



OTP Group Our Environmental, Social and Governance approach



Dr. Sándor Csányi
Chairman and CEO

OTP Group is aiming to be the regional leader in financing a just and gradual transition to a low-carbon economy and building a sustainable future offering balanced financing options.

"Our customers and colleagues inspire us to continuously innovate and develop, instilling in us a deep sense of shared purpose that has driven us to become the leading financial services group in Central and Eastern Europe. In the region, OTP was able to strengthen its position following the purchase of NKBM in Slovenia and since the acquisition of the Uzbek Ipoteka Bank OTP Group set foot in Central Asia as well. But our ambitions aim even higher: OTP Group aspires to become not only today's, but tomorrow's leading bank, helping over 16 million customers achieve their goals with fast, convenient and secure financial solutions that harness the power of cutting-edge technological innovation. We are committed to incorporate environmental, social and governance matters with material risks and opportunities. Our services

contribute to the financial and social improvement of our local communities through socially and environmentally responsible operations, fostering social inclusion, and financial education. This is how we deliver for all our stakeholders."

Membership*

- **UNEP FI Principle for Responsible Banking**
- **Business Council for Sustainable Development in Hungary**
- **KÖVET Association for Sustainable Economies**
- **Hungarian Banking Association**
- **CECE SRI EUR index**
- **PCAF membership**

*OTP is a member of several other associations, however only the major, ESG related memberships are listed above

15 years of our Sustainability performance



OTP Group defines long-term sustainability, transparency and ethical operations in terms of stable financial management, responsible and transparent governance, and functioning as a responsible employer on the labour market and an active player in society. Our objective is to provide financial services that are responsible, fair and customer demand-driven and to work with our stakeholders based on openness and trust, all the while measure and manage our environmental footprint.



In 2023 OTP was given a combined medium risk rating based on its low risk exposure to significant ESG issues and the strong rating of the management of such risks. Our overall risk rating score 14,6. The company's overall exposure is medium and is similar to subindustry average. Data Privacy and Security, Business Ethics and Product Governance are notable material ESG issues. OTP shows strength in its board structure, its audit and financial performance system and its stakeholder governance.

OTP Bank has been downgraded to BBB risk category. OTP discloses best practices pertaining to business ethics relative to peers. These include board-level oversight on ethics compliance, and formal policies addressing risks related to corruption and money laundering. We outperformed the industry average in terms of consumer financial protection, and access to finances.

OTP Group participate in the environmental disclosure system of CDP. We completed the survey since 2019, and as an improvement compared to the previous year, OTP Bank CDP Climate Change Rating is "B-".

OTP Bank scored a total of 40 points in Moody's ESG risk assessment rating. The agency valued our social pillar stronger than sector average with an assessed 41 points. We exceeded the sector average in community involvement domain.



ESG ratings


SUSTAINALYTICS
ESG risk ratings

↑
14,6



MSCI
ESG ratings

BBB



CDP
CDP score

↑
most recent update
B-



Moody's
ANALYTICS
ESG Overall Score

↑
40



OTP Group has set the mission to enable the transition to a sustainable future and contribute to the positive development of society.

The main pillars of OTP Group ESG Strategy

Responsible provider

We are introducing **green solutions** aiming **to foster green transition of the economy**.

We offer products and investment services that facilitate the transition **to increase investments in a sustainable economy**.

We adopt **active ESG risk management** practices in our banking activity.



Responsible provider

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



Responsible employer

We adopt **active ESG management** practices in its governance model activity by 2023 and as an employer is committed to strengthen its activity in **employee well-being and development, inclusion, diversity and employee engagement**.

Responsible social actor

We set **ambitious environmental goals** in terms of its **own operations, including the reduction of our own emissions**.

We take active steps to remain and improve its position as **responsible actor** through **product responsibility** and **donations**, creating shared value that is both measurable and makes recognizable **contribution to society and SDG's**.



Responsible employer

Encouraging responsible behaviour within OTP Group































Responsible social actor

Increasing a positive impact on society



Our Performance and Objectives

Our Pillars	Our Focuses	Our Results	Our Objectives	Contribution to SDG's
Responsible provider	Green finance & Responsible lending	Green credit portfolio by 2023 Corporate HUF 508 bn, Retail HUF 149 bn	Green credit portfolio by 2025 Corporate HUF 1,000 bn, Retail HUF 500 bn	         
		Successful Green bond issuance with outstanding green bonds amount EUR 456 bn	Regular green bond issuance with favourable pricing	
		HUF 31.34 bn Asset managed by OTP Climate Change	Commit to measuring, managing and reducing emissions associated with our financing of clients to support our objective to achieve net zero by 2050 .	
		Introducing Environmental and Social Risk Management Framework	Maintain up-to-date Introducing Environmental and Social Risk Management Framework	
		Implementation of ESG factors in operational risk management	ESG approach rolled-out across all subsidiaries, board ESG related services	
		HUF34.5 billion was disbursed for new green housing loan transactions, HUF 414 billion Green Loan portfolio target exceeded by 200 billion	Support the housing related green transition of retail clients	
		HUF 16 bn for household energy efficiency	Implementation of ESG factors in collateral assessments	
		Renewable energy projects contracted or refinanced amounted to HUF 19.2 billion		
		The group-level green loan framework was completed in 2023, setting out the general principles of green lending		
	Access to financial services	99% of OTP Bank branches are physically accessible		
Responsible employer	Employment	ESG extends to group-level, long-term operational and organizational resiliency and sustainability	Increase gender representation in the management bodies by 2025	     
		Equal pay remuneration policy	Equal opportunities and anti-discrimination, and increase our 'Culture of Inclusion'	
		Health insurance services, screening programmes, sports and recreational possibilities implemented		
	Environment	Net carbon neutrality for OTP Bank Scope 1-2 emissions by 2022	Reduce annual greenhouse gas emissions (Scope 1 and 2) to net zero by 2050 with interim targets	
		Scope1 and Scope2 emission have been offset	Offset all residual emissions from our operations (Scope 1 and 2, Scope 3 flights, waste)	
		New Head Office with LEED Gold certification	Reduce waste per colleague 50% by 2024	
		Approximately 21,600 trees saved by recycled paper	Use only repaper by 2023	
		No paper-based statements for the majority of OTP clients	Source all energy from renewable sources by 2030	
	Financial Literacy	Education for children, adults and introducing new digital education methods, career guidance.		
		37,000 students/year, 27% YoY increase		
	Local Communities	HUF 5 bn donation	Promoting pro bono volunteering among our colleagues	
		nearly 4,200 volunteers/year	Increase participation for employee volunteering to 30%	
		HUF 30 million in OTP Condominium grant scheme support		
Responsible social actor	Local Communities			           

Our sustainability governance

We are working towards integrating the sustainability mindset both into our daily operation and business decision - making, backed by a strong executive (management) commitment - as the envisaged set up shows.

Robust organization & top level responsibility for sustainability and climate strategy

- It is a major goal for the Bank to integrate ESG in as many ways as possible: into business decisions, risk management, effectiveness, governance activity. This volume of deliverables needs a sound organizational framework.
- **The whole bankgroup is involved in the ESG transformation**, that is steered by the ESG Committee, managed by the Green Program Director as Leader of ESG business transformation

