

POSTBANK BULGARIA PROGRESS AGAINST THE UNEP FI PRINCIPLES FOR RESPONSIBLE BANKING

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
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Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

<p>1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Postbank, legally named Eurobank Bulgaria AD, is the fourth largest bank in Bulgaria with a broad branch network throughout the country and a significant client base of citizens, companies and institutions. It has been a leading factor in innovation and trends in the banking sector in the country in the recent years and has been awarded many times for its innovations. The financial institution holds a strategic place in retail and corporate banking in Bulgaria. The Bank is one of the leaders in the market of credit and debit cards, mortgage and consumer lending, savings products, as well as in terms of products for corporate clients - from small companies to large international companies with presence in the country. The financial institution has one of the most well-developed branch networks and modern alternative banking channels, paying special attention to the quality of customer service. And in 2021 the Bank celebrated its 30-year presence among the leaders in the banking market in Bulgaria.</p> <p>As a member of the international financial group Eurobank, our goal is to consolidate our leadership position on the Bulgarian market by constantly providing our clients and partners with financial solutions, products and services that correspond to the highest global standards of quality.</p> <p>Along with this, our mission is to adequately participate in the development of Bulgarian society and as a leading financial institution to assist on projects in the major spheres of the social life such as education, culture, sports and environmental protection. Our mission is motivated by the deep and genuine concern for the most valuable asset of our bank – people.</p> <p>The financial institution's strategy is to rely on an impeccable customer service, modern products and services, implementation of optimal solutions for Bank's processes and convenient ways for internal and external communication.</p> <p>Postbank has a long-term credit rating BBB- with a positive outlook, confirmed by the Bulgarian Credit Rating Agency (BCRA) in June 2020.</p>	<p>Postbank website, "About us" section: https://www.postbank.bg/Za-nas/Za-Poshtenska-banka</p> <p>Postbank website, "Products for" section: https://www.postbank.bg/</p> <p>Postbank Annual Financial Statements 2020, website: https://www.postbank.bg/en/Za-nas/Financial-Data/Otcheti/Godishni-otcheti, pp. 11-15</p>
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	<p>Postbank is a universal type of bank, it serves practically all customer segments and provides versatile types of financial products and services in Bulgaria for:</p> <ul style="list-style-type: none"> • Individuals • Corporate banking • Small business • Investment and trading <p>By putting the interests of its customers first, Postbank offered deferral of liabilities of clients who are experiencing or expecting difficulties in servicing their loans in relation to the COVID-19 pandemic and the restrictions introduced by the Act on the Measures and Actions during the State of Emergency announced by a decision of the National Assembly of March 13, 2020, as well as the consequences of these restrictions. Driven by its desire to provide the best financial solutions to its customers, Postbank implemented a number of measures and proposals aimed at its affected borrowers, both individuals and legal entities.</p> <p>The financial institution is an active partner in the programs of the Bulgarian Development Bank (BDB), which support citizens and micro, small and medium enterprises affected by the emergency situation and the epidemic of COVID-19. Postbank also signed a guarantee agreement with the Fund Manager of Financial Instruments in Bulgaria (Fund of Funds), as well as with the European Investment Fund for participation in the JEREMIE and COSME guarantee programs.</p> <p>As a key partner of the Bulgarian business, Postbank has joined the “Rediscover Bulgaria” initiative. The online platform offers attractive opportunities for accommodation and reservations in restaurants on the Black Sea coast and the Bulgarian mountains, which comply with safety standards and use primarily Bulgarian products for their meals.</p> <p>Postbank has taken another step towards expanding its innovative services by launching digital express banking areas that offer more speed and convenience for customers. The new service is available in 32 branches, in 15 cities in Bulgaria, with specialized devices with modern design, intuitive navigation and numerous functions. The new digital express banking areas allow customers to perform almost all operations available at the bank's office and to bank conveniently during non-working hours.</p> <p>Since January 2021, more than 120 ATMs and self-service devices in Postbank's digital express banking areas across the country provide new contactless functionality that allows transactions by bringing the card close to the contactless reader of the device.</p> <p>Through its partnership with Eurobank Private Bank Luxembourg and its 100% specialized and strictly personalized private banking services, Postbank continued to develop its modern Private Banking Centre. The Bank's clients can benefit from a range of investment</p>	
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	<p>services in trust management, asset management and business consulting.</p> <p>In 2020, Postbank continued to develop an innovative mobile service, which saves time and money for consumers and employers. This is a special corner, organized in business centres and malls upon a customer pre-order, which provides an easy opportunity for free expert consultation on various financial products and current offers. One of the strongest advantages of the service, in addition to time-saving and the convenience of having the Bank "visit" your office, is the opportunity for the clients to get individual flexible solutions for their needs. After the on-site consultation, they can go through the product application process together with the expert.</p> <p>In 2020, Postbank continued to offer its modern and convenient Mobile Bankers service. The service is a free professional consultation, with experts providing solutions tailored to the client's specific needs and assisting in filling out the necessary documents and submitting them at a bank branch. Mobile bankers answer all questions related to consumer and mortgage loans, overdrafts and credit cards, at a convenient and pre-arranged time and place, according to the client's preferences.</p> <p>In the interest of its customers, the Bank continued its strategic partnership with ClaimCompass, a Bulgarian technology company that professionally protects passengers' rights in the event of problems with their flights. The Bank credit cardholders may benefit the innovative service, which is the only one offered on the market. Postbank has continued its partnership with Booking.com, the world's leading provider of accommodation, with all Postbank Mastercard and Visa credit card holders receiving an additional 3 percent discount on each booking through the Bank's Booking.com website in Bulgaria or abroad.