and performance.

Growthfund has the intention to prepare a grievance mechanism to allow all directors, officers, employees, SOEs and stakeholders in general, to raise any concerns and ensure that these grievances are properly registered and managed in alignment with the Growthfund's grievance management policy. Grievance monitoring processes is subject to iterative improvements over time as the Growthfund develops. The process to be developed within 2023 will have the following philosophy.

### Scope

In line with Growthfund's E&S risk management framework and relevant policies, the grievance procedure applies to Growthfund and its investees. This procedure covers activities related to the handling of stakeholders' grievances. This includes the recording of grievances, taking action to verify claims, rectifying confirmed issues (including suspension), reporting the verification results, responding to stakeholders, managing, and monitoring any follow-up action. The intended target of the grievance will be identified in the grievance:

- Growthfund itself,
- Investments that Growthfund is part of, and/or
- Growthfund's assets.

### Responsibilities

	Tasks	Responsible
Grievance Coordination	a) Receiving Grievance	Grievance Management Team
	b) Grievance Validation	
	c) Grievance Registration	
	d) Grievance Handling	
	1. Monitoring	
	2. Conclusion	
	3. Closing	

### Workflow Process

#### A) Receiving a Grievance

##### 1. Grievances raised through official channels

Issues raised against Growthfund's assets and their operations will be recorded as grievances if they allege a breach of Growthfund's policies. Grievances can be raised to Growthfund via any of the following channels:

By email: [esg@growthfund.gr](mailto:esg@growthfund.gr) or [contact@growthfund.gr](mailto:contact@growthfund.gr)

By telephone: +30 210 0106999

Grievances should include the following information:

- Full Name, Surname and Capacity
- Name of Organisation's (if any) Address
- Phone No./Email Address (at least one contact point)
- Description of the grievance in detail
- Evidence to support the grievance (attached files, photos, etc)

The grievance raiser will be notified once the grievance has been received. The Grievance Management Team may request any further information and will keep the grievance raiser informed throughout the grievance process.

## **2. Grievances raised through unofficial channels**

In addition to grievances submitted through the official channel above, issues may be raised against Growthfund's operations through unofficial channels, such as the media and the internet. Issues will be recorded as grievances if they allege a breach of Growthfund's policies and are connected to its assets directly or indirectly.

### **B) Grievance Validation**

All reports received via the grievance channels; either official or unofficial, will be evaluated by the Grievance Management Team. If necessary, Grievance Management Team will communicate with the grievance raiser to obtain further details and/or evidence of the grievance. The aim of the validation process is to confirm if the complaint falls into the category of a grievance. Possible outcomes include:

- a. The grievance is valid and will be recorded.
- b. The grievance is rejected.

### **C) Grievance Registration**

Once the grievance is validated, Growthfund shall record each validated grievance in the public grievance list to be updated on a quarterly basis.

### **D) Grievance Handling**

An assessment process and report shall be developed providing a summary of the issues and recommended actions to close the grievance(s). The assessment report will be provided to the grievance raiser for perusal along with a timely Action Plan.

### **E) Closing Grievance**

A grievance will be closed when there is verification of compliance with the Growthfund's policies.

## Annex 3. Applicable National and EU Benchmarks

### National Action Plan on Circular Economy

Greece's Governmental Economic Policy Council endorsed a **National Action Plan on Circular Economy** in early 2018 to set the country on a path towards the long-term adoption of circular economy principles. This further **supports Greece's economic strategy in its key quest to "Green" the economy in a way that creates jobs**, especially for women and youth, **and supports long-term equitable and inclusive growth** based on resource efficiency, promotion of SMEs, innovation and investment in new technologies, and strengthening of the "social economy" potential. The long-term (2030) goals of the National Action Plan on Circular Economy can be summarised as follows:

- (i) moving up the waste hierarchy by focusing on preventing waste and improving recycling
- (ii) supporting circular entrepreneurship by promoting "industrial symbiosis" and business clusters
- (iii) supporting circular consumption patterns of re-using, re-storing and re-pairing rather than buying new products, especially for electrical and electronic devices
- (iv) enhancing multi-stakeholder partnerships across industry, academia, and civil society
- (v) monitoring progress towards a circular economic model through SMART (specific, measurable, achievable, relevant and time-bound) indicators.

Priority actions for 2018 include:

- lifting barriers to a circular economy through **10+ regulatory and legislative interventions**, e.g. integrating circular economy considerations and criteria in the Environmental Impact Assessment and Strategic Impact Assessment requirements for sites and projects as well as in the environmental permitting process or elaborating new legal definitions for wastes, by-products and re-fuse materials after first use intended for re-use, declassification of waste and quality standards for secondary raw materials
- **earmarking existing funds** to implement the aforementioned interventions and fund demonstration projects
- further **enhancing knowledge**, understanding, education, awareness and communication
- **improving governance structures** by setting up an inter-ministerial Executive Secretariat for the Circular Economy to oversee implementation and related Observatory to monitor progress

Prior to this, Greece has already adopted a **new Law on Recycling in November 2017 to fully align existing waste legislation with circular economy principles** and **taken effective measures to reduce the consumption of single-use plastic bags** with a ministerial decision in August 2017 that introduced merchant responsibility and set fees for consumers. With these measures and the actions set out in the National Circular Economy Action Plan, Greece aims to achieve the following:

- achieve a radical reduction of the per capita produced waste
- increase reuse and recycling of wastes, with a separate collection of recyclable waste and of bio-waste, to reach 50% of total municipal solid waste produced from a 25% where it stands today
- reach a 74% recovery and less than 30% disposal of total municipal solid waste produced from the current 82% disposal
- create around 15,900 new jobs and the increase of the annual turnover of the waste management related businesses.



## National Climate Law

Greece's first Climate Law 4936/2022 (GG A/105/27.05.2022) was enacted in May 2022 by the Hellenic Parliament, aiming at establishing a coherent framework for improving the climate resilience of Greece. Further to the adoption of measures at international (Paris Agreement) and EU level (Regulation no 2021/1119), this is the first attempt of the Greek legislator to set forth binding measures concerning a wide array of industries and sectors, both public and private, in an effort to reduce carbon emissions and reach carbon neutrality by 2050.

The key changes and obligations introduced are indicatively as follows:

### National and Regional Strategies for Climate Change Adjustment

As per the new law, long-term climate change adjustment plans are to be elaborated and regularly revised both at national and at regional level. Relevant plans shall include analysis of the targets set and the strategy to achieve them, assessment of the most significant climate changes bound to affect Greece, while they will also define sectors which will need to be addressed as a matter of priority within the context of combatting climate change.

