

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. 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 reduce environmental risks and 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

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 reducing our environmental impacts.



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	Preliminary green process development and pilot	Green credit portfolio by 2022 Corporate HUF 150 bn , Retail HUF 80 bn	
		Prepare for Green bond issuance	by 2025 Corporate HUF 1,000 bn , Retail HUF 500 bn	
		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 .	
		Implementation of ESG risk categorization	Develop a methodology to measure Scope 3 emissions our supply chain by 2024	
		Implementation of ESG factors in operational risk management	ESG approach rolled-out across all subsidiaries , board ESG related services	
		360,000 housing loans at Group level	Definition of ESG risk appetite for the credit portfolio	
		HUF 16 bn for household energy efficiency	Implementation of ESG factors in collateral assessments	
			Set up internal ESG reporting on credit portfolio and collaterals	
	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'	
	Environment	Carbon neutrality by 2022	Reduce annual greenhouse gas emissions (Scope 1 and 2) to net zero by 2050 with interim targets	
		9,200 saved trees by recycled paper	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	
			Use only repaper by 2023	
	Source all energy from renewable sources			
Responsible social actor	Financial Literacy	Education for children, adults and introducing new digital education methods, career guidance.	Education: Reach 30,000 student and young people through OK Center	
		20,000 student/year		
	Local Communities	HUF 5 bn donation		
		nearly 1,500 volunteers/year	Increase participation for employee volunteering to 30%	

Our sustainability governance

We are working towards fully integrating sustainability mindset both in our daily operation and business decision making, backed by strong executive 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: in business decisions, risk management, management effectiveness, governance activity. This volume of deliverables needs a robust organizational framework.
- The **whole organization of the Bank and its Subsidiaries are involved in the ESG transformation**, that is steered by the ESG Committee, managed by the Green Program Director as Leader of ESG business transformation.



Board of directors

ESG Committee

New Standing Executive Committee

Task: Decision making body of the OTP in ESG strategy related issues

Chair: Delegate of BoD

ESG Subcommittee Operating Committee of ESG Committee

Task: operating body supporting the work of ESG Committee

Chair: Green Program Director responsible for ESG business transformation of the OTP Group