</p> <p>In 2020, the financial institution, which has traditionally been a leading partner of the business in the country, supported the unique Dare to Scale growth program - the first of its kind in Bulgaria aimed at businesses with a potential for extensive growth. Due to the great interest this year, 12 native companies were selected in the project of the Bulgarian office of the global network Endeavor. Selected entrepreneurs underwent training and interactive sessions led by successful practitioners and leaders from the Endeavor network, and experts from Postbank. The Dare to Scale growth program will continue in the upcoming years to encourage the growth of even more new local businesses.</p> <p>Postbank introduced more innovative products and services since 2020, focusing on offering convenience and added value benefits to customers. As a result of the COVID-19 pandemic, companies had to be faster in implementing solutions for customer convenience in order to continue to be successful.</p> <p>Postbank has once again solidified its position as an innovation leader in the sector, successfully implementing the most modern and effective solution for managing communication with its</p>	
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	<p>customers. The introduction of the Salesforce platform is a strategic step that will allow the Bank to optimize its relationships with customers, reaching a new level of service and ensuring their maximum satisfaction. The implementation of the system makes Postbank the first banking institution in Southeast Europe with a high-tech solution of this class. With the help of artificial intelligence, the platform analyses with extreme precision the behaviour and expectations of customers and this allows the construction of an individual approach in the communication with them.</p> <p>In February 2021, on the eve of its 30th anniversary, Postbank is launching a next generation credit card. The credit institution is the first bank in Bulgaria to launch a Mastercard UNIVERSE metal credit card. Once again, the Bank proves its position as an innovator in the sector and manages to offer its customers a product of the highest class. The new card is designed to meet the customers' highest expectations and requirements. It has a stylish design and as a product, brings the cardholders many privileges and additional conveniences, along with all the advantages of credit cards.</p> <p>In June 2020, the Bank introduced a new process for issuing credit and debit cards, executed entirely remotely from the online ordering of a new card to its reception at a desired address, further enhancing customers' experience.</p> <p>The Now credit program is one of Postbank's latest financial solutions, with which customers can request an express service for a credit product of their choice. It combines three product categories and provides the opportunity to quickly get a consumer loan, pre-approval for a housing loan, and a new debit or credit card. Postbank's new program gives a key advantage to the credit institution's customers because it relies on a comprehensive approach that provides an exceptional customer experience. With the Now credit program, they can not only order products tailored to their individual needs, but can also take advantage of them quickly, which is an extremely important factor in the current dynamic environment, which requires quick and adequate solutions.</p> <p>Postbank offered its customers a consumer loan with promotional terms and the opportunity for interest-free overdraft in the first 12 months. The loan can be used to both cover current needs and consolidate liabilities, as customers have the opportunity to take advantage of additional preferential terms for the loan, if they meet the bank's requirements.</p> <p>Postbank continued to offer targeted consumer loans for business training worldwide with no analogue on the Bulgarian market. It can finance fees under various programs such as Master of Business Administration, Executive Master of Business Administration, Advanced Management and more. The product was created in response to the growing interest in financing training that paves the</p>	
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	<p>way for career growth and development registered by the Bank in recent years.</p> <p>In response to the growing consumer interest in the use of digital banking services, Postbank provides a new and convenient option for online consultation for a mortgage loan through the EVA Postbank mobile app. The innovative service facilitates access to information on mortgage loans, as well as the application procedure. Thanks to EVA Postbank, clients receive a personal consultation, get acquainted with the main steps in the process of buying and financing a new home, as well as with the documents required to apply for a mortgage loan. The addition of new functions in the mobile app is part of Postbank's strategy for complete digitalization of the processes and its drive to communicate with its customers in the most convenient way for them.</p> <p>Postbank launched a new Super Mortgage Loan on the Bulgarian market - the first mortgage loan with a fixed rate for the entire term. The product provides customers who plan to buy a property with long-term security and predictability for the future. Its value can reach up to EUR 250,000 and can be used for the purchase, repair, construction or finishing of a home, as well as for refinancing an existing mortgage loan. The creation of the innovative product is dictated by the consumer's demand for security and easy cost planning.</p> <p>The financial institution introduced even more attractive terms for its mortgage loans and launched a special initiative called Mortgage Lending Month. Clients have the opportunity to take advantage of excellent financing conditions, saving up to BGN 700 from their initial loan-related costs. The initiative was held for the fourth consecutive year, and its launch is in line with consumer attitudes and the traditionally higher demand for mortgage loans in the last quarter of the year.</p> <p>Postbank opened its first Online Mortgage Lending Centre, which introduced a new model for fast and convenient customer service. The new digital solution in the process of mortgage lending is a continuation of the services offered by the Bank in its specialized Mortgage Lending Centres. This way, the Bank upgraded the online mortgage loan application service in order to meet consumer's expectations for remote consultation and communication with the Bank in the process of granting the loan, transferring the process to a digital environment.</p>	
<p>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to</p>	<p>In addition to its core business, Postbank focuses on the needs of the local community, supporting programs and initiatives, working together with established institutions and organizations.</p> <p>The Bank strives to educate both its employees and consumers and the public in a responsible attitude to everything that surrounds us. It aims not only to create competitive advantages by incorporating increasing added value into the products it offers, but also to reduce</p>	<p>Postbank Annual Financial Statements 2020, website: https://www.postbank.bg/en/Zananas/Financial-Data/Otcheti/God</p>

