


UNEP FI Principles for Responsible Banking:
2-nd year progress report of Postbank Bulgaria
(legal name: Eurobank Bulgaria AD)

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 known as Eurobank Bulgaria AD, is the fourth biggest bank in Bulgaria in terms of assets. It has an extensive branch network throughout the country and significant customer base comprising individuals, companies and institutions. It is a leading player in digital innovations and a trend setter in the banking sector in the country during the recent years, with multiple awards for its innovations. The financial institution holds a strategic place in retail and corporate banking in Bulgaria. The Bank is one of the leaders at the credit and debit cards market, residential and consumer lending, savings products, as well as corporate client products – from small businesses to big international companies operating in the country. The financial institution has one of the best developed branch networks and modern alternative banking channels, with special focus on high quality services to the customers.</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>In June 2022, Bulgarian Credit Rating Agency (BCRA) confirmed Postbank's BBB long-term rating, with stable outlook.</p> <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>	<p>Postbank website, "About us" section: https://www.postbank.bg/Za-nas/Za-Poshtenska-banka</p> <p>Postbank website, Annual Financial Statements Report 2021, p.11, available at: https://www.postbank.bg/-/media/PB_Annual_Financial_Report_2021_ENG-210x297mm-END.pdf?la=en&hash=C82BD1F1015F207BD1B346A68A081ED8</p>
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	<ul style="list-style-type: none"> • Individuals • Corporate banking • Small business • Investment and trading 	
<p>1.1. <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>At Postbank, we place the Sustainable Development Goals (SDGs) at the heart of our beliefs. As a responsible financial institution, we have stepped up to undertake the role that our time is calling for by embedding ESG criteria in our management philosophy and key decision-making processes. For that matter, we have adopted ESG Strategic Vision where the main strategic directions of action aiming at alignment with all relevant frameworks have been outlined.</p> <p>We acknowledge that environmental pollution and climate change are among the biggest challenges of our time. They define the quality of life and the future of our planet. They impact all businesses and increasingly affect households. They also cause a number of social issues. Turning all these into opportunities requires the application of best governance practices.</p> <p>We are convinced that this is not possible without taking into consideration the vast social aspects that our operations have and aspire to apply governance practices to ensure our values are abided by daily.</p> <p>We are well aware that climate change and the physical and transition risks associated with it provide as well a broad spectrum of opportunities for innovative solutions to the challenges they pose, and we are ready to offer financial products that facilitate them. We acknowledge that business opportunities and possibilities to contribute to society are the opposite sides of the challenges we are facing. We aspire to maintain and expand our position as a leader in sustainability in Bulgaria by undertaking a proactive approach to ESG matters.</p>	<p>Postbank ESG Strategic Vision, available at: ESG protection (postbank.bg)</p>



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.

<p>1.2 Impact Analysis: <i>Show</i> 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:</p> <p>a) <u>Scope</u>: 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.</p> <p>b) <u>Scale of Exposure</u>: 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.</p> <p>c) <u>Context & Relevance</u>: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.</p> <p>d) <u>Scale and intensity/salience of impact</u>: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social,</p>	<p>Postbank have initiated impact analysis to reveal the scope, the scale of exposure, the context and relevance, the scale and intensity/salience of impact that it has on environmental and social matters.</p> <p>As a result of the impact analysis, it has been identified that there are three major areas of direct impacts of the activities of the bank on the environment and society in which the bank needs to concentrate systematic efforts to manage impacts – CO2 emissions from electricity consumption, and the use of paper and the consumption of water.</p> <p>Statistics on these indicators is maintained and presented in the Annual Financial Statements of the bank in dynamics for a period spanning 2012-2021, 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.</p> <p>Another part of the efforts was dedicated to the indirect impacts the bank is causing to the environment and society. For that matter, an analysis of the materiality of the environmental, social, and climate-related risks in its loan as well as investment portfolios was done. The analysis of the loan portfolio was done by business segment, and then by level of environmental and social risks. The analysis of the investment portfolio was done based on type of financial instrument in which the bank is investing. For the assessment of climate-related risks the Climate-Policy Relevant Sectors (CPRS) approach was applied. Where there was data availability, the analysis for the bank was compared with data for the banking sector in the country in order for comparison with peers to be ensured.</p> <p>Building on this analysis, the bank has been disclosing its areas of most significant negative direct impact on the environment in the form of indicators: CO2 footprint, number of paper sheets and cubic meters of water that are used annually.</p> <p>Also, the bank has identified a number of strategic business opportunities for ensuring increase of its positive impact</p>	<p>Postbank Materiality Analysis of Environmental, Social and Climate-Related Risks, 2022</p>
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<p>economic 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><i>Show</i> 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>and decrease of its negative impact on the environment. As a result of this, the bank has launched several sustainable banking products and is planning to expand its sustainable portfolio in the future.</p> <p>Specific steps were outlined for further development of the impact analysis in order to evaluate the materiality of the respective risks in the short, medium and long term horizons, in economic sectors, etc.</p>	
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Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

Postbank has partially fulfilled the requirements regarding the Impact Analysis. Postbank is on its way to fully meet the requirements regarding target setting.

