



ESG Strategy of OTP Bank Romania S.A.



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Sustainability is not just an option; it is the only path towards a prosperous future for us all. It is our way, as the present generation, of ensuring the well-being of tomorrow's individuals, including those who are yet to come. It is about assuming responsibility, and as a banking institution, we are embarking on a mission to support and promote responsible action.

OTP Bank Romania has high aspirations for the sustainability of our own activities. That is why, through our Sustainability strategy, we are determined to provide a solid framework for regulating and monitoring environmental, social, and governance (ESG) factors that integrate evolving standards and best ESG practices into our business. Additionally, we have set clear medium-term objectives to ensure that we fulfill our commitments to provide tailored financial services and engage in socially responsible activities. By doing so, we contribute to fostering a balanced transition towards a low-carbon economy and actively support the realization of the UN 2030 Sustainable Development Agenda.

The recent years have put us all to the test, demanding resilience, reinvention and agility. However, these challenging times have demonstrated once and for all that any obstacle is easier to overcome when we work together.

Sustainability follows the same principle: it can only be achieved together. This is why we are counting on the support of the entire OTP Bank Romania team, our colleagues within the OTP Group, as well as our clients and partners to turn the principles of the sustainability strategy into a way of working and living.





Our Vision

OTP Bank Romania is committed to finance a fair and gradual transition to a low-carbon economy, while encouraging responsible behaviors and increasing the positive impact on society.

The Pillars of our ESG Strategy

OTP Bank Romania S.A. ESG Strategy was defined in 2022 considering OTP Group ESG Strategic directions, regulatory recommendations, National Bank of Romania expectations, market opportunities and challenges.

Based on the materiality assessment performed by OTP Group amongst stakeholders, all ESG factors appeared as relevant and were grouped under 3 materiality strategic Pillars, each of these addressing more Sustainable Development Goals.



RESPONSIBLE PROVIDER

Acting for the climate and the environment by supporting green transition.



RESPONSIBLE EMPLOYER

Encouraging responsible behaviour.



RESPONSIBLE SOCIAL ACTOR

Increasing a positive impact on society.



Focus of OTP Bank România S.A. on each ESG Strategy Pillar



RESPONSIBLE PROVIDER

We develop sustainable practices by:

- **Adopting active ESG risk management practices**
- Defining sustainable financing approach: **we set strategic directions, implementation plan and targets for building Green Portfolio & Green Evaluation Framework**, based on the assessment of market trends and opportunities (including national strategies and incentives programs aiming to foster green transition of the economy) and own portfolio characteristics
Stabilirea unui **plan de produse verzi**
- Setting **green products plan**
- **Promoting sustainable channels & services**
- **Further strengthening ethics, anti-corruption and transparency policies**



RESPONSIBLE EMPLOYER

We adopt **active ESG management practices in its governance model.**

As an employer, OBR is committed to strengthen its activities around human capital- as key for a successful strategy & effective ESG culture. As Responsible Employer OBR focuses on:

- **Wellbeing**
- **Diversity & Inclusion**
- **Engagement**
- **Recruitment, Development * & Retention**
**including development of general ESG awareness & specific knowledge*



RESPONSIBLE SOCIAL ACTOR


We take active steps to reduce own carbon footprint and continue to create value to society and contribute to sustainable developments goals via valuable CSR actions, cooperation & communication with all stakeholders:

- **Carbon neutrality plan:** responsible resource management (GHG reduction in own operations) & offset

We aim at generating value for society and we contribute to Sustainable Development Goals (SDG) through measurable CSR actions, cooperation and communication with all the stakeholders:

- **Corporate Social Responsibility actions – via OTP Foundation educational activities, donations & sponsorships**, cooperation & communication with community
- **Transparency** in sustainability reporting
- **Memberships**