<p>society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>its negative impact on the environment by using every opportunity to contribute to nature conservation.</p> <p>In 2020, the Bank implemented a number of socially significant projects in the fields of education, environmental protection, sports and corporate donation. Postbank is an active member and works in support of KRIB, AmCham, HBCB, Association of Banks in Bulgaria, Borica AD, Endeavor Bulgaria Association, Bulgarian Business Leaders Forum, Bulgarian Donation Forum, Atanas Burov Foundation, the Bulgarian Network of the UN Global Compact, the Bulgarian Advertisers Association and the Bulgarian Fintech Association.</p> <p>As a responsible company, Postbank has involved in the fight against COVID-19 and supported with donations for a total of over BGN 170,000 to the specialized obstetric and gynaecological hospital for active treatment "Maichin Dom", University Multiprofile Hospital for Active Treatment "St. Ekaterina", the Multiprofile Hospital for Active Treatment "Hadzhi Dimitar" in Sliven, the University Multiprofile Hospital for Active Treatment and Emergency Medicine "N. I. Pirogov" and the University Multiprofile Hospital for Active Treatment "Sofiamed". The bank joined the Hot Lunch for Medics initiative, and also donated 30 computers to disadvantaged students from the Ivan Vazov High School in the town of Mezdra.</p> <p>The education of the children and young people of Bulgaria has been a constant part of the corporate social responsibility projects that Postbank develops and supports. That is why the Bank continued to develop its joint project with SoftUni in support of Bulgarian education, which started in 2018. It includes various activities for the preparation of young people for the professions of the future and realization in Bulgaria. Through a strategic partnership, the two organizations aim to encourage students to develop their potential as IT and digital leaders, prepared for the rapidly changing environment and emerging banking trends. Postbank provided 15 scholarships for training at SoftUni. They were for the winners of the game BRAIN GAMES, which took place on the financial institution's Facebook page in two areas – programming and design. BRAIN GAMES is a game for smart and creative people. IT specialists from Postbank once again participated in the IT Journey online career seminar, presenting the attractive job and career development opportunities in the company to the young SoftUni students. A leader on the Bulgarian market, Postbank has a rich and diverse infrastructure based on dynamically developing high-tech services and solutions, and provides huge opportunities for specialization and development in various technological areas. For this reason, the financial institution is a preferred top employer by the young software professionals who are at the beginning of their career.</p> <p>The Bank joined the My Profession – My Future initiative, organized by the Bulgarian Municipalities Portal KMETA.bg, under the auspices of the Ministry of Labour and Social Policy. The aim of the initiative</p>	<p>ishni-otcheti, pp. 15-17</p>
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	<p>is to connect young professionals who are finishing their higher education with local companies and businesses that are looking for qualified employees. The Bank awarded one of the students who created a project on the already announced topic "The future favours the bold: Provoke it with your idea of a next-generation digital banking product."</p> <p>For the fifth year in a row, Postbank joined the most recognizable initiative of the Bulgarian Network of the UN Global Compact, called Proud of my Parents' Work, and this time the meeting with the employees' children was completely virtual. Even remotely, the children had the opportunity to learn about their parents' professions, to understand exactly what people do in the bank and why their work is so important. Thanks to the attractive presentation of specialists from the Bank, the children learned that in Postbank there is a place for people with many different interests and skills.</p> <p>In 2020, the financial institution once again supported the National Trade and Banking High School in Sofia, committing itself to become a mentor to one of the training banks. The young bankers from the 11th grade at the Postbank Next School training bank won the honourable 2nd place in the Multimedia Presentation category during the 21st traditional fair organized by the National Trade and Banking High School. The heated contest included 58 training companies, training banks and training insurance companies, with about 800 students from the 10th, 11th and 12th grade in the high school. The development and modern trends in the segment of card payments were only a couple of the topics in the online discussions, held as part of an educational program in which experts from Postbank presented the main business processes in the banking sector to the young people from the National Trade and Banking High School.