

Statement on principal adverse impacts of investment decisions on sustainability factors

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Reference period: from 1 January 2025 to 31 December 2025

Financial Market Participant: OTP Alapkezelő Zrt./OTP Fund Management Pte. Ltd., LEI Code: 529900R6WDVNFQNK8W55	
Összefoglaló	Summary
Az OTP Alapkezelő Zrt. (LEI: 529900R6WDVNFQNK8W55) figyelembe veszi befektetési döntéseinek a fenntarthatósági tényezőkre gyakorolt főbb káros hatásait. Ez a nyilatkozat az OTP Alapkezelő Zrt. fenntarthatósági tényezőkre gyakorolt főbb káros hatásairól szóló nyilatkozat.	OTP Fund Management Pte. Ltd. (LEI: 529900R6WDVNFQNK8W55) takes into consideration the principal adverse impacts of their investment decisions on sustainability factors. This is a statement about the principal adverse impacts of OTP Fund Management Pte. Ltd. on sustainability factors.
Ez a fenntarthatósági tényezőkre gyakorolt főbb káros hatásokról szóló nyilatkozat a 2025. január 1-jétől december 31-ig tartó referencia-időszakra vonatkozik.	This statement on the principal adverse impacts on sustainability factors refers to the reference period from 1 January 2025 to 31 December 2025.
A befektetési döntések fenntarthatósági tényezőkre gyakorolt káros hatásainak figyelembe vétele az egyes káros hatás indikátorok monitoringja révén valósítható meg, amelynek érdekében 2022 év során az OTP Alapkezelő Zrt. külső szolgáltatóval szerződést kötött. A káros hatások figyelembe vétele érdekében továbbá az OTP Alapkezelő Zrt. 2022 végétől kizárási listát alkalmazott a befektetéskezelési tevékenység keretében történő befektetési döntéshozatal során. Az OTP Alapkezelő Zrt. felülvizsgálta a PAI kezelési gyakorlatát ideértve a PAI-khoz kapcsolódó célkitűzéseket, a célkitűzések társasági vagy termék szinthez kapcsolását és a választható PAI-k kiválasztási módszerét és a kiválasztott PAI-kat. A fentiek alapján OTP Zrt. Alapkezelő azokat a Kötelező PAI indikátorokat vizsgálja részletesebben, és tesz rájuk társasági szintű vállalást, amelyek kezelésére és adott esetben befektetési korlátként történő alkalmazására szakmai meggyőződése alapján olyan vállalat tud tenni, amely hatásában	The consideration of the adverse impacts of investment decisions on sustainability factors can be achieved through the monitoring of specific adverse impact indicators, for which OTP Fund Management Pte. Ltd. has contracted an external service provider during 2022. In addition, in order to take into account the adverse impacts, OTP Fund Management Pte. Ltd. applied an exclusion list from the end of 2022 onwards for investment decision making in the context of investment management activities. OTP Fund Management Pte. Ltd. has reviewed its PAI management practices, including the objectives related to PAI indicators, the allocation of such objectives between entity-level and product-level commitments, as well as the methodology for selecting the applicable PAI indicators and the indicators selected. Based on the above, OTP Fund Management Pte. Ltd. focuses in greater detail on those mandatory PAI indicators for which, based on its professional judgement, it is able to undertake entity-level commitments, including their management and, where