<p>2.1. Target Setting</p> <p><i>Show</i> 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>As stated above, the bank has identified two major spheres in which it concentrates its efforts to address areas of significant impact: the ones from its own operations, and those related to its customers.</p> <p>With regards to its operations, the bank continues to work in the the following major three areas identified as part of its impact analysis (<i>activities towards customers are outlined in more detail in Section 3 below</i>) :</p> <p>Manage CO2 and broader environmental footprint by:</p> <ul style="list-style-type: none"> • Optimizing its Scope 1, 2, and 3 emissions through following up its internal consumption of electricity, deploying solar panels on the HO building, and replacing part of the fleet with electric vehicles • Aim at paperless processes though the deployment of digital solutions • Take care for waste minimization and management 	
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<p><i>Show 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.</i></p> <p><i>Show 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.</i></p>	<p>Fostering inclusion at work through igniting creativity and participation among staff by:</p> <ul style="list-style-type: none"> • Launching internal events to spark innovative ideas • Embedding a spirit of belonging to the organizational values • Catering for ethics and equality at work. <p>Act as an agent of change towards sustainability in society by:</p> <ul style="list-style-type: none"> • Demonstrating engagement with the ESG agenda • Leading by example by disclosing best practices • Supporting educational and other social initiatives <p>Postbank considers target setting instrumental for achieving its ambitious goals in the area of sustainability.</p> <p>As the materiality analysis is developed further and in greater detail, the bank intends to set specific targets and respective KPIs ensuring that the sustainability agenda is realized as planned.</p> <p>The targets that the bank had set for the passed 2021 year have been achieved:</p> <ul style="list-style-type: none"> • GAP analysis vis-à-vis existing policy recommendations and good practice in the area of climate change and environmental management has been produced and underwent extensive discussions at management boards. A number of key internal documents have been amended to incorporate ESG considerations in both risk management and new product development processes; • The internal documentation in the area of environmental management has been enhanced, with a draft of Sustainable Finance Framework produced; • Staff training in ESG matters have been taking place to ensure employees are educated in the principles of sustainability and their application in the bank. <p>Apart from these targets related to particular projects, in 2022 the Bank has initiated two large projects:</p> <ul style="list-style-type: none"> • Started to shifting its car fleet to hybrid vehicles and • The installation of solar panels system on the rooftop of the HO building which is going to contribute to a decrease of electricity usage from conventional energy sources. <p>Thus both initiatives are going to lead to improving the CO2 footprint of the Bank.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>Postbank has been making consistent efforts in order to fully comply with the requirements regarding Target Setting. It has made significant progress in that area and is planning to achieve full compliance within the next two years.</p>		

<p>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>In terms of governance, at Postbank target setting and monitoring is entrusted to designated management body - the Environment and Sustainability Committee (ESC) which presents its decisions to the Executive Committee (EXCO) of the Bank.</p> <p>The Committee convenes to:</p> <ul style="list-style-type: none"> • Review developments in the area of ESG at the bank, • Approve strategic moves in this field as well as • Initiates green products launch and does monitoring of their subsequent lifecycle. <p>With the progress of implementation of the ESG Strategic Vision, the bank will further specify its KPIs so that they serve as a means to implementing its Environmental Policy.</p>	<p>Annual Financial Statements Report 2021, p. 34, available at: Annual Reports (postbank.bg)</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 has set targets based on its materiality analysis, it will be further expanding and fine-tuning its analysis and as a result producing SMART targets.</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 adapting its plan to meet its set target.</i></p> <p><i>Report on your bank's progress over the last</i></p>	<p>Following the target identification and setting activities, the bank is planning to introduce detailed SMART targets and to ensure subsequently a sound monitoring process. Thus it will further enhance and strengthen its environmental, social and governance system. In this process following the adopted ESG Strategic Vision and building on it is considered instrumental.</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. Apart from that, it has created a dedicated website on ESG where detailed progress on various activities and updates on recent actions is being published regularly.</p> <p>The Bank is also actively using social media channels to keep its stakeholders up-to-day with the progress of implementation of its targets.</p>	<p>See: Annual Reports (postbank.bg)</p> <p>See: ESG protection (postbank.bg)</p>