</p> <p>Within its traditional internship program, which is year-round, Postbank once again enabled talented students and young people with the motivation to prove their skills and start their professional careers in one of the biggest and innovation-leading banks in the market. The internship program has been part of Postbank's Corporate Social Responsibility Policy in support of young people for over 13 years.</p> <p>For the fifth year in a row, Postbank, as a member of the Association of Banks in Bulgaria (ABB), has been involved in a European campaign to combat financial mules.</p> <p>In October 2020, Postbank was once again a major partner of the charity relay run Postbank Business Run, organized annually by the Begach Club. It featured 183 teams from 70 companies from different sectors, which competed in support of two causes. It raised over BGN 8,000, which was donated to projects by the For Our Children Foundation for providing professional social services for the most vulnerable children at an early age and the Waterway Foundation for supporting children with special needs through</p>	
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	<p>kinesitherapy, water rehabilitation and modified swimming, so that they can grow as independent adults and get a chance for a full life. Postbank is the only bank in Bulgaria which has a Green Board and an Environmental Office Unit within its organizational structure that works to protect the environment, both in terms of limiting the resources used by the Bank and in terms of its financing activities. In addition, members of the board organize various outdoor initiatives involving other employees.</p> <p>In September 2020, volunteers from Postbank continued with the transformation of a forest path in the area of Zlatnite Mostove (Golden Bridges) in Vitosha Nature Park. The Outdoor Green Stories initiative is part of the company's sustainable environmental policy, which shows how, with a concerted effort, we can change the environment around us for the better. This year's event also featured the founder of the first restaurant with zero waste in Bulgaria, Blazhka Dimitrova, who inspired the Bank's employees to be greener and more responsible</p> <p>On the occasion of World Environment Day, the Bank joined a photo contest on Biodiversity, organized by the Bulgarian Network of the UN Global Compact, of which it is a member, winning four awards, thanks to photos taken by employees of the financial institution.</p> <p>In 2020, Postbank launched the innovative information format in partnership with Bloomberg TV - the Finance in Focus podcast. The podcast was realized in seven episodes, in which experts from the bank tell the audience about the modern solutions in banking, the innovative banking products and services, and the various opportunities in the sector, which modern technologies provide. The initiative continues in 2021 with new episodes.</p> <p>Postbank supports the talented children of Bulgaria and continued its long-term partnership with the "Bon-Bon" vocal group, and encouraged the premiere of the children's musical "Cinderella".</p> <p>The employees of Postbank are also regular donors to the National Centre for Transfusion Haematology and participate in blood donation events organized and held at the head office of the Bank.</p> <p>Throughout the year, the Bank continued its long-standing support and work with disadvantaged groups and the promotion of their active role in society. Support was provided to disadvantaged children in the town of Kazanlak, the elderly in the city of Ruse, the national Easter for Everyone campaign – Give a Gift to Grandma and Grandpa, as well as many other initiatives throughout the year.</p> <p>Postbank traditionally joined in the festive decoration of Sofia. Following its established values, the financial institution believes that the overall well-being and development of society depends on everyone's efforts to improve our environment, so along with other socially oriented projects, the Bank has been taking care of the capital's festive splendour during the Christmas and New Year holidays for several years.</p>	
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Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis:
Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.