### Sectoral carbon budgets

The new law sets forth sectoral 5-year carbon budgets for (a) power and heat production; (b) transport; (c) industry; (d) buildings; (e) agriculture and livestock production; (f) waste; and (g) land use.

### Lignite phase out

As of 31.12.2028, power generation from lignite-fired power plants shall be prohibited. Existing lignite-fired power units shall be decommissioned or converted for a different use in accordance with the pertinent guidelines to be included in the national strategy for climate change adjustment.

### Electric mobility

Starting from 01.01.2024 at least a quarter (25%) of corporate vehicles shall be electric or hybrid. From 01.01.2026 only zero emission vehicles will be allowed to circulate as new taxis in the Attica and Thessaloniki Regions. Likewise, one third of rental cars must be electric or hybrid. The above measures are to be revisited by the end 2023 with a possible expansion of its application in other regions of the country. Finally, from 01.01.2030 or on any other date to be set by the EU legislation, only zero emission new passenger vehicles and light commercial vehicles will be placed on the market. The above are combined with a set of measures aiming to facilitate the installation of charging points.

### Housing sector

As of 01.01.2025, the sale and installation of oil boilers for heating purposes will be entirely prohibited, while from 01.01.2030 onwards the heating oil to be sold must be mixed with renewable liquid fuels by at least 30% by volume. Sanctions are foreseen in case of non-compliance with the aforementioned obligations. Moreover, starting from 1st January 2023 new building permits to be issued for buildings which are not to be used as dwellings on a percentage exceeding 50% will be subject to the installation of pv or solar thermal systems for power generation. Starting from 1st January 2023 the energy efficiency plan for buildings must also include their carbon footprint calculation.

**Carbon footprint of projects/activities**

Projects and activities classified under environmental licensing considered to have a significant impact on the environment and thus classified as Category A for licensing purposes and which do not fall within the ambit of the European Greenhouse Gas Emission Allowance Trading System must proceed with emissions reduction by at least 30% until 2030, the year 2019 being used as a calculation basis. Projects bound by the above obligation include (a) environmental infrastructure systems; (b) tourism installations; urban development/ building sector/ sports and leisure projects; (c) poultry farms; (d) aquaculture; and (e) industrial facilities. By 01.01.2026, the approval of environmental terms of existing projects and installations shall be accordingly amended. From 2026 onwards and by 31.10 of each year a report stating the project's verified emissions for preceding year must be filed. Incumbents may offset their aforementioned obligation through the purchase of Green Certificates or alternative methods of equivalent effect, including the forestation or reforestation of specific areas. The new law also provides for several amendments to be introduced in the Environmental Impact Assessment Studies which must henceforth specifically address the licensed project's compatibility with the national carbon reduction goals and its potential contribution to emissions reduction including a detailed calculation of such reduction where feasible.

**Carbon footprint reporting**

Under the new law a wide list of undertakings is bound by carbon reporting obligations. The list of incumbents is long and includes listed SAs, credit institutions, insurance companies, investment firms, fixed-line phone and mobile operators, water supply and sewerage companies, courier companies, electricity and gas supply undertakings, retail stores with more than 500 employees, logistics services undertakings and urban transport companies. From 2023 onwards, the above undertakings must submit annual reports for their carbon footprints of the previous year. The reports will be uploaded on a publicly accessible electronic database operated by the Organisation of Natural Environment and Climate Change with 2022 as a reference year.

**Climate neutrality for Greek islands**

A Strategic Development Framework is established for the Greek islands under the name "GR-eco islands" with the purpose to assist them achieving climate neutrality.

**Tax incentives**

Costs related to investments contributing to the climate change mitigation are amortised with the coefficients of Article 24 para 4 of Law 4172/2013 increased by 100%.

**Climate change monitoring and participation of the public**

The new law provides for the establishment of a National Observatory for the Adaptation to Climate Change aiming to facilitate the dialogue and exchange of information among public authorities and scientific and academic institutions. Also, an online forum dedicated to dialogues on climate is provided for the purpose of facilitating public consultation on sectoral carbon budgets, the revision of climate targets and the annual progress report on the adaptation to climate change.

## EU Taxonomy

The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities, helping the EU scale up sustainable investment and implement the **European Green Deal**<sup>3</sup>. The EU taxonomy would provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable.



In this way, it should create security for investors, protect private investors from greenwashing, help companies to become more climate-friendly, mitigate market fragmentation and help shift investments where they are most needed.

The Taxonomy Regulation was published in the Official Journal of the European Union on **22 June 2020** and entered into force on 12 July 2020. The **Taxonomy Regulation**<sup>4</sup> establishes **six environmental objectives**, namely:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

The Commission created an IT tool – the **Taxonomy Compass**<sup>5</sup> – that will facilitate the use of the Taxonomy by allowing users to navigate easily through its contents. The development of the EU taxonomy relies on extensive input from experts from across the economy and civil society. This is why **the International Platform on Sustainable Finance (IPSF)**<sup>6</sup> is tasked with advising the EC on further developing the EU taxonomy, improving its usability and exploring its expansion to social objectives, activities that significantly harm the environment or activities that are neutral towards the environment.

<sup>3</sup> [https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en)

<sup>4</sup> [https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852\\_en](https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852_en)

<sup>5</sup> <https://ec.europa.eu/sustainable-finance-taxonomy/>

<sup>6</sup> [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance_en)

## Annex 4. International Frameworks

### The Paris Agreement on Climate

The Paris agreement is a **legally binding international treaty**, which was adopted in **December 2015** at the **Paris climate conference (COP21)** in order to address and tackle climate change and its negative impacts. In total, **196 countries** have signed the 32-page document, almost every nation in the world.



PARIS2015  
UN CLIMATE CHANGE CONFERENCE  
COP21-CMP11

**Its ultimate purpose** is to limit the global temperature increase to **1.5 degrees Celsius** as well as strengthen countries' ability to combat climate change and support them in this effort. To achieve those two key aims, each country needs to commit to a series of actions. Namely, those are:

- Limit global temperature rise by reducing greenhouse emissions.
- Provide a framework for transparency, accountability, and the achievement of more ambitious targets.
- Mobilize support for climate change mitigation and adaptation in developing nations.

For these three goals to be met, each country has submitted its plan for climate action, known as **nationally determined contribution (NDC)**. In essence, each NDC contains the actions to be taken in order to reduce their Greenhouse emissions. On the downside, while all parties are legally obligated to have an NDC and to pursue measures, its achievement is not a legally binding or enforceable commitment. NDCs are submitted every five (5) years to the **UNFCCC (United Nations Framework Convention on Climate Change) secretariat** and each NDC is an improvement and progression to the previous one.