összeegyeztethető a befektetői érdekekkel. Az OTP Alapkezelő Zrt. az SFDR 8-as alapok vonatkozásában az adatott alap által előremozdított környezeti vagy társadalmi jellemzőkhöz kapcsolódóan a társasági szintű vállaláson túlmutató termék szintű vállalatot is tehet. Az OTP Alapkezelő Zrt. a külső adatszolgáltató rendszerében rendelkezésre álló adatok alapján az összes, SFDR RTS-ben meghatározott Választható PAI indikátor alakulását nyomon követi az elmúlt időszakra vonatkozóan. Az OTP Alapkezelő Zrt. azokat a Választható PAI indikátorokat vizsgálja részletesebben és szerepelteti a PAI nyilatkozatában, amelyek figyelésére, kezelésére és adott esetben befektetési korlátként történő alkalmazására szakmai meggyőződése alapján olyan vállalatot tud tenni, amely hatásában összeegyeztethető a befektetői érdekekkel.	appropriate, their application as investment restrictions, in a manner that remains consistent with investors' interests. With regard to SFDR Article 8 funds, OTP Fund Management Pte. Ltd. may, in addition to entity-level commitments, undertake product-level commitments linked to the specific environmental or social characteristics promoted by the given fund. OTP Fund Management Pte. Ltd. monitors the development of all optional PAI indicators defined in the SFDR RTS over the reference period, based on data available through its external data provider. OTP Fund Management Pte. Ltd. performs a more detailed assessment of, and includes in its PAI statement, those optional PAI indicators for which, based on its professional judgement, it is able to undertake commitments regarding monitoring, management and, where appropriate, application as investment restrictions in a manner consistent with investors' interests,
Felhívjuk a figyelmet arra, hogy a jelen Nyilatkozat tartalma nagyban függ az egyes káros hatás indikátorokkal kapcsolatos adatok elérhetőségétől és minőségétől. Erre tekintettel teszünk jelentést az OTP Alapkezelő Zrt. által kezelt alapokban és portfóliókban szereplő pénzügyi eszközök összességének főbb káros hatásáról.	It should be noted that the content of this statement is highly dependent on the availability and quality of the data related to the specific adverse impact indicators. With this in mind, we report on the main principal adverse impacts of all financial instruments in the investment funds and portfolios managed by OTP Fund Management Pte. Ltd..
Description of the principal adverse impacts on sustainability factors The table below contains information on the main adverse impacts on sustainability factors that must be considered, as well as additional optional indicators relating to climate or environmental issues, social and employee matters, respect for human rights, and tackling corruption and bribery. Due to the methodology used to calculate and aggregate PAI, the impact data expressed by each PAI refers only to the part of the portfolio covered by that PAI, not the entire portfolio managed by the Fund Manager. Coverage may vary from PAI to PAI, but generally, 70% coverage is typical, meaning the relevant PAIs represent 70% of the portfolio's investments. For example, if 6.5% of investments are made in companies operating in the fossil fuel sector, this represents 4.5% of the portfolio as a whole	

	Indicators applicable to investments in investee companies
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Adverse Sustainability Indicator		Metric	Impact [2025]	Impact [2024]	Impact [2023]	Impact [2022]	Explanation	Actions taken, and actions planned and targets set for the next reference period
	CLIMATE AND OTHER ENVIRONMENTAL-RELATED INDICATORS							
Greenhouse gas emissions	1. GHG Emissions	Scope 1 GHG emissions <i>(equivalent to tons of CO2)</i>	290,728	230,988	259,653	138,653	This indicator shows the latest estimated Scope 1 GHG emissions data for issuers that are the subject of investments, weighted by the value of the portfolio company's investment.	With regard to this metric, the Fund Manager has no <i>company- or product-level</i> targets.
		Scope 2 GHG emissions <i>(equivalent to tons of CO2)</i>	29,999	32,534	44,883	19,641	This indicator shows the latest estimated Scope 2 GHG emissions data for issuers that are the subject of investments, weighted by the value of the investment in the portfolio company.	
		Scope 3 GHG emissions <i>(equivalent to tons of CO2)</i>	1,845,738	1,899,546	2,928,810	881,551	This indicator shows the latest estimated Scope 3 GHG emissions data for issuers that are the subject of investments, weighted by the value of the investment in the portfolio company.	
		Total GHG Emissions <i>(equivalent to tons of CO2)</i>	2,253,540	2,252,560	3,245,082	1,105,259	This indicator shows the latest estimated Scope 1, 2, and 3 total GHG emissions data for issuers that are the subject of investments, weighted by the value of the portfolio company's investment.	