b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.

c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.

d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic

Postbank have analysed the materiality of its **direct impacts on climate change and the environment** and have identified three areas in which to concentrate systematic efforts to manage impacts – CO2 emissions from electricity consumption, and the use of paper and water. Statistics on these indicators is maintained and presented in the Annual Financial Statements of the bank in dynamics for a period spanning 2012-2020, and they reveal the trends of internal resource use as a result of the various initiatives that the Bank has been undertaking in order to manage them.

Apart from the direct aspects and its impact on society, Postbank is continuously investigating the **indirect environmental aspects from its operations**. These are related primarily to its corporate and small and medium enterprises loan portfolio. In this area, Environmental and Social Risk Management Procedure is implemented to ensure that lending is provided accounting for the risks for the environment. The Bank encourages green businesses indirectly through the implementation of this procedure. It prescribes the particular methodology which is followed to ensure that environmental and social risks are evaluated and monitored during the loan approval and in the subsequent monitoring process.

Postbank is in the process of further in-depth analysis of the areas in which it has its most significant (potential) positive and negative impact. It is planned to take place in 2022 as part of a dedicated working group in the bank comprising representatives from all business and administrative units.

Postbank Annual Financial Statements 2020, website: <https://www.postbank.bg/en/Za-nas/Financial-Data/Otcheti/Godishni-otcheti>, pp. 38-40

<p>and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p>Postbank has partially fulfilled the requirements regarding the Impact Analysis.</p>		
<p>2.2 Target Setting</p> <p>Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p>	<p>In 2020 Postbank achieved the goals it had set for the year in the area of environmental management: prior to the introduction of the lockdown in March 2020, all small business banking staff underwent training in the application of the Environmental and Social Risk Management Procedure, afterwards training materials were uploaded on the intranet of the Bank so that they are accessible to all staff and training could continue on-line. Postbank views staff awareness as key for the implementation of its environmental policy. That is why it plans to continue efforts in this direction. The particular goals that the Bank had set for 2021 in the area of environmental managements are in line with the new context in which banks in the European Union are operating – one that implies placing climate-related and environmental risk management in the centre of their business models and strategy. Having considered all this, in 2020 Postbank has identified the following goals for 2021, and by present (December 2021) they have been met:</p>	<p>Postbank Annual Financial Statements 2020, website: https://www.postbank.bg/en/Za-nas/Financial-Data/Otcheti/Godishni-otcheti, pp. 38-41</p>


<p><i>Show</i> that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p><i>Show</i> that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<ol style="list-style-type: none"> 1. Produce a GAP analysis vis-à-vis existing policy recommendations and good practice in the area of climate change and environmental management; 2. Upgrade and enhance its documentation in the area of environmental management to capture the latest policy trends in the EU; 3. Continue online and, if possible, on site, training of its staff on the application of the Environmental and Social Risk Management Procedure in Lending. <p>Postbank is planning its new goals for 2022 as part of its target-setting mechanism and envisages these to be in line with the Principles.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>Postbank is in the process of identifying more targets and setting them properly so that requirements in these criteria are fully met.</p>		

<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i></p>	<p>The bank views materiality analysis as instrumental for the proper execution of the target setting process. By present, a high-level analysis of the importance of direct and indirect environmental and climate-related aspects of the activity of the bank has been done and based on the outcome specific goals have been defined.</p> <p>The bank is going to continue to deepen the materiality analysis so as to capture all aspects of its commitments to the PRB. In the process various KPIs are going to be identified, defined and followed. To facilitate the exercise, the bank is going to find best methodological solutions using good banking practices and research documentation.</p>	<p>Postbank Annual Financial Statements 2020, website: https://www.postbank.bg/en/Za-nas/Financial-Data/Otcheti/Godishni-otcheti, pp. 38-41</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>The bank is working on fulfilling the requirements in this area based on best international practices and internal analysis.</p>		
<p>Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p><i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i></p> <p><i>Or explain why actions could not be implemented / needed to be changed and how your bank is</i></p>	<p>Following the target identification and setting activities, the bank is planning to introduce a sound monitoring process. This will enable it to further develop its existing environmental management system and to enhance it with social and governance issues.</p> <p>The bank reports progress on activities in the area of responsible banking within its annual reporting mechanism in the Annual Financial Statements Report where there is a dedicated section within the Non-Financial Declaration. It will continue to do so enriching it with more detailed information on its policies, targets, KPIs and initiatives.</p>	<p>Postbank Annual Financial Statements 2020, website: https://www.postbank.bg/en/Za-nas/Financial-Data/Otcheti/Godishni-otcheti, pp. 38-41</p>