It is vital to work towards this improvement as human-generated emission results to global warming, which is a threat to climate systems and to human health. More specifically, the **IPCC'S Special Report: Global Warming at 1.5 Degrees Celsius** states that temperature increase exceeding 1.5 degrees can potentially result in major extinctions, extreme weather conditions (droughts and hurricanes) and a watery Arctic. In conclusion, water, air and food will be jeopardized, disease will be spread, and safety will be imperilled, leading to a growing public health crisis.

## The UN Sustainable Development Goals

The Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals, set up in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030 (the “**2030 Agenda**”).

### Mission statement:

"A blueprint to achieve a better and more sustainable future for all people and the world by 2030".

- No Poverty
- Zero Hunger
- Good Health and Well-being
- Quality Education
- Gender Equality
- Clean Water and Sanitation
- Affordable and Clean Energy
- Decent Work and Economic Growth
- Industry, Innovation and Infrastructure
- Reducing Inequality
- Sustainable Cities and Communities
- Responsible Consumption and Production
- Climate Action
- Life Below Water
- Life On Land
- Peace, Justice, and Strong Institutions
- Partnerships for the Goals.



## The UN Global Compact

The United Nations Global Compact is a non-binding United Nations pact to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The Ten Principles of the United Nations Global Compact are derived from:



1. the Universal Declaration of Human Rights,
2. the International Labour Organization's Declaration on Fundamental Principles and Rights at Work,
3. the Rio Declaration on Environment and Development, and
4. the United Nations Convention Against Corruption.

### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: make sure that they are not complicit in human rights abuses.

### Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

## The One Planet ESG Framework Principles

The purpose of the One Planet Sovereign Wealth Funds Framework is to accelerate the integration of climate change analysis into the management of large, long-term asset pools thereby improving long-run returns. The One Planet ESG Framework is based on the following **three** principles:



**Principle 1: Alignment** | Build climate change considerations, which are aligned with the SWFs' investment horizons, into decision-making.

**1.1** SWFs recognise that climate change will have an impact on financial markets.

**1.2** Due to their long-term investment horizon and diverse investment portfolios, SWFs recognise that climate change presents financial risks and opportunities which should be incorporated into the investment framework.

**1.3** In accordance with their respective mandates, SWFs should report on their approach to climate change.

**Principle 2: Ownership** | Encourage companies to address material climate change issues in their governance, business strategy and planning, risk management and public reporting to promote value creation.

**2.1** SWFs expect company boards to understand the consequences of their business practices for climate emissions and to set clear priorities for the company to address relevant climate change issues.

**2.2** SWFs expect companies to plan for relevant climate scenarios and incorporate material climate risks in their strategic planning, risk management and reporting.

**2.3** SWFs encourage public disclosure by companies to understand how climate change may affect their future performance, and what actions they are taking.

**2.4** SWFs should encourage the development and adoption of agreed standards and methods that promote the disclosure of material climate-related data.

**Principle 3: Integration** | Integrate the consideration of climate change-related risks and opportunities into investment management to improve the resilience of long-term investment portfolios.

**3.1** SWFs should identify, assess and manage portfolio risks generated by the expected transition to a low-emissions economy and from the potential physical impacts of climate change.

**3.2** SWFs can draw on, and develop, analytical tools to inform portfolio allocation and investment decisions.

**3.3** SWFs should consider investment opportunities that arise from the global effort to address climate change.

**3.4** SWFs should consider approaches to reducing portfolio exposure to climate-related risks.

**3.5** SWFs can promote research on issues related to the financial implications of climate change.

## The Principles for Responsible Investment

The six Principles for Responsible Investment (PRI) are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.



### Signatories' commitment

"As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of ESG issues to investment practices. The process was convened by the United Nations Secretary-General.



## The Task Force on Climate-related Financial Disclosures

Financial markets need clear, comprehensive, high-quality information on the impacts of climate change.

This includes the risks and opportunities presented by rising temperatures, climate-related policy, and

emerging technologies in our changing world. The Financial Stability Board created the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#) to improve and increase reporting of climate-related financial information. The TCFD has developed a framework to help public companies and other organizations more effectively disclose climate-related risks and opportunities through their existing reporting processes. The TCFD recommendations on climate-related financial disclosures are widely adoptable and applicable to organizations across sectors and jurisdictions. They are designed to solicit decision-useful, forward-looking information that can be included in mainstream financial filings. The recommendations are structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets. The TCFD recommendations summarized below are fully described in the TCFD recommendations report.



<b>Governance</b>	<b>Disclose the organization's governance around climate related risks and opportunities</b>
Recommended Disclosures	a) Describe the board's oversight of climate-related risks and opportunities.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.
<b>Strategy</b>	<b>Disclose 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.</b>
Recommended Disclosures	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
<b>Risk Management</b>	<b>Disclose how the organization identifies, assesses, and manages climate-related risks.</b>
Recommended Disclosures	a) Describe the organization's processes for identifying and assessing climate-related risks.
	b) Describe the organization's processes for managing climate-related risks.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.
<b>Metrics and Targets</b>	<b>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</b>
Recommended Disclosures	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

### Global Reporting Initiative (GRI)

**Global Reporting Initiative (GRI)** was founded in Boston in 1997, with the aim to create the first accountability mechanism to ensure that companies adhere to responsible conduct principles. This was further expanded to include social, economic and governance issues.



The GRI Secretariat is currently located in Amsterdam (since 2002) and has a network of seven regional hubs. Although the NGO is independent, it remains a collaborating center of UNEP (United Nations Environment Programme) and cooperates with the United Nations Global Compact.

GRI's sustainability framework is now used by multinational organizations, governments, NGOs, enterprises, and industry groups in more than **90 countries**. In 2017, 63% of the largest 100 companies and 75% of the Global Fortune 250 reported applying the GRI framework.

According to the organization, their mission is to *“enable organizations to be transparent and take responsibility for their impacts, enabled through the world’s most widely used standards for sustainability reporting-GRI Standards”*.

To see through this mission, the GRI creates the **global common language for organizations to report their impact** by providing the GRI standards (launched in 2016). Those are available as a free public good and cover topics including, but not limited to, anti-corruption to water, biodiversity to occupational health and safety, tax, and emissions.

## SASB Standards

SASB Standards guide the disclosure of financially material sustainability information by companies to their investors. Available for 77 industries, the Standards identify the subset of environmental, social, and governance issues most relevant to financial performance in each industry.