	2. Carbon Footprint	Carbon Footprint <i>(tonnes of CO2 equivalent/million euros invested)</i>	849.43	744.51	812.45	819.65	This indicator shows the latest cumulative greenhouse gas GHG emissions based on reported or estimated Scope 1, 2, and estimated Scope 3 emissions per million euros invested.	The Fund Manager does not have <u>any company- or product-level</u> targets for this metric.
	3. GHG Intensity of investee companies	GHG intensity of investee companies <i>(tons of CO2 equivalent per million euros in revenue of the investment-receiving enterprise)</i>	1,133.63	927.34	980.71	849.76	This indicator shows the latest cumulative greenhouse gas (GHG) emissions, based on reported or estimated scope 1, 2 and 3 emissions, relative to most recent revenue per million euros.	The Fund Manager does not have <u>any company- or product-level</u> targets for this indicator.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	7.42%	6.50%	6.96%	8.92%	This indicator shows the extent to which issuers are exposed to companies that are active in the fossil fuel market. This includes companies involved in the extraction, processing, storage and transportation of crude oil, coal and natural gas	The Fund Manager does not have a <u>company-level</u> target for this indicator. For SFDR Category 8 funds, our <u>product-level</u> objective is to achieve a 0% ratio primarily through the careful selection of new investments, but also, if necessary, by divesting from existing investments, with regard to direct investments, and we will strive to keep the proportion to a minimum in the case of indirect investments (via ETFs) as well. This commitment does not apply to investments in “green bonds” that facilitate the transition of companies operating in the fossil fuel sector .
	5. Share of non-renewable energy consumption and production	<i>Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources</i>	71.57%	65.21%	76.18%	65.72%	This indicator shows the ratio of energy consumption and production from non-renewable sources to total energy consumption and/or production.	The Fund Manager does not have a <u>company-level</u> target for this indicator. For SFDR 8 funds, we have set a <u>product-level</u> target: we aim to achieve a 50% ratio primarily through the careful selection of new investments, but also by divesting from existing investments as

									necessary. This commitment does not apply to investments in “green bonds” designed to facilitate the transition of businesses.
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies , per high impact climate sector	<i>NACE Code A (Agriculture, Forestry, and Fishing)</i>	0.62	0.23	0.44	0.39	This indicator shows the energy consumption of emitters, measured in gigawatt hours (GWh) per million euros of revenue, in sectors that significantly impact the climate, as defined by the economic activity code (NACE).	The Fund Manager does not have <u>any company-</u> or product-level targets for this indicator.
			<i>NACE Code B (Mining and quarrying)</i>	1.24	1.17	1.10	0.68		
			<i>NACE Code C (Manufacturing)</i>	1.44	0.58	0.65	0.62		
			<i>NACE Code D (Electricity, gas, district heating, and air conditioning)</i>	3.83	3.88	6.15	3.36		
			<i>NACE Code E (Water supply; Sewerage, waste management, and waste treatment activities)</i>	0.53	1.06	1.26	0.44		
			<i>NACE Code F (Construction)</i>	0.10	0.19	0.58	0.15		
			<i>NACE Code G (Wholesale and retail trade and repair of motor vehicles and motorcycles)</i>	0.09	0.44	0.12	0.06		
			<i>NACE Code H (Freight transportation and warehousing)</i>	5.45	2.17	1.99	2.52		
			<i>NACE Code L (Real Estate Sector)</i>	0.42	0.61	0.81	0.71		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas		4.64%	6.95%	7.12%	6.38%	This indicator shows the proportion of issuers located near biodiversity-sensitive areas and those that have been subject to controversy relating to	The Fund Manager does not have <u>any company-</u> or product-level targets for this indicator.

							serious or very serious environmental impacts.	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.	0.05%	0.08%	0.13%	0.16%	This indicator shows the amount of water discharged, measured in tons and weighted according to companies' investments per million euros invested.	The Fund Manager does not have <u>any company- or</u> product-level targets for this indicator.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	7.22	5.18	1.54	7.33	This indicator shows the amount of hazardous and radioactive waste, measured in tonnes, weighted by companies' investments per million euros invested.	The Fund Manager does not have <u>any company- or</u> product-level targets for this indicator.
	INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.52%	0.73%	1.01%	0.38%	This indicator shows the proportion of investments made in companies that violate the principles of the UN Global Compact (UNGC) or the Organisation for Economic Co-operation and Development (OECD).	We set the following <u>company-level</u> objective: to achieve a 0% ratio primarily through the careful selection of new investments, but also by divesting from existing investments as necessary, with regard to direct investments, and we will strive to keep this proportion to a minimum in the case of indirect investments (via ETFs) as well.
	11. Lack of procedures and compliance mechanisms to monitor compliance with UN Global Compact principles	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations	14.45%	9.47%	8.86%	12.47%	This indicator shows the proportion of investments in companies without policies to monitor compliance with the	With regard to this indicator, the Fund Manager has no targets at <u>either the company or product</u> level.