<p>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)</p>		
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p>Postbank is working on expanding its targets with the aim of enhancing its positive impact on the environment and society and mitigating possible negative impacts from its operations.</p>		
	<p>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>	
<p>3.1 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.</p>	<p>Postbank views establishing and maintaining responsible relationships with its customers as the centerpiece of its policy. For that purpose, it has undertaken a two-winged approach: managing climate-related, environmental and social risks in its lending activities, and promoting green and other responsible banking practices through offering respective products.</p> <p>In the area of risk management, the Bank has in place Climate-Related, Environmental and Social Risks Management Procedure. According to it, all commercial deals are evaluated based on how the applicants are dealing with climate change-related, environmental and social matters in their operations. The Bank appraises each such deal based on a number of both quantitative and qualitative environmental, climate-related and social criteria, part of which are then input in an automated scorecard. The aim is to ensure that the customer demonstrates high awareness of the related matters and is making his best efforts to act accordingly.</p> <p>As a result of the application of the procedure and the automation of the process, deals are being monitored for their environmental, climate-related and social aspects on an annual basis and, if necessary, remedial actions could be requested from</p>	<p>See: Annual Financial Statements 2021 at: Annual Reports (postbank.bg), pp. 45-46</p>

	<p>the client so that proper management of associated risks is ensured.</p> <p>Apart from risk management, during the reporting period Postbank formalized the details of the steps that need to be taken inside the bank in order for green banking products to be launched. The Bank intends to encourage the creation and spread of green products that could meet the demands of its customers, which will lead to more sustainable relationships them.</p> <p>The bank is proactive towards its 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, small business banking green product has been launched, as well as a green mortgage product aiming at offering customers assistance in obtaining smart, energy efficient homes. The bank is planning to expand its green products portfolio in the coming years.</p>	
<p>3.2. Describe 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>Postbank acknowledges the importance of establishing a strategic and systematic approach towards green and sustainable finance. To that end, the Bank has done significant efforts towards localizing the Group Sustainable Finance Framework reflecting the specificities of the local market. The Bank plans to play a significant role in financing important initiatives that are essential for achieving economic growth in accordance with ESG guidelines. The Sustainable Finance Framework promotes the identification and categorization of sustainable green financings and comprises a wide variety of sustainable-green lending activities. Through the selection of specific investments that support climate change adaptation and mitigation, the Framework focuses on climate transition.</p> <p>Postbank views constant communication with its clients and customers key to ensuring responsible banking practices are effective. For that matter, the bank takes advantage of every opportunity to communicate possibilities for financing sustainable practices. This activity takes place at all stages of the relationships with them and follows the two-winged strategy referred to above covering the areas of risk management and products development.</p> <p>Thus in the sphere of risk management, an important part of the evaluation 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</p>	<p>See: sustainable-finance-framework-en.pdf (eurobank.gr)</p> <p>See: Annual Financial Statements 2021 at: Annual Reports (postbank.bg), pp. 45-46</p>

	<p>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 the Bank could meet them.</p> <p>In this process, valuable feedback is collected and analyzed by the bank which then is used for the creation of new responsible banking products and services, referred to in the section above.</p>	
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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.

Implementing the PRB remains a main pillar of Postbank's policy, which coexists with and complements its business activity; giving back to local communities in the markets it has a presence in. Postbank is firm in its conviction that innovation and business extroversion are key factors to develop the economy in the markets where it is present. For that reason, it has focused on programs and initiatives to boost entrepreneurship. Postbank also continues its long standing effort in developing relations with acclaimed agencies and organizations in order to realize initiatives in the critical fields of education, society, culture, and youth entrepreneurship.

Along with this, Postbank's 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. This mission is motivated by the deep and genuine concern for the most valuable asset of the Bank – the people.

Postbank has a **dedicated program for corporate social responsibility and sustainable development** which incorporates the corporate values of the institution as well as its commitment to complement its banking activity with consistent efforts to promote people's well-being.

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.