Effective August 1, 2022, the Value Reporting Foundation—home to the SASB Standards—consolidated into the IFRS Foundation, which established the first International Sustainability Standards Board (ISSB). SASB Standards are now under the oversight of the ISSB. The ISSB will build upon the SASB Standards and embed SASB’s industry-based standards development approach into the ISSB’s standards development process. The ISSB actively encourages preparers and investors to continue to provide full support for and to use the SASB Standards until the SASB Standards become the IFRS Sustainability Disclosure Standards.

SASB’s Materiality Map outlines the universe of sustainability issues for disclosers to consider:



## The EBRD Performance Requirements



EBRD-financed projects are expected to be designed and operated in compliance with good international practices relating to sustainable development. To help clients and their projects achieve this, the EBRD has defined ten (10) Performance Requirements (PRs) covering the key areas of environmental and social issues and impacts.

The PRs provide a solid base from which clients can improve the sustainability of their business operations. Where possible, projects should avoid adverse impacts on workers, communities, and the environment. If avoidance is not possible, negative impacts should be reduced, mitigated or compensated for, as appropriate.

New facilities or business activities financed by us must be designed to meet the PRs from the outset.

If a proposed business activity relates to existing facilities that do not meet the requirements at the time of Board approval, the client will be required to adopt and implement a satisfactory Environmental and Social Action Plan (ESAP).

If EBRD is to provide general corporate finance, working capital or equity financing for a multi-site company, the client will be required to develop and implement an ESAP at the corporate level (as opposed to the site-specific level). This must be both technically and financially feasible, and deliverable within an acceptable time frame.

- PR 1: Assessment and Management of Environmental and Social Risks and Impacts
- PR 2: Labour and Working Conditions
- PR 3: Resource Efficiency and Pollution Prevention and Control
- PR 4: Health, Safety and Security
- PR 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
- PR 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- PR 7: Indigenous Peoples
- PR 8: Cultural Heritage
- PR 9: Financial Intermediaries
- PR 10: Information Disclosure and Stakeholder Engagement

## Annex 5. Specifics of ESG Investment Strategies

With regard to the ESG Investment Strategies stated in chapter 5, the following specifics should be noted.

ESG Strategy	Notes
<b>Negative / Exclusions</b>	<p><b>Growthfund's Exclusion List</b></p> <p>According to Growthfund's Investment Policy, Growthfund excludes specific economic activities from investments, which include:</p> <ol style="list-style-type: none"> <li>1. Production of arms or military equipment (weapons and defense)</li> <li>2. Casinos and other gambling facilities (including lotteries)</li> <li>3. Production or export of tobacco products</li> <li>4. Hard liquor (excluding wine, beer and nationally recognised and produced spirits).</li> </ol>
<b>Positive</b>	<p>Growthfund aligns with targets and considerations within its asset portfolio that have a positive impact with regard to:</p> <ol style="list-style-type: none"> <li>1. The 2030 Sustainable Development Goals (SDGs)</li> <li>2. The Paris Agreement</li> <li>3. Greece's National Energy and Climate Plan (NECP)</li> <li>4. Greece's National Climate Law (4936/2022 (GG A/105/27.05. 2022))</li> <li>5. Greece's Nationally Determined Contributions (NDC Version 2, 18/12/2020)</li> <li>6. Greece's Recovery and Resilience Plan</li> </ol>
<b>Norms based screening</b>	<p>The following international norms, standards and initiative are to be considered -as applicable per case- when implementing Growthfund's investment mandate:</p> <ol style="list-style-type: none"> <li>2. The UN Global Compact (UNGC)</li> <li>3. The Principles for Responsible Investment (PRI)</li> <li>4. The Task Force on Climate-related Financial Disclosures (TCFD)</li> <li>5. The Task Force on Nature-related Financial Disclosures (TNFD)</li> <li>6. The One Planet ESG Framework Principles</li> <li>7. The EU Non-Financial Reporting Directive (NFRD)</li> <li>8. The EU Corporate Sustainability Reporting Directive (CSRD)</li> <li>9. The EU Corporate Sustainability Due Diligence Directive (CSDD)</li> <li>10. The European Union Taxonomy Regulation</li> <li>11. The EU Sustainable Finance Disclosure Regulation (SFDR)</li> <li>12. The EFRAG Sustainability Reporting Standards</li> <li>13. The Sustainability Accounting Standards Board (SASB)</li> <li>14. The Global Reporting Initiative (GRI)</li> <li>15. The EBRD Performance Requirements (PRs)</li> </ol>

<b>Integration of ESG factors</b>	Growthfund integrates ESG factors into its operational as well as investment decision making process through the ESDD process (risk factors) and ESG scoring/evaluation (opportunities). The systematic and explicit inclusion of material ESG factors into investment analysis and decisions are sector and investee-specific and are realised along with the other ESG Strategies.
<b>Thematic Investing</b>	<p>The themes that Growthfund may focus on are indicatively the sectors that are mandated by its investees, without excluding other sectors where an opportunity may be identified.</p> <p>Themes include among others:</p> <ul style="list-style-type: none"> <li>- Energy</li> <li>- Water supply and sewerage</li> <li>- Infrastructure</li> <li>- Real estate</li> <li>- Transport/mobility</li> <li>- Technology</li> <li>- Food supply</li> <li>- Financial institutions (FIs)</li> <li>- Postal and logistics services</li> </ul> <p>Sectors may also include activities with E&amp;S benefits such as:</p> <ul style="list-style-type: none"> <li>- Renewable Energy</li> <li>- Energy Efficiency</li> <li>- Sustainable Mobility</li> <li>- Bio and Precision Agriculture</li> <li>- Responsible Raw Material Management</li> <li>- Health and Safety</li> <li>- Socioeconomic Impact on Vulnerable Communities</li> <li>- Green Logistics and Supply Chain, and others</li> </ul>
<b>Impact Investing</b>	Growthfund's investments are aimed at making a positive impact both on environmental as well as social matters. Growthfund will develop mechanisms and practices in due course to measure the monetary value and economic impact of its investments to the Greek citizens, stakeholders and society at large.
<b>Active Ownership and Engagement</b>	Growthfund exercises, when needed and as appropriate, an active ownership and engagement approach. This approach consists of publishing Expectations Documents on critical ESG challenges (i.e. climate change) as well as of constructive and interactive dialogue with portfolio entities, in which it holds a stake to discuss how to manage ESG risks, how they can improve ESG risk management and how to take advantage of business opportunities related to sustainability.

## Annex 6. E&S Screening, Due Diligence and Monitoring Processes

### E&S Risk Screening Process

Growthfund shall apply a holistic screening procedure for its assets to identify potential or existing environmental and social risks and further investigation required.