	and OECD Guidelines for Multinational Enterprises	of the UNGC principles or OECD Guidelines for Multinational Enterprises					USGC Principles and the OECD Guidelines for Multinational Enterprises, or without adequate grievance mechanisms to address violations of these principles.	
	12. Unadjusted Gender Pay Gap	Average unadjusted gender pay gap of investee companies (as a percentage of men's gross earnings)	16.75%	12.07%	10.44%	12.71%	This indicator shows the average gender pay gap for issuers that are the subject of investment, which is not justified.	With regard to this indicator, the Fund Manager has no targets <u>at either the company or product level</u> .
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	30.27%	26.76%	24.95%	28.32%	This metric shows the proportion of female and male members in subsidiaries, expressed as a percentage of the total membership.	With regard to this indicator, the Fund Manager has no targets at either the corporate or product level.
	14. Exposure to Controversial Weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.00%	0.04%	0.01%	0.01%	This indicator shows the proportion of investments made in companies involved in manufacturing or selling controversial weapons.	As a <u>company-wide</u> objective, we aim to achieve a 0% ratio — primarily through the careful selection of new investments, but also by divesting from existing investments as necessary— with regard to direct investments, and we will strive to keep the ratio to a minimum in the case of indirect investments (via ETFs) as well. The current minimal exposure is due to investments underlying global ETFs.
Indicators applicable to investments in sovereigns and supranationals								
Environmental	15. GHG Intensity	GHG intensity of host countries (Tonnes of CO ₂ equivalent per million euros of GDP in recipient countries)	293.61	283.05	338.94	301.35	The indicator shows the GHG intensity of the concerned countries	With regard to this indicator, the Fund Manager has no <u>company- or product-level</u> targets.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	7.00	7.00	7.00	7.00	This indicator shows the number of countries and their share of total investment that have violated social rights in accordance with United Nations principles and,	The Fund Manager does not have <u>any company- or product-level</u> targets for this indicator.

			8.29%	8.44%	8.43%	8.43%	where applicable, national law, based on quarterly averages.	
							This indicator shows the number of countries and their share of total investment that have violated social rights in accordance with United Nations principles and, where applicable, national law, based on quarterly averages.	
Indicators applicable to investments in real estate assets								
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, . . . storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	N/A	The Fund Manager does not make direct real estate investments, so this does not apply to assets managed by them.	N/A
Energy Efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	N/A	The Fund Manager does not make direct real estate investments, so this does not apply to assets managed by them	N/A
Other indicators for principal adverse impacts on sustainability factors								
Additional climate and other environment-related indicators								
Climate and other environment-related indicators	3. Emissions of Ozone-Depleting Substances	Ozone-depleting substance equivalents emitted by the enterprise receiving the investment <i>(Tonnes of ozone-depleting substances equivalent per million EUR invested, expressed as a weighted average)</i>	0.00%	0.00%	0.00%	0.00%	Ozone-depleting substance equivalents emitted by the enterprise receiving the investment, expressed in metric tons per million euros of investment, as a weighted average.	We set the following <i>company-wide</i> objective: to achieve and maintain a 0% ratio , primarily through the careful selection of new investments, but also, where necessary, by divesting from existing investments, with regard to direct investments, and to strive to keep the ratio at a minimum in the case of indirect investments (via ETFs) as well. The current minimum exposure is due to investments underlying global ETFs.
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters								
Human Rights	13. Operations and suppliers at significant risk of incidents of forced or compulsory labour	Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in	0.00%	2.71%	1.65%	3.86%	Based on geographic regions and/or type of activity, the occurrence of forced labor	We set the following <i>corporate-level</i> objective: to achieve and maintain a 0% ratio , primarily through the careful selection of new investments,

