



ESG guidelines in procurement



OTP Bank's procurement strategy prominently includes sustainability considerations. We always strive to maintain business relationships with suppliers who are environmentally and socially responsible, in compliance with domestic law and international standards. We plan to develop the ESG rating criteria and process for our partners registered in our supplier system.

The primary task of the procurement area is to ensure the procurement of tools, materials, and services necessary for banking operations in the expected quality, on time, and at the most favorable market conditions, in close cooperation with the specialized areas. As part of this, procurement's task – in line with internal regulations – is to register, evaluate, and establish successful collaborations with suppliers, as well as ensure the transparency of the process.

During the procurement process we place great emphasis on clear and consistent communication, ensuring equal opportunities, establishing long-term, stable, and successful relationships and adhering to ethical, sustainability, conflict of interest and data management regulations. Among the fundamental criteria for our procurements is the price-value ratio, which is a determining factor in the procurement procedure. In establishing relationships with partners, we also consider professionalism, expertise and competitiveness. We are committed to combatting corruption and conducting our procurement procedures legally and transparently. The entire procurement process is carried out in compliance with the applicable legal provisions, ensuring adherence to internal procurement regulations.

The fulfillment of a specific procurement need always begins with selecting the optimal procurement strategy. By preliminarily examining the specification of the need, procurement ensures that a specification is compiled that can be uniformly interpreted, fulfilled and priced by the bidders. We expect our suppliers to ensure that the services and products they offer meet the professional and commercial conditions specified in the price request and that their quality meets the prescribed quality, regulatory and legal requirements.

When selecting invited suppliers, we equally consider the needs of the specialized areas, the results of supplier prequalification and the market references. We decide on the selection based on an objective, predetermined set of criteria. The finalization of the procurement request preceding the invitation to tender is carried out with the prior agreement and approval of all affected specialized areas. We strive for competition while maintaining the confidentiality of the content of the bids during the evaluation of tenders and price negotiations.

We prudently manage cooperation with contractual partners, particularly the request for proposals and preparation processes. The selection criteria related to procurements are objective and the same expectations apply to all bidders. We continuously evaluate our suppliers during our cooperation and inform them of the results of the evaluation.

Before inviting suppliers to compete or committing to contractual obligations, the Bank prequalifies its suppliers using supplier prequalification questionnaire. During prequalification,

we check suppliers in public and other registers¹. Our examination also extends to whether there is a relationship between the supplier or its company managers, owners, and the Bank's employees that violates conflict of interest rules and we check whether the supplier qualifies as a related party². We monitor whether the company's activities include sensitive activities³ and whether the locations associated with the company are linked to any areas of high risk from a sanctions perspective. We also examine whether the company's representatives, owners include persons associated with the military, defense industry, paramilitary organizations, political parties/organizations and prominent public figures. During prequalification, we pay special attention to examining subcontractors intended to be directly involved in the fulfillment, preventing the company from circumventing the rules by involving a subcontractor.

The prequalification questionnaire also includes ESG criteria: about the business ethics, environmental policy, competition law practices of the companies and their subcontractors, the potential risks arising from these and the management of these risks. The prequalification questionnaire requires a declaration on whether the company has been fined for health protection, safety technology, environmental protection and whether the company has certain ESG policies⁴.

We generally expect our suppliers to comply with international environmental, safety technology and health protection regulations and to work with professional methods, considering sustainability aspects, laws, regulatory requirements and business ethics (treatment of their employees⁵).

We expect responsible, ethical behavior from our suppliers, as prescribed by the Bank's Partner Code of Ethics. We expect our suppliers to commit to adhering to the provisions of the Bank's Partner Code of Ethics (or their own equivalent regulations) by accepting the general terms and conditions that form an inseparable part of the contract with the Bank.

¹ For example, the Opten company database, , online blacklist company registry database, ORBIS online company information system, WorldCheck online company information system.

² Related party or parties: a private individual or economic entity that is related to the economic entity preparing its financial statements. This category includes key executives of the OTP Group and their close relatives, as well as businesses under the control of these individuals, and companies within the consolidation scope of OTP Bank and certain subsidiaries.

³ Sensitive activities: Coal/petroleum/natural gas exploration, production and wholesale, Nuclear energy, Space industry, Gambling and betting, Redlight business, Dual-use items and technologies (items and technologies used for both civilian and/or military or law or enforcement applications), Crypt currencies, Production and trade of defense-related products (DRPs), provision of related services (e.g.: military industry, military, equipment, including weapons approved for civilian use, explosives production), Sea freight

⁴ For example anti-corruption policy, sustainable procurement policy.

⁵ For example employment practices, right to work, rights related to trade unions, ensuring working and rest hours, right to appropriate remuneration, prohibition of child labor, prohibition of forced labor, etc.