Assets will be selected and will be vetted before transfer or acquisition while checking if the asset involves any excluded activity of **Growthfund's Exclusion List**. If the asset concerns an excluded activity, all relevant stakeholders shall be promptly informed.

Growthfund will also check if the asset complies with **national environmental and social laws and regulations**.

Growthfund will indicate certain requirements, request and record **preliminary E&S information** associated with the assets.

If needed, an initial on-site visit will be carried out to obtain additional information on potential E&S risks and impacts.

### E&S Risk Categorisation

An **initial E&S Risk Categorisation (High/Medium/Low)** of each asset will be conducted to determine whether further investigation is required following an E&S Risk Categorisation List developed in accordance with international best practices<sup>7</sup>.

The **E&S Risk Categorisation List** and **E&S Risk Rating** tables below describe the asset categorisation according to the environmental and social risk level, as well as the environmental and social risk rating in conjunction with the overall E&S Risk of each sector, respectively.

E&S Risk Categorisation List	
<b>Low-Risk Assets</b>	An asset may be classified as a <b>Low-Risk</b> if it has minor/ few E&S risks and impacts. For low-risk assets, the extent of the E&S assessment shall be limited to a review of the asset compliance to national E&S laws and regulations.
<b>Medium-Risk Assets</b>	An asset may be classified as a <b>Medium-Risk</b> if it has limited E&S risks and impacts that can be readily prevented or mitigated through technically and financially feasible measures. For medium-risk assets, the E&S assessment may include an on-site visit, in addition to compliance with national E&S laws and regulations, to identify potential E&S impacts relevant to the asset/industry sector and mitigation measures.

<sup>7</sup> The IFC ESAT-Environmental & Social Assessment Tool, Factsheets by Sector available at <https://firstforsustainability.org/risk-management/risk-by-industry-sector/> and the EBRD E&S Toolkit available at <https://www.ebrd.com/who-we-are/our-values/environmental-emanual-toolkit.html> have been adopted.

High-Risk Assets		An asset may be classified as a <b>High-Risk</b> if it may lead to significant or long-term E&S risks and impacts. For high-risk assets, an in-depth E&S assessment will be necessary to fully understand potential E&S risks associated with the asset. This will require an on-site visit and depending on the complexity of the project and industry sector, Growthfund may need to retain the services of an independent Environmental and Social Consultant/Expert to perform the ESDD process.		
Category A Assets		An asset may be classified as <b>Category A</b> if it involves developments on "greenfield" land, or major extension or transformation-conversion projects, which may give rise to significant or long-term E&S risks and impacts. For Category A assets, an in-depth E&S assessment will be necessary to fully understand potential E&S risks associated with the asset. This will require an on-site visit and depending on the complexity of the asset and industry sector, Growthfund may need to retain the services of an independent Environmental and Social Consultant/Expert to perform the ESDD process.		
E&S Risk Rating				
Asset E&S Activity Risk	High	Medium	High	High (Cat. A Projects)
	Medium	Low	Medium	High
	Low	Low	Medium	Medium
		Low	Medium	High
Overall E&S Risk of Sector				

For this process, Growthfund, the managers and investees' management team will utilise the table given below, which classifies major sectors that are directly and/or indirectly related to Growthfund's Asset Portfolio and its investees' activities.

Nonetheless, each asset needs to be considered on a case-by-case basis considering the asset's characteristics such as scale, location, sensitivity, and magnitude of E&S impacts.

**Examples of E&S Risk Rating** for sectors<sup>8</sup> included in Growthfund's portfolio include:

<b>E&amp;S Risk Rating by Sector</b>		
<b>Low-Risk</b>	<b>Medium-Risk</b>	<b>High-Risk</b>
<b>Financial service activities</b>	<b>Water Supply</b>	<b>Construction</b> (Roads, railways, utilities, buildings, site demolition)
<b>Service industries</b>	<b>Transportation</b>	<b>Energy Supply</b> (electricity, gas, steam, hot water)

<sup>8</sup> According to the EBRD Environmental and Social Risk Categorisation List  
<https://www.ebrd.com/downloads/about/sustainability/ebrd-risk-english.pdf>



By identifying the initial E&S Risk Category of the asset, Growthfund shall set out the level of E&S due diligence required and the actions that may be needed according to the following table:

E&S Risk Assessment Activity	Asset E&S Risk Level		
	Low	Medium	High
Regulatory compliance check	✓	✓	✓
Engage management on E&S risks and how they are managed		✓	✓
Investigate the likelihood of contamination risk	✓	✓	✓
Conduct a site visit			✓

### **Regulatory Compliance Check**

For all asset categories, a regulatory compliance check will be carried out to confirm that the asset complies with national environmental and social laws and regulations, including planning permissions, operating licenses, and permits.

### **Engaging Management on E&S risks**

Growthfund shall engage in discussions with the operational/management team of the assets to assess:

- Commitment to managing E&S issues relevant to the asset
- Presence of effective systems to manage E&S issues
- Record of regulatory breaches, fines, lawsuits, negative media, or stakeholder protests/complaints that showcase how well the asset has been managing E&S issues.
- Growthfund may investigate past track records through an online search of publicly available information.

### **Investigate the Likelihood of Contamination Risk**

For all assets, regardless of the level of E&S risk, Growthfund shall determine whether there is an existing or potential risk of contamination due to neighbouring industrial activity, past industrial activity on the site, or current industrial activity. This can be done by questioning management and/or visiting the site to assess contamination risk and identify mitigation measures required.

### **Conduct an On-site Visit (when applicable)**

Growthfund may conduct an on-site visit (on its own or by appointing an independent consultant) to the asset to further evaluate E&S risks identified during management discussions and investigate how the E&S management systems are applied in practice, by speaking to site managers and other employees on how E&S risks are managed.

If recent ESDD reports are available (i.e. up to two years), Growthfund may choose to rely on these instead of carrying out a new site visit. In case there are no appropriate ESDD reports, Growthfund will undertake a full ESDD as part of the appraisal process. Growthfund or an independent Environmental and Social Consultant/Expert may use a comprehensive **Environmental & Social Checklist for On-site Visits** given in the respective **Annex**.

## **E&S Due Diligence Process**

At this stage, Growthfund may appoint an officer or an independent E&S consultant to perform a desk review to check on any E&S controversies/ news that may be relevant to the project and review E&S documentation, including publicly accessible information and documents for the asset. Depending on the complexity and E&S Risk Rating of the asset, Growthfund may also conduct engagements, consultations, and on-site visits to verify the level of E&S risks, where needed. In some situations, particularly for high-risk investments, it will likely be necessary to appoint an external environmental consultant.