		terms of geographic areas and/or the type of operation (as a percentage of total investments)					and suppliers exposed to significant risk of forced labor, as determined by geographic region and/or type of activity, as a percentage of total investments (percent)	but also, where necessary, by divesting from existing investments, with regard to direct investments, and to strive to keep the ratio at a minimum in the case of indirect investments (via ETFs) as well. The current minimal exposure is due to investments underlying global ETFs.
Other indicators for principal adverse impacts on sustainability factors								
Water, waste, and material emissions	8. Exposure to areas of high water stress	Share of investments in investee companies with sites located in areas of high water stress without a water management policy (as a percentage of total investments in host companies (percent))	0.20%	0.59%	1.03%	1.39%	Located in areas with severe water shortages, in enterprises that do not have a water management policy in enterprises receiving investment, as a percentage of total investments in investment-hosting enterprises (percent)	We set the following <i>company-wide</i> objective: to achieve and maintain a 0% ratio —primarily through the careful selection of new investments, but also by divesting existing investments as necessary— with regard to direct investments, and to strive to keep the ratio at a minimum in the case of indirect investments (via ETFs) as well. The current minimum exposure is due to investments underlying global ETFs.

Other indicators for principal adverse impacts on sustainability factors	
OTP Fund Management Ltd applies the following indicators, which are not classified as PAIs, in relation to the main adverse impacts on sustainability factors: - Revenue from the production, retail sale or wholesale sale of tobacco products – investment restrictions as detailed below. - Revenue from gambling-related activities – investment restrictions as detailed below. - Revenue from coal mining: investment restrictions as detailed below. - Revenue from the production or retail and wholesale sale of alcoholic beverages: investment restrictions as detailed below.	

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

During 2022, OTP Fund Management Ltd. prepared its policy—to be implemented starting in 2023—regarding the identification, prioritization, and consideration of the main adverse impacts on sustainability factors. This policy was adopted on December 29, 2022, by Resolution No. 3/2022 (12.29) of the Board of Directors. The Fund Manager reviewed the policy annually. The 2026 review focused on revising the methodology for selecting the PAI indicators to be considered, under which the determination of optional PAI indicators—in addition to the mandatory PAI indicators—is carried out dynamically based on expert assessments of the indicators' relevance and market conditions. Based on this, OTP Zrt. Fund Management examines the Mandatory PAI indicators in greater detail and makes a company-level commitment to them at ; based on its professional judgment, it can make a commitment regarding the management of these indicators and, where applicable, their use as investment constraints, the effect of which is consistent with investor interests.

Responsibility for implementation within the organization

OTP Fund Management Ltd has established a multi-level responsibility system relating to the main adverse impacts of investments on sustainability factors.

Firstly, the portfolio manager must monitor whether the assets in the portfolio comply with the exclusion list relating to the commitment to consider adverse impacts (based on the PAI14 and PAI16 adverse impact indicators). Secondly, when investing in new assets, the portfolio manager must consider the potential adverse impact of those investments on sustainability factors relating to activities subject to investment restrictions.

Secondly, the risk management department prepares a monthly report which is sent to the portfolio managers, the CEO and the Deputy CEO of the Fund Manager. A summary of the adverse effects is presented to the Board of Directors in the quarterly Risk Management Report.

If a given portfolio exceeds the target level, the responsible portfolio manager must take appropriate measures to eliminate the limit violation, and the risk management department must draw the attention of the portfolio managers to negative trends (e.g. a shift of more than 15% compared to the previous observation point). Following notification of a limit breach by the Risk Management Department, the Portfolio Manager has 30 calendar days to restore the Fund's asset composition to within the target levels.

Methodology for Selecting and Ranking Optional PAI Indicators

The Fund Manager monitors the development of all optional PAI indicators specified in the SFDR RTS, using data from its external reporting system.

The Fund Manager examines those Optional PAI indicators showing exceptional values in relation to the managed portfolios as a whole in more detail and includes them in its PAI statement. At least one of the indicators listed in Tables 2 and 3 of Annex I to the SFDR RTS must be included in the statement. The Fund Manager

consolidates portfolios on a look-through basis, breaking them down into equity and bond ratios. The Fund Manager considers outliers within the sector, as well as the deterioration of the issuer relative to itself and, in the case of sustainability benchmarks, the value relative to the benchmark.

In accordance with these principles, the Risk Management department prepares an analysis based on data coverage, expert assessment of the indicator's relevance, and market conditions.