<p>adapting its plan to meet its set target.</p> <p><i>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</i></p>		
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Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

The bank is in the process of enriching its existing reporting mechanism with the definition of more and specific targets covering the PRB areas.



Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

<p>3.1 <i>Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</i></p>	<p>Postbank views responsible relationships with its clients and customers as instrumental for working in accordance with the Principles.</p> <p>Key document in this direction is the Environmental and Social Risk Management Procedure of the bank applicable to all small business and corporate clients. According to this procedure all deals are evaluated based on how the applicants are dealing with environmental and climate-related matters in their operations. As a result of the application of the procedure deals are being monitored for their environmental, climate-related and social aspects and, if necessary, remedial actions could be requested from the client so that proper management of associated risks is ensured.</p> <p>Apart from risk management, which has been a concern since 2013, during the reporting period Postbank formalized the steps that need to be taken inside the bank in order for green banking products to be launched. By so doing the bank is planning to encourage the creation and spread of green products that could</p>	
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	<p>meet the demands of its customers, and which, on their part will assist the development of sustainable relationships with the customers.</p>	
<p>3.2 <i>Describe</i> how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>As outlined in the internal procedures of the bank, it evaluates each deal with a commercial customer based on a number of environmental, climate-related and social criteria to ensure that the customer demonstrates high awareness of the related matters and is making his best efforts to act accordingly. Part of the process includes requesting the customer to fill in a short questionnaire with qualitative questions on how his business activities relate to the environmental, climate and social considerations. This questionnaire is completed by the customer with the assistance of the bank employee in charge of him so that exchange of information could take place as to what the needs of the customers are and how could the bank meet them. The bank is considering to act proactively towards the clients by proposing them green products so that they could benefit from such opportunities. In the reporting period, a structured deposit product INDEX Climate Change has been introduced that allows for receiving income from the dynamics of the index. The bank is planning to expand its green products portfolio in the coming years.</p>	<p>Postbank website: https://www.postbank.bg/Deposits/Deposit_INDEX/Climate_Change</p>



Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society’s goals.

4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank’s impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Postbank views consultation with stakeholders key to the development of its responsible banking strategy and practices. That is why it is actively participating in various groups and consultations to ensure that it is in line with best practices.

Postbank is an active member of the Bulgarian UN Global Compact Network as part of its purposeful support for initiatives for the benefit of society and the protection of the environment. It’s participation in the organization’s activity is another proof of the Bank’s readiness to pursue a sustainable corporate policy that respects the ten universal principles for social responsibility and environmental protection of the Global Compact, namely:

Human Rights:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards:

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and
- Principle 6: eliminate discrimination in respect of employment and occupation.

Environment:

- Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility;
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption:

- Principle 10: Businesses should work against all forms of corruption, including extortion and bribery

Postbank is a **member of the Energy Efficiency Financial Institutions Group (EEFIG).**

Postbank Annual Financial Statements 2020, website:

<https://www.postbank.bg/en/Za-nas/Financial-Data/Otcheti/Godishni-otcheti>, pp. 55-56