According to the risks identified in the initial screening assessment, Growthfund may consider conducting a further E&S risk assessment using tailored **Environmental & Social Checklists** for each risk category provided in the respective **Annexes** (templates for low, medium, and high-risk assets are provided) to develop the final ESDD report.

Following the findings of the E&S Checklist all listed in the ESDD Report (available **ESDD Report Content Outline per Asset Category** in the respective **Annex**), whether adequate compliance to the E&S requirements cannot be demonstrated, Growthfund may undertake an Environmental and Social Action Plan (ESAP) according to the **ESAP Template** provided in the respective **Annex**, indicating necessary mitigation actions to achieve project compliance with the Fund's E&S requirements.

At the end of the E&S due diligence process, Growthfund should have developed a common understanding of the relevance, significance, and nature of E&S impacts and risks related to the assets as well as the potential to manage and address them effectively.

## **E&S Monitoring Process**

### E&S Monitoring Activities

#### **Regular Meetings**

Growthfund should have frequent discussions to review the asset's E&S performance, including the implementation of any E&S Action Plan (ESAP). Discussions may occur at various levels, including Bboard meetings, discussions with senior management, and meetings with executives and staff responsible for E&S operations.

#### **E&S Performance Reports**

Reports should provide at least an annual overview of the asset's E&S performance, including progress toward the E&S Action Plan (ESAP) and KPIs. The reporting frequency can be adjusted according to the level of E&S risks.

#### **Conducting On-site Visits, when applicable**

On-site visits are often undertaken regularly throughout the monitoring phase since it is beneficial to explore how E&S issues are handled effectively and validate information provided for each asset. The frequency and scope of the on-site visits are determined by several factors, including the materiality and the proven progress on managing critical E&S risks.

In case there is no compliance with Growthfund's E&S requirements, it may be required the development and implementation of a remediation action plan highlighting the critical areas of non-

compliance to be addressed; if the necessary corrective actions are not applied in a timely manner, Growthfund may take further appropriate actions as required.

### E&S Action Plan for Investment Assets

The Environmental and Social Action Plan (ESAP) describes the identified E&S risks and/or impacts, actions required and monitoring measures to mitigate E&S risks, as well as the timeframe and responsibilities for each mitigation action.

Growthfund may assign an internal or an independent ESG consultant to draft the ESAP for each asset needed. The ESAP may then be discussed with Growthfund's Investment Committee, and relevant executives.

Accordingly, Growthfund may utilise the following **ESAP Template**. The template has been designed in order to be aligned with EBRD 10 Performance Requirements (PRs).

Best Practices	E&S Risk/Impact Identified	Action Required	Compliance Requirements	Financial/ Human Resources Needed	Responsible Person	Time frame	Status
Mapping with EBRD PRs	What is the potentially adverse E&S risk/impact identified for this project/activity?	What is the required action to address the identified risk/impact?	Does this action comply with national regulatory, and/or other compliance requirements e.g., EBRD PRs	What are the needed financial and/or human resources for this action?	Who is responsible for this action?	When will this action be accomplished?	
<b>PR1</b>	<b>Environmental and Social Risk Management</b>						
		For example, develop an E&S policy/ E&S Management System, Emergency Response Plan, assign E&S Officer					
<b>PR2</b>	<b>Labour and Working Conditions</b>						
		For example, HR Policy compliant with national labor law, Occupational Health & Safety Procedures					

Best Practices	E&S Risk/Impact Identified	Action Required	Compliance Requirements	Financial/ Human Resources Needed	Responsible Person	Time frame	Status
<b>PR3</b>	Resource Efficiency and Pollution Prevention and Control						
		For example, Storage/Handling /Disposal Procedures, Effluent Discharge Permit					
<b>PR4</b>	Health, Safety and Security						
		For example, Procedures compliant with national laws, Traffic Management Plan					
<b>PR5</b>	Land Acquisition, Involuntary Resettlement, and Economic Displacement						
		For example, Resettlement Action Plan, Compensation plan, grievance mechanisms in place					
<b>PR6</b>	Biodiversity Conservation and Sustainable Management of Living Natural Resources						
		For example, Pre-construction Biodiversity Survey for flora and fauna (e.g. Nile River)					
<b>PR7</b>	Indigenous People Protection						
		For example, Socio-economic study for potential risks/impacts of the project/activity on indigenous people					

Best Practices	E&S Risk/Impact Identified	Action Required	Compliance Requirements	Financial/ Human Resources Needed	Responsible Person	Time frame	Status
<b>PR8</b>	Cultural Heritage Preservation						
		For example, Asset Survey in cultural assets, Archaeological monitoring in the procurement plan					
<b>PR9</b>	Financial Intermediaries						
		For example, development of Environmental & Social Management System					
<b>PR10</b>	Information Disclosure and Stakeholder Engagement						
		For example, Stakeholder Engagement Plan to disclose information to stakeholders about the project/activity, grievance mechanisms in place					

## Annex 7. Indicative E&S Checklist for Low-Risk Assets

Environmental & Social Checklist for Low-Risk Assets		
<b>Asset Name:</b> <b>Industry:</b> <b>Assigned Officer:</b> <b>Assessment Date:</b>		
<b>Note:</b> Depending on the complexity of the asset, if there is a potential risk of land/water contamination, an on-site visit may be conducted to the asset, in addition to the completion of this Checklist, to assess contamination risk and identify mitigation measures required		
Compliance with National Environmental and Labor Laws and Regulations	Check	Comments
Is the project compliant with the national environmental laws and regulations?		
Are there environmental permits and licenses in place?		
Is the project compliant with the national labor law as well as the child and forced labor laws and regulations?		
Are there Occupational Health and Safety procedures in place?		
Is there any personal protective equipment provided when needed?		
Is there any negative record of Occupational Health & Safety issues? E.g., injuries, accidents		
Is there a grievance mechanism for employees and suppliers/contractors?		
Are there procurement requirements in terms of the suppliers' labor and H&S standards?		