OTP Fund Management Ltd. examines in greater detail and includes in its PAI statement those Optional PAI indicators for which, based on its professional judgment, it can make a commitment regarding their monitoring, management, and, where applicable, use as investment constraints—a commitment whose impact is consistent with investor interests.

OTP Fund Management Ltd. currently applies the following exclusion list:

Tobacco products	Rule	All companies that derive more than 50 percent of their revenue from the manufacture or retail and wholesale of tobacco products.
	Application method	Investment restriction (5%)
	Definition	Tobacco products include cigarettes, cigars, pipe tobacco, snuff and smokeless tobacco products. We also include companies that supply and provide services for tobacco related products, including products that enable tobacco consumption (such as pipes and cigarette papers), special materials, special equipment for the production of tobacco products and raw materials produced primarily for use in tobacco products.
	Argumentation	Tobacco products are excluded because of their proven harmful effects on users and the environment. Recently, there has been a growing consensus in society against smoking.
	Methodology	Data sources are Bloomberg / MSCI ESG Manager / MSCI BarraOne exclusion list for tobacco companies.
	PAI considered	none
Gambling	Rule	All companies that derive more than 50 percent of their revenue from gambling-related activities.
	Application method	investment limit (5%)

		Definition	Activities related to gambling include the ownership or operation of establishments that host gambling, such as casinos, racetracks, online gambling, bingo parlours and other betting facilities.
		Argumentation	Gambling is considered a harmful activity because it can lead to gambling addiction, which can lead to further social problems.
		Methodology	Data sources are Bloomberg / MSCI ESG Manager / MSCI BarraOne exclusion list for gambling-related companies.
		PAI considered	none
	Coal Mining	Rule	All companies that derive more than 50 percent of their revenue from coal mining.
		Application method	investment limit (5%)
		Definition	The activities concerned are: coal mining and activities related to specialised equipment and services for coal production.
		Argumentation	Global warming is one of the challenges we cannot ignore today. Greenhouse gas emissions from the burning of fossil fuels, and in particular coal, are one of the main sources through which humanity contributes to global warming. The need to move to a low-carbon economy is clear.
		Methodology	Data sources are Bloomberg / MSCI ESG Manager / MSCI BarraOne exclusion list for coal mining companies.
		PAI considered	none

Weapons	Rule	All companies whose revenues are more than 5% linked in some way to controversial weapons systems are excluded from the list of potential investment issuers. The exclusion list includes companies that are involved in the development, testing, storage, or manufacture of controversial weapons systems (or their components).
	Application method	exclusion from investment opportunities
	Definition	These include weapons systems whose use is prohibited by international (and national) law, and those whose prohibition is fully agreed. These weapons include: nuclear weapons, smoke bombs and carrier bombs, chemical and biological weapons, anti-personnel mines (including claymore mines), depleted uranium and white phosphorus weapons (used in incendiary munitions and other weapons).
	Argumentation	Weapons systems, including nuclear weapons, smoke bombs and carrier bombs, chemical and biological weapons, anti-personnel mines (including claymore mines), and weapons containing depleted uranium and white phosphorus, are considered to have weapons of mass destruction and because they pose a disproportionate and indiscriminate threat to civilian populations.
	Methodology	Data sources are Bloomberg / MSCI ESG Manager / MSCI BarraOne's exclusion list of controversial arms manufacturers.
	PAI Considered	• PAI 14): • Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

	Alcohol	Rule	All companies that derive more than 50 percent of their revenue from the production or retail and wholesale of alcohol products
		Application Method	investment limit (5%)
		Definition	The alcohol products are beer, wine, brandy, pálinka.
		Argumentation	Alcohol products are excluded because of their proven harmful effects on users and the environment.
		Methodology	Data sources are Bloomberg / MSCI ESG Manager / MSCI BarraOne's exclusion list for alcohol companies.
		PAI Considered	none
	Authoritarian Regimes	Rule	Government bonds of countries with authoritarian regimes.
		Application method	exclusion from investment opportunities
		Definition	Authoritarian regimes are regimes in which human rights are fundamentally violated, there are no good governance practices, no rule of law, no freedom of enterprise and/or high levels of corruption.
		Argumentation	The OTP Fund Managment does not wish to provide financial support to regimes where there are serious concerns about respect for human rights and the rule of law, good governance, lack of political freedom and high levels of corruption.
		Methodology	Monitoring the EU sanctions provisions to identify government bonds issued by sanctioned countries.
		PAI Considered	PAI 16)