	<p>The EFIG aims at financing energy efficiency investments and thus the bank participates in expert discussions and consultations on this matter.</p> <p>Postbank opposes to any form of discrimination, inequality or human rights violation as it recognizes and promotes individuality. All the Bank's policies, procedures and human resource management practices are governed by respect for human rights. This ensures that there is no place for discrimination, while diversity is recognized and promoted. Postbank fosters business ethics and excellence, transparency, human rights and accountability. Mutual respect and dignity are core priorities and essential elements in Bank's Code of Conduct. In its selection of suppliers, the Bank aims at ensuring complete respect of human rights in those companies.</p> <ul style="list-style-type: none"> • In 2020, the Bank implemented a number of socially significant projects in the field of education, environmental protection, sports and corporate charity. • Postbank is an active member and works in support of initiatives of CEIBG, AmCham, NVSV, Association of Banks in Bulgaria, Borika AD, Association "Endeavor Bulgaria", the Bulgarian Forum of Business Leaders, the Association "Bulgarian Donors' Forum", "Atanas Burov", the Bulgarian Network of the UN Global Compact, the Bulgarian Association of Advertisers and the Bulgarian Fintech Association. • As a responsible company, Postbank joined the fight against Covid-19 and supported with gratuitous donations totaling over BGN 170,000 the specialized hospital for active treatment in obstetrics and gynecology "Maichin dom", University Hospital "St. Catherine", Hospital "Hadji Dimitar" in Sliven, the University Multidisciplinary Hospital for Active Treatment and Emergency Medicine "N. I. Pirogov" and Sofamed University General Hospital for Active Treatment. The bank also joined the initiative "Hot lunch for medics" and also donated 30 computers for disadvantaged students from the High School "Ivan Vazov" in the town of Mezdra. • The education of children and young people in Bulgaria has always been part of the developed and supported projects for corporate social responsibility of Postbank. Therefore, the Bank continued to develop its joint project with SoftUni in support of Bulgarian education, which started in 2018. It includes various activities to prepare young people for the professions of the future and realization in Bulgaria. Through the strategic partnership, the two organizations aim to encourage students to develop their potential as IT and digital leaders, prepared for the dynamically changing environment and new trends in banking. 	
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Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.

Since environmental protection as well as sparing use of natural resources has always been one of the key core concerns of Eurobank Group, Postbank has formed a special function entrusted with the power to manage the implementation and execution of the environmental policy - the Environmental and Social Affairs Coordinator, positioned as a direct reporting line to the Head of Central Operation Division. The Environmental and Social Affairs Coordinator is in charge of overseeing the Bank's strategy targeting both direct (those related to consumption of resources and production of waste) and indirect (those related to business activities, customers and suppliers) environmental impacts. These two wings of the strategy are supported by a number of projects dealing with the specificity of the subject.

All strategic decisions within the scope of the environmental policy are taken by the Environmental and Social Steering Committee (ESSC) of the Bank. This committee comprises of Executive Committee members – all business unit heads, the Head of Central Operations Division, the Head of HR, the Head of Risk, the Head of Marketing, the International financial institutions (IFI) coordinator (Treasury) and the Environmental and Social Affairs Coordinator (Secretary of the Committee).

The committee convenes at least twice a year and reviews the progress of the actions planned for the year. It oversees the activities of the Bank towards both the direct and the indirect impacts vis-à-vis the environment.

The ESSC is supported by several working groups which are operating in the respective directions of the environmental policy. They consist of staff at middle management level who can track the implementation of the decisions taken by the ESSC in their areas and also, can propose to ESSC specific measures that need to be taken. The working groups are coordinated by the Environmental and Social Affairs Coordinator.

Postbank has adopted Environmental Policy Statement in which the main venues of the efforts towards the environment and sustainability are outlined.

Postbank Annual Financial Statements 2020, website: <https://www.postbank.bg/en/Za-nas/Financial-Data/Otcheti/Godishni-otcheti>, pp. 38-39

	<p>Since 2013 the bank has Environmental and Social Risk Management Procedure applicable to all small business and corporate customers. In it the roles and responsibilities of the relevant staff of the bank are defined vis-à-vis the management of this risk. The environmental and social risk is being calculated per deal based on a scoring methodology which was approved as part of the procedure. The calculation has been automated in the core banking system which allows for timely reporting and management of this risk.</p> <p>During the reporting period Postbank has enhanced its New Product Development Procedure outlining the steps for the adoption of new green products. Thus the process has been formalized and all corporate banking staff as well as small business banking management staff underwent training in it.</p>	
<p>5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>Since 2008 Postbank has established Green Board – an informal organization inside it, open to participation to all staff on a voluntary basis with the aim to foster awareness on environmental matters and to come up with initiatives in the area of responsible banking. Throughout the years of its existence, the Green Board has proven to be an efficient channel of innovative ideas from the bank employees.</p> <p>A formal selection process for the best of these ideas has been set up after which they are being implemented. As a result, a number of innovative solutions targeting both internal processes and customers have been put in place leading to higher efficiency and customer satisfaction.</p> <p>Moreover, the Green Board members organize different outdoor initiatives involving employees outside the Board as well.</p> <p>The Bank invested in its own internal programme Green Together. Postbank is developing it with own funds and is implementing it through the voluntary work of its employees. The bank was awarded prize for the Green Together initiative in the Green Practices category of the Career Show Awards 2020.</p> <p>Postbank is popularizing its good practices within the organization and outside of it through its communications program targeting not only its customers but also the broader society so that it serves as a good example to other organizations. For the purpose the Environmental coordinator works in tight cooperation with Marketing and Corporate Communications Division within a dedicated program. The program includes mainly the following activities:</p> <ul style="list-style-type: none"> • Communication messages on the intranet • Communication messages in the magazine of the bank, “Banking Stories” which is intended to all staff and is accessible by the customers in every outlet 	<p>Postbank Annual Financial Statements 2020, website: https://www.postbank.bg/en/Za-nas/Financial-Data/Otcheti/Godishni-otcheti, pp. 18, 38</p>