## Annex 8. Indicative E&S Checklist for Medium/High-Risk Assets

Environmental & Social Checklist for Medium/High-Risk Assets		
<b>Asset Name:</b> <b>Industry:</b> <b>Assigned Officer:</b> <b>Assessment Date:</b>		
<b>Notes:</b> <b>For Medium-Risk Assets:</b> Growthfund or an independent expert will use this checklist to decide if the asset requires an on-site visit <b>For High-Risk Assets:</b> Growthfund or an independent expert will use this checklist in addition to the Environmental & Social Checklist for On-site Visits.		
Compliance with National Laws and Regulations	Check	Comments
Does the activity comply with the national environmental and labor laws, and regulations?		
Are there environmental permits and licenses? Please indicate if there is provided: a) an Environmental Impact Assessment (EIA) Report, b) Letter of Registration of the EIA c) Environmental Register or others.		
Environmental & Social Risk Management	Check	Comments
Is there an Environmental & Social Policy/E&S Risk Management and/or an Emergency Response Plan in place?		
Is there a designated person for the assessment and management of Environmental & Social issues?		
Are there any procedures to identify and manage Environmental & Social risks of suppliers/contractors? e.g., procurement checklists, site visits		
Labor and Working Conditions	Check	Comments
Is there an HR Policy compliant with the national labor law and child or forced labor laws and regulations?		
Are there Occupational Health and Safety procedures in place?		
Is there any personal protective equipment provided if needed for the project?		
Is there any negative record of Occupational Health & Safety issues? E.g., injuries, accidents		
Is there a grievance mechanism for employees and suppliers/contractors?		
Are there procurement requirements in terms of the suppliers' labor and H&S standards?		
Resource Efficiency and Pollution Prevention and Control	Check	Comments
Is there a GHG inventory or any procedures to manage and monitor the emission sources and associated emissions generated by the project?		
Are there any procedures to mitigate and monitor the water use and solid/liquid waste disposal for this project? e.g., Effluent Discharge Permit		

Is there any past or present evidence of land contamination in the asset?		
Is there any evidence of safety measures on any storage/disposal of hazardous materials?		
Are there any procedures in case of an accidental discharge/spill?		
<b>Community Health, Safety, and Security</b>	<b>Check</b>	<b>Comments</b>
Is there evidence of any negative impact on the surrounding communities' health, safety, and security?		
Are there any safety measures to manage any hazardous waste disposal close to local communities?		
Is there any plan to safeguard communities' security and well-being during the project? e.g., Traffic Management Plan		
<b>Land Acquisition, Involuntary Resettlement, Economic Displacement</b>	<b>Check</b>	<b>Comments</b>
Is there any existing or planned land acquisition for this project?		
If yes, is there evidence of involuntary resettlement because of the land acquisition?		
Is there evidence of communication and consultation with the local communities regarding the decision-making process for the resettlement?		
Is there a resettlement plan and/or compensation in place?		
<b>Biodiversity Conservation and Sustainable Management of Living Natural Resources</b>	<b>Check</b>	<b>Comments</b>
Is there any evidence of a negative impact on biodiversity due to this investment/project?		
Is the project in any legally protected area?		
If yes, are there the necessary operational approvals?		
<b>Indigenous People Protection</b>	<b>Check</b>	<b>Comments</b>
Is there any evidence of a negative impact on indigenous people due to this investment/project?		
<b>Cultural Heritage Preservation</b>	<b>Check</b>	<b>Comments</b>
Is the asset/project located in an archaeological area?		
If it's a cultural asset, is there any evidence of an Asset Survey and/or archaeological monitoring in the procurement procedures?		
<b>Information Disclosure and Stakeholder Engagement</b>	<b>Check</b>	<b>Comments</b>
Is there evidence of a good relationship with stakeholders? For example, stakeholder engagement plan, regular consultations for planned investments?		
Is there an available grievance mechanism for addressing any complaints by the local communities?		
Is there any evidence of disclosure on Environmental & Social issues? E.g., sustainability report		
Is there any evidence of stakeholder engagement and feedback on Environmental & Social issues?		



## Annex 9. Indicative E&S Checklist for On-site Visits

Environmental & Social Checklist for On-site Visits		
<b>Asset Name:</b> <b>Industry:</b> <b>Assigned Officer:</b> <b>Assessment Date:</b>		
<b>Note:</b> Based on the results of the on-site visit, Growthfund or an independent expert may also need to develop an Environmental and Social Action Plan (ESAP).		
Labor and Working Conditions	Check	Comments
Can you see on-site any of the following labour conditions?		
Child labour		
Forced labour		
Migrant labour		
Poor working conditions		
Age restriction/Minimum age requirement		
Fair payment practices		
Contracts compliant with the national labor law		
Grievance mechanism for employees		
Workplace Health and Safety	Check	Comments
Can you see on-site any of the following operational hazards (existing and/or potential)?		
Falls from Height		
Movement of Vehicles		
Road Safety		
Confined Spaces		
Fire Safety		
Excavation Safety		
Other		
Is there a health and safety policy in place?		
Is there a person in charge of health and safety on-site?		Provide Name, Title, E-mail/Telephone Number
Are workers provided with health and safety training?		
Are all health and safety risks well-managed?		
Is there a regular internal audit on Health and Safety issues?		Provide the most recent internal audit report
Is there a track record of workplace injuries/health and safety-related incidents?		
Is there a ventilation system?		
Is there compliance with the Ministry of Health's COVID-19 regulations?		

Are workers provided with face masks and PPE equipment?		
<b>Emergency Management</b>	<b>Check</b>	<b>Comments</b>
Is there a crisis management plan on-site in case of fire/explosion/flood or any other emergency?		
Are there trained personnel for firefighting?		
Is there firefighting equipment on site?		
<b>Environmental Policy</b>	<b>Check</b>	<b>Comments</b>
Is there an adequate environmental policy in place?		
Is there an environmental risk assessment?		
<b>Air Pollution</b>	<b>Check</b>	<b>Comments</b>
Are national requirements met in terms of air emissions?		
Is there any evident or potential source of air emissions?		
Is there evidence of air quality monitoring?		
Is there any asbestos management plan in place?		
Are there any unpleasant odors?		
<b>Water Pollution</b>	<b>Check</b>	<b>Comments</b>
Can you see on-site any existing or potential contamination of the local water source?		
Is there a water waste disposal system?		
Is there a wastewater treatment?		
<b>Land Contamination</b>	<b>Check</b>	<b>Comments</b>
Can you see on-site existing or potential ground/soil contamination caused by stored chemicals?		
Are there any safety guidelines for hazardous materials use and disposal?		
<b>Resource and Waste Management</b>	<b>Check</b>	<b>Comments</b>
Is there an energy efficiency policy in place?		
Are any fossil fuel energy sources used?		
Is there a waste management system in place?		
Are there any recycling and/or circular economy practices in place?		
<b>Community Protection</b>	<b>Check</b>	<b>Comments</b>
Do the activities on-site pose any health risks to the local community?		
Do the activities on-site pose any safety risks to the local community? (For instance, in case of an explosion, fire, etc.?)		
Do the activities on-site cause noise to the local community?		
Do the activities on-site cause unpleasant odors to the local community?		
Does transportation to and from the site cause risks/challenges to the local community?		
Do the activities on the site impact the surrounding environment of the local community?		
Do the security personnel on the site pose a risk to the local community?		
Is there any community engagement plan to have feedback on their concerns for the project/site?		

