

## Management's Statement

Organization: PROCREDIT BANK SA ROMANIA

### ENVIRONMENTAL POLICY

Not so long ago, attention to environmental, social and governance (ESG) issues was of marginal interest to all, little more than a footnote in an annual report, but not to ProCredit.

The ProCredit Bank Group has, more than a decade ago, made it its mission to become a catalyst for sustainable change, which is also supported locally by a well-defined and consistently applied green strategy.

Implementing a business model that meets immediate needs as well as long-term ambitions and goals is no easy task, and for ProCredit Bank, green finance is not just about increasing the number of green products or achieving CO2 neutrality through the purchase of offset certificates. We go beyond that and persistently approach the whole concept holistically, encompassing three main pillars of sustainability: the impact of our own operations, the impact of lending operations in general and the impact of green lending.

So in terms of our carbon footprint, it is reduced year on year. Internally, we have systematically implemented measures aimed at reducing our carbon footprint such as: investing in energy efficient equipment - which has led to a decrease in energy consumption per m2, we have upgraded our car fleet with electric vehicles to reduce greenhouse gas emissions, and as far as processes within ProCredit Bank are concerned, they have been digitised, resulting in a considerable reduction in paper consumption.

When we talk about the effect of lending operations and our approach to lending policies, they are aimed at improving several areas. One of them is plastic production and its impact on the environment and human and animal health. To mitigate the implications of plastic use in everyday life, we have developed a strategy to reduce its production and use - the ProCredit Plastic Strategy. Specifically, we condition the financing of clients who have businesses based on plastic production on environmental performance. Our loan agreements include specific covenants that require us to track our clients' performance.

Secondly, we make sure that we exclude SMEs with unsustainable business models from our funding. We analyse each component of the business in detail, assess the risk and negative environmental effects of each loan application and reject applications that are high risk or operate in sectors on our excluded business list.

Thirdly, we assess clients according to their activities, analysing whether they destabilise the environment. High-risk clients are assessed by Environmental Risk Officers (EROs), and for loans over €750,000 an on-site visit is required.

As for our green loans, they fall into three main categories: we invest in energy efficiency (EE), renewable energy (RE) and finance environmentally friendly projects (GR), such as waste management or organic farming. The share of green loans in our portfolio has grown steadily since 2015 and we expect it to continue to grow year-on-year.



Interest in sustainability is growing significantly globally and we believe that now more than ever we have the opportunity to rebuild the ways we work and live so that we can all thrive.

Date: 21.06.2022

**Management of ProCredit Bank Romania**