	<ul style="list-style-type: none"> • Creation and support of a section dedicated to the efforts of the Bank towards the environment in the Annual Financial Report of the organization • Participation of the management of the Bank in conferences and other events related to various aspects of the environmental policy of the Bank on which the actions of Postbank are presented • Other activities such as periodic voluntary cleaning actions on the territory of the Bank and outside of it, various campaigns targeting the popularization of green activities, etc. <p>For the past 18 months all corporate banking staff as well as small business banking management staff have undergone training in environmental and social risk management principles and in the application of the respective Procedure at the bank. Within this period one presentation dedicated on the EU Green Deal impact on banking was presented at an Executive Committee meeting, and a training dedicated to the same topic was done for the Executive Board and Supervisory Board members.</p>	
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set</p> <p>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>At Postbank, the Environmental and Social Steering Committee (ESSC) is the structure endowed with the governance of the implementation of the environmental policy and, since the bank joining the PRB, with their implementation. The ESSC defines the targets and looks after their realization.</p> <p>Under the ESSC a number of thematic working groups operate with the aim of ensuring the achievement of the targets as set out and the undertaking of remedial actions whenever necessary.</p>	<p>Postbank Annual Financial Statements 2020, website: https://www.postbank.bg/en/Za-nas/Financial-Data/Otcheti/Godishni-otcheti, pp. 29, 38</p>
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>Postbank has in place a well-defined governance structure that enables the implementation of the Principles. It is going to further enhance it with additional roles and responsibilities of pertinent staff so that all-embracing oversight of the Principles is ensured.</p>		



Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society’s goals.

<p>1.1 Progress on Implementing the Principles</p> <p><i>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</i></p> <p><i>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to</i></p>	<p>Postbank is periodically reviewing its progress on the implementation of the Principles. This takes place through the mechanism outlined above – at ESSC and its working group meetings, as well as at Executive Committee discussions on ESG matters.</p> <p>In the reporting period the bank has initiated a number of steps in this direction. Part of them are related to assuring compliance with ECB supervisory expectations for climate-related and environmental risk management, as outlined in the Regulation on Loan Origination and Monitoring as well as in other pertinent documents of the ECB and the EBA.</p> <p>In its efforts to align itself with best international practices, in 2021 the bank completed a detailed GAP analysis against the ECB Guide on Climate-Related and Environmental Risks. This analysis allowed the management to have a clear view as to where the bank stands in this area.</p> <p>Subsequently the Working Group on Environmental Risks under the ESSC was asked to propose timeframe for filling the gaps as well as to come up with responsible units and managers who will be in charge of the implementation of each particular action. This task has been completed in September 2021.</p> <p>Based on this analysis a clear process has been set up as to how the bank is going to move forward. Narrowing the gaps as identified in the analysis is going to facilitate the implementation of the Principles.</p> <p>The outcome of the efforts which is considered relevant is going to find its place as part of the information in the Non-Financial Declaration of the bank for 2021.</p> <p>Postbank will continue to analyse international good practices relevant for the implementation of the Principles and is going to use them accordingly.</p>	<p>Postbank Annual Financial Statements 2020, website: https://www.postbank.bg/en/Za-nas/Financial-Data/Otcheti/Godishni-otcheti, pp. 38-41</p>
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<p>align with good practice. <i>Show</i> that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</p>		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p>		
<p>Postbank has started working towards reflecting the Principles for Responsible Banking in its operations. It has dedicated teams and efforts to ensure that they are gradually met. The bank has outlined specific steps that need to be taken in all areas of its activities and has assigned responsibilities and deadlines in order to achieve them.</p>		

Annex: Definitions

- a. Impact: An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. Significant Impact: Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of “materiality”.