## Annex 10. ESDD Report Content Outline per Risk Category

ESDD Report Content Outline for Low/Medium-Risk Assets	
1)	Introduction about the Asset
2)	Scope of ESDD
3)	Preliminary Findings
4)	Environmental Findings
5)	Occupational Health and Safety Findings
6)	Social Findings
7)	Preliminary Conclusions

ESDD Report Content Outline for High-Risk and Category A Assets	
1. Background	<ol style="list-style-type: none"> <li>1. Project Description</li> <li>2. Site and Environment Setting</li> <li>3. Land requirement</li> </ol>
2. Compliance with Requirements	<ol style="list-style-type: none"> <li>1. Exclusion list</li> <li>2. National Regulatory requirements</li> <li>3. Performance Requirements (if required)</li> </ol>
3. Environmental Issues	<ol style="list-style-type: none"> <li>1. Air Pollution</li> <li>2. Water Pollution</li> <li>3. Solid and Hazardous Wastes</li> <li>4. Noise</li> <li>5. Site Health and Safety</li> <li>6. Chemical Hazards and Emergency Management</li> </ol>
4. Resources Utilisation	<ol style="list-style-type: none"> <li>1. Water</li> <li>2. Construction material</li> <li>3. Other</li> </ol>
5. Sensitive Issues	<ol style="list-style-type: none"> <li>1. Local human settlements</li> <li>2. Local ecologically sensitive areas</li> <li>3. Sites of cultural importance</li> </ol>
6. Social Issues	<ol style="list-style-type: none"> <li>1. Land acquisition</li> <li>2. Rehabilitation and resettlement</li> <li>3. Indigenous peoples</li> <li>4. Impact on local livelihood</li> <li>5. Public opinion</li> <li>6. Social license to operate</li> <li>7. Stakeholder consultation</li> </ol>
7. Labour Relations	<ol style="list-style-type: none"> <li>1. No child labour</li> <li>2. No forced labour</li> <li>3. Compliance with national labour laws</li> </ol>
8. Consultation and local Disclosure	
9. Other Asset Specific Issues / Conditions	
10. Environmental & Social Action Plan (ESAP)	
11. Summary and Recommendations	

## Annex 11. Indicative Cross Industry, Climate-Related Metric Categories and Examples

Metric Category	Description	Examples
<b>GHG Emissions</b>	Absolute Scope 1, Scope 2, and Scope 3; Emissions intensity	<ul style="list-style-type: none"> <li>• Absolute Scope 1, Scope 2, and Scope 3 GHG emissions.</li> <li>• Financed emissions by asset class.</li> <li>• Weighted average carbon intensity.</li> <li>• GHG emissions per MWh of electricity produced.</li> <li>• Gross global Scope 1 GHG emissions covered under emissions-limiting regulations.</li> </ul>
<b>Transition Risks</b>	Amount and extent of assets or business activities vulnerable to transition risks	<ul style="list-style-type: none"> <li>• Volume of real estate collaterals highly exposed to transition risk.</li> <li>• Concentration of credit exposure to carbon-related assets.</li> <li>• Percent of revenue from coal mining.</li> </ul>
<b>Physical Risks</b>	Amount and extent of assets or business activities vulnerable to physical risks	<ul style="list-style-type: none"> <li>• Number and value of assets in high flood zones.</li> <li>• Wastewater treatment capacity located in high flood zones.</li> <li>• Revenue associated with water withdrawn and consumed in regions of high or extremely high baseline water stress.</li> <li>• Proportion of property, infrastructure, or other alternative asset portfolios in an area subject to flooding, heat stress, or water stress.</li> <li>• Proportion of real estate assets exposed to climate-related hazards.</li> </ul>
<b>Climate-related Opportunities</b>	Proportion of revenue, assets, or other business activities aligned with climate-related opportunities	<ul style="list-style-type: none"> <li>• Net premiums written related to energy efficiency and low-carbon technology.</li> <li>• Number of (1) zero-emissions vehicles (ZEV), (2) hybrid vehicles, and (3) plug in hybrid vehicles in the asset portfolio.</li> <li>• Revenues from products or services that support the transition to a low carbon economy.</li> </ul>
<b>Capital Deployment</b>	Amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities	<ul style="list-style-type: none"> <li>• Percentage of annual revenue invested in R&amp;D of low-carbon products/services.</li> <li>• Investment in climate adaptation measures (e.g., soil health, irrigation, technology).</li> </ul>

Metric Category	Description	Examples
<b>Internal Carbon Pricing</b>	Price on each ton of GHG emissions used internally by an asset	<ul style="list-style-type: none"> <li>• Internal carbon price.</li> <li>• Shadow carbon price, by geography.</li> </ul>
<b>Remuneration</b>	Proportion of executive management remuneration linked to climate considerations	<ul style="list-style-type: none"> <li>• Portion of employee's annual discretionary bonus linked to investments in climate-related products.</li> <li>• Weighting climate goals on long-term incentive.</li> <li>• Scorecards for Executive Directors.</li> <li>• Weighting of performance against operational emissions' targets for remuneration scorecard.</li> </ul>

Source: Adopted by TCFD

## Annex 12. Examples of Quantified Climate Related Targets

Cross-Industry Metric Category	Climate-Related Target Examples
<b>GHG Emissions</b>	Reduce net Scope 1, Scope 2, and Scope 3 GHG emissions to zero by 2050, with an interim target to cut emissions by 70% relative to a 2015 baseline by 2035.
<b>Transition Risks</b>	Reduce percentage of asset value exposed to transition risks by 30% by 2030, relative to a 2020 baseline.
<b>Physical Risks</b>	<ul style="list-style-type: none"> <li>• Reduce percentage of asset value exposed to acute and chronic physical climate-related risks by 50% by 2050.</li> <li>• Ensure at least 60% of flood-exposed assets have risk mitigation in place in line with the 2060 projected 100-year floodplain.</li> </ul>
<b>Climate-related Opportunities</b>	Increase net installed renewable capacity so that it comprises 85% of total capacity by 2035.
<b>Capital Deployment</b>	<ul style="list-style-type: none"> <li>• Invest at least 25% of annual capital expenditure into electric vehicle fleet.</li> <li>• At least 10% of portfolio to assets focused primarily on physical climate-related risk mitigation.</li> </ul>
<b>Internal Carbon Pricing</b>	Increase internal carbon price to EUR150 by 2030 to reflect potential changes in policy.
<b>Remuneration</b>	Increase amount of executive management remuneration impacted by climate considerations to 10% by 2025.

Source: Adopted by TCFD

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