The above restrictions may be disregarded in the case of funds whose benchmark includes companies subject to exclusion or restriction, provided that these companies are not strategically overweighted in the portfolio. In the case of funds complying with Article 8 of the SFDR, in addition to the above, adverse impacts supporting investment principles consistent with the investment policy of each fund shall also be taken into account in accordance with the management rules of the fund concerned, as follows:

- CO2 intensity (PAI 3)
- Waste and pollutant emissions (PAI 9)
- Water stress (PAI 8)

For all three indicators, the target company is expected not to be among the worst 25% in its industry group.

Error margin in the methodology for selecting and ranking optional PAI indicators

The Fund Manager has not specified a margin of error.

Data sources used

OTP Fund Management Ltd has entered into an agreement with an external data provider, MSCI ESG Research LLC, to quantify the main adverse impacts on sustainability factors. The applicable investment indicators included in this Statement are sourced from the aforementioned external data provider.

Engagement policies

As a financial market participant, OTP Fund Management Ltd. takes into account the principle of social, environmental and ethical accountability in the exercise of voting rights and other rights attached to shares in companies subject to the Proxy Voting Policy, i.e. companies where the proportion of voting rights held by OTP Fund Management Ltd. reaches 10 percent or 5 percent and the value of the voting rights reaches 10 percent of the value of the portfolio managed by OTP Fund Management Ltd.

As part of the expectation to ensure social, environmental and ethical accountability, the company must comprehensively and transparently disclose information necessary for this accountability, such as labour standards, commitment to combating climate change and carbon emissions. Disclosures should be verifiable where possible. Based on the disclosures and/or data made available by the ESG provider used by the fund manager, the company's key adverse impact indicators (PAIs) are examined in full. Particular attention is paid to performance in the following areas and the trends observed there:

- Greenhouse gas emissions, including
 - o GHG emissions in categories 1, 2, and 3, as well as total GHG emissions

- o Carbon footprint
- o Use of fossil fuels
- o Proportion of non-renewable energy consumption and production
- o Energy consumption intensity
- o Hazardous waste and radioactive waste emissions
- Water, waste, and material emissions, including
- o Proportion of non-recycled waste

If the Fund Manager deems it justified — for example, if a harmful impact indicator does not decrease over more than one reporting period — it may adjust its general engagement policy. In particular, it may consider the following measures:

- contact and engage in dialogue with the relevant bodies of the company, encouraging the company to reduce relevant disclosure levels and improve disclosure quality;
- speak at general meetings or vote on specific proposals, taking the PAI into account,
- as a last resort, it may reduce or terminate its share exposure in the company.

In addition to the above, when voting on proposals submitted to general meetings of companies, the fund manager shall take particular account of sustainability risks, especially in the case of companies whose shares are included in investment funds managed by the fund manager in accordance with articles 8 and 9 of the SFDR.

As a committed investor, the Fund Manager engages in active dialogue with the management of relevant companies as part of the sustainability process for investment funds with a strong ESG focus that comply with Article 8 of the SFDR. This enables weaknesses in the management of environmental, social and corporate governance issues to be identified, and joint solutions sought to improve these areas and thereby improve the long-term success of the investment. The Fund Manager may exclude companies that consistently refuse to engage in dialogue from the investment universe.

The Engagement Policy is available at the following link:

https://www.otpalapkezelo.hu/static/sw/file/OAK_Engagement_Policy.pdf

The Fund Manager does not have any other engagement policies aimed at mitigating major adverse impacts.

References to international standards

OTP Fund Management is not currently a signatory to any codes of responsible business conduct, nor to any internationally recognised due diligence or data reporting standards. As a financial market participant, it does not use any indicators that measure compliance with, or alignment to, international standards when assessing its main adverse impacts on sustainability factors.

Historical comparison

Changes in the values of the indicators examined over time can generally be explained by changes in overall coverage (i.e. the ratio of enterprises receiving investment and publishing the required data for the PAI indicator to the total number of enterprises), changes in portfolio composition, and changes in assets under management.

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