

Consistency of OTP Bank Plc.'s Remuneration Policies with the integration of sustainability risks

Article 5 (1) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (hereinafter: SFDR) states that financial market participants and financial advisers shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks, and shall publish that information on their websites. The present document ensures compliance with the obligation imposed by the SFDR detailed above.

Sustainability risk, according to Article 2 (22) of the SFDR, means “*an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment*”.

OTP Bank Plc acts consciously with regard to the sustainability risks in all cases. In designing the incentive system, the enforcement of sustainability aspects has already played a key role at the level of the Banking Group's Remuneration Policy governing senior management. Among the objectives, based on which performance-based remuneration is paid to the senior management (CEO, deputy CEOs) and managing directors, aspects of compliance-conscious activity and CSR are included in the ratio of at least 5-5%, which criteria also include compliance with sustainability aspects.

In the context of investment activities, the objectives for the two relevant areas of expertise of the Global Markets Directorate have been designed to take sustainability considerations into account. These two areas are the areas responsible for portfolio management and the selection of products sold in the framework of investment advice, as well as the development of model portfolios. Compliance with the bank's sustainability risk management policy was included in the incentives of the area responsible for portfolio management, while in respect of the area of investment advisory support, the sustainability aspect has been integrated into the process of selecting recommended investment products and developing model portfolios.

Moreover, OTP Bank Plc puts forward the interests of customers when incentivising employees involved in the retail sale of investment services, according to which the incentive to sell within each product category is product-neutral and special attention is given to meeting customer needs. Accordingly, when selling investment products, remuneration policies always encourage the sale of products that meet the needs of the customer concerned.