Performance and Results of OTP Bank Romania S.A.'s Sustainability Strategy

Our Pillar	Our Focuses	Our Results	Our Objectives	Contribution to the Sustainable Development Goals (SDG)	
<p>Responsible Provider "Acting for the climate and environment by supporting the green transition"</p>	<p>Green Finance</p>	<p>The development of the preliminary process for identifying potential "green" exposures in Project Finance;</p> <p>We have established priority directions for the development of the green financing portfolio based on market risk and opportunity analysis: renewable energy production, green buildings, and ecological mobility</p>	<p>Green Credit portfolio by 2025: Corporate: EUR 100 million; Leasing: EUR 2 million; Retail: EUR 1 million.</p> <p>Implementation of the Green Credit Evaluation Methodology in OTP Bank Romania, aligned with EU Taxonomy and CBI, based on the OTP Green Financing Framework</p> <p>2023: Definition and piloting of the local methodology</p>		
		<p>EUR 69 million from OTP Bank Romania's portfolio included in OTP's financeable Green Bond Portfolio at the end of 2022</p>			
	<p>Responsible Lending: Proactive & balanced ESG risk management</p>	<p>Implementation of ESG risk categorization and due-diligence</p>	<p>Commitment to measuring, managing and reducing emissions associated with our clients' financing to support our objective</p>		
		<p>Overarching exclusion list for unethical and potential harmful activities from ESG perspective</p>	<p>Implementation of ESG factors in collateral assessments</p>		
		<p>Zero tolerance for financing activities on the exclusion list for new clients</p>	<p>Configuration of internal ESG reporting regarding the credit and guarantee portfolio</p>		
		<p>Implementation of ESG factors in Operational Risk management</p>	<p>Development of tools and framework for reporting and monitoring ESG aspects related to the credit and guarantee portfolio</p>		
	<p>Access to financial services: sustainable channels</p>	<p>100% digital channels for main standard products & services, while maintaining full service in branches for less digital clients/more complex requests</p>	<p>Expansion of digital channels for products & services and implementation of E2E streamlined processes in branches, while maintaining a focus on enhancing service availability, security, and data protection.</p>		
		<p>Internal framework for long term operational and organizational resiliency and sustainability</p>	<p>Continual development of current methodology</p>		
	<p>Ethics, governance and transparency</p>	<p>Zero tolerance towards all forms of fraud, bribery & gaining of unfair advantages, covering the entire organization and interactions with all stakeholders.</p>	<p>Sustained development of the ESG culture</p>		

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Responsible Employer "Encouraging responsible behaviour within organization"	Employment	Gender-neutral remuneration policy	Equal opportunities and anti-discrimination; enhance our "Culture of Inclusion"	
	Engagement & Development	Strong gender representation in the management bodies	Maintain representation in line with inclusion targets	
		Promotion and rewards linked to a transparent & objective evaluation process	Enhance career management (career path, succession planning, talent management) and overall compensation strategy	
	Wellbeing	Proactive initiatives for employee well-being	Maintain & improve the <i>Wellbeing</i> program	

Performance and Results of OTP Bank Romania S.A.'s Sustainability Strategy

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Responsible social actor "Develop the positive impact on society"	Environment	Carbon Neutrality commitments	Carbon Neutrality Plan by 2025 - reducing emissions and offsetting residual emissions from our own operations (Scope 1 and 2)	
			Total greenhouse gas emissions neutrality by 2050, with interim targets	
			Source all energy from renewable sources	
			Measurement methodology for supply chain emissions by 2025	
			Increased use of recycled paper and minimized overall paper consumption	
	Financial Literacy, Vocational, Digital & Self Awareness education	Education for children & adults via traditional training & digital innovative methods		
		10,000 beneficiaries per year	Reach min 10,000 beneficiary/year via various educational programs for children & adults through the OTP Bank RO Foundation	
	Contributions to communities	Volunteering & Donations via schools & charity associations to aprox. 700 beneficiaries	10% yearly increase in the number of volunteer actions/donations	

Governance system of OTP Bank Romania S.A.

ESG Organization

ESG DECISIONAL BODIES

Management Board
Supervisory Board

Make strategic decisions regarding ESG aspects and periodically steer ESG progress as detailed in their functional regulations

ESG WORKGROUP

Coordinated by the Sustainability Department. Comprised of Management Board members, Directors and Managers of various organizational units – as per responsibility area (subject owners).

Ensure implementation of ESG strategic actions, discuss relevant topics, track progress and provide recommended actions

ESG Subject Owners	Business Division	Risk Admin & Finance	Credit Risk	Procurement & Logistics	PR & CSR	HR & Training	Legal & Compliance
Tasks & Responsibilities	<ul style="list-style-type: none"> Market and Portfolio Evaluation Target Setting Product Strategy and Development 	<ul style="list-style-type: none"> BNR Reporting and Requirements Alignment with EBA and Group regulations on ESG risk management 	<ul style="list-style-type: none"> Updating Credit Policies for new products UW, administration, and monitoring procedures 	<ul style="list-style-type: none"> Carbon footprint measurement Carbon footprint reduction targets and plan 	<ul style="list-style-type: none"> CSR initiatives and communication plans Adherence to volunteering initiatives 	<ul style="list-style-type: none"> Human Resources and Governance Procedures Training Internal Communication 	<ul style="list-style-type: none"> Guidance on strategy and policies Regulatory updates
	<p>Green Framework Definition: flows, procedures, developments set up</p> <p>Internal regulations & Systems updates</p> <p>The 3 Lines of Defense Principles also applicable to ESG areas</p>						