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

In 2022, the Bank implemented one of its most successful projects in the field of sustainable development – **A Universe of Opportunities**, Postbank's innovative digital platform, created to promote interesting ideas related to social entrepreneurship benefitting society. A total of 238 projects with potential in the key fields of Digital Innovations, Education and Green Projects reached the final stage of the competition and following the decisive vote of a renowned jury three winners were selected –

See: [Corporate Social Responsibility \(postbank.bg\)](#)

	<p>one project in each category. They completely reflect the mission and values of Postbank that the Bank will still be abiding by in 2022 too, never ceasing to offer innovative digital solutions, to develop green initiatives and to contribute to achievements in education.</p> <p>In 2022, Postbank and Mastercard successfully implemented the second phase of the socially responsible initiative Green Classroom on the territory of Vitosha Nature Park. As a result, a connecting educational walkway was built between the innovative amphitheatre, located in the area of the Bear Museum and the Arboretum area to allow tourists to move safely between the two sites without using the main thoroughfare. The walkway is part of a joint project between the two companies in partnership with the Vitosha Nature Park Directorate, and was launched in the summer of 2021 with the establishment of a creative outdoor learning, play and entertainment space for visitors of the mountain. Nearly 100 employees from both companies, together with representatives of the Vitosha Nature Park Directorate, participated in the finishing works of the project. The Green Classroom project is part of the active social responsibility policy of Postbank. It builds on the series of green projects that the financial institution has been implementing together with Vitosha Nature Park Directorate over the last few years, as part of the internal programme "Green Together with Postbank".</p> <p>Building a green consciousness is part of the bank's corporate policy and the aim of these projects is not only to improve the environment, but also to motivate as many people as possible to take conscious action to protect nature.</p>	
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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

<p>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.</p>	<p>Since protecting the environment and minimizing the use of natural resources is a priority the Postbank, it has established the necessary governance structures for the purpose.</p> <p>As stated above, Postbank has entrusted its sustainability policy to a dedicated management committee - the Environmental and Sustainability Committee (ESC). ESC takes all strategic decisions related to the sustainability. This body comprises executive committee members to ensure top management awareness and involvement in the decision-making process in the area of sustainability. The committee is supervising the performance of the Bank in terms of significant positive and negative impacts and ensures that gradual and effective implementation of the PRB is in place. A management board member – the Chief Operating Officer, is directly overseeing the implementation of all sustainability-related efforts in the bank and serves as the chairman of ESC.</p> <p>At operational level, the Environmental and Social Affairs Coordinator acts as the secretary of ESC and is entrusted to oversee the execution of the environmental policy. This position reports directly to the head of the Central Operation Division.</p> <p>As regards policies and procedures, Postbank follows the Environmental Policy of Eurobank Group. It has adopted its own Environmental Policy Statement, Climate-Related, Environmental and Social Risk Management Procedure in Lending as well as Manual on Sustainable Management.</p> <p>In 2022 the Bank made another step towards deploying its ESG policy by adopting ESG Strategic Vision in which the strategic directions of its activity are outlined in further detail. It is positioned on a dedicated landing page in the Internet to provide for visibility by stakeholders.</p>	<p>See: Annual Financial Statements 2021 at: Annual Reports (postbank.bg), p. 43</p> <p>See: Postbank Manual on Sustainable Management</p> <p>See: ESG Strategic Vision, available at: ESG protection (postbank.bg)</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</p>	<p>In order to promote awareness of environmental issues and develop initiatives in the field of responsible banking, Postbank founded its Green Board in 2008. This internal, unofficial organization is accessible to participation by all staff members on a voluntary basis. The Green Board has demonstrated over the course of its existence to be a successful conduit for creative ideas from bank workers. The best of these suggestions have through a rigorous selection procedure, following which they are being put into practice. As a result, numerous creative solutions aimed at both internal operations and customers have been implemented, resulting in increased productivity and client pleasure.</p>	<p>See: Annual Financial Statements 2021 at: Annual Reports (postbank.bg), p. 20, 21, 22</p>

<p>performance management and leadership communication, amongst others.</p>	<p>Additionally, the Green Board members plan various outdoor activities that include all of the staff members. The Bank made an investment in its own internal Green Together program. It is being created by Postbank with its own funding and being implemented by its staff members voluntarily.</p> <p>Through its communications campaign, Postbank is making its good practices known both inside and outside of the company, focusing on both its customers and the general public so that it may set a positive example for other businesses. Within a focused program, the Environmental Coordinator closely collaborates with the Marketing and Corporate Communications Division to achieve this goal.</p> <p>The following activities make up the majority of the program:</p> <ul style="list-style-type: none"> • Intranet communication messaging; • Communication announcements in the bank's "Our Bank" magazine, which is sent to all employees and available to clients at every location; • Establishing and promoting a portion of the organization's annual financial report devoted to the Bank's efforts to protect the environment; • Participation of the Bank's management in forums and other gatherings pertaining to various facets of the Bank's environmental policy, where actions taken by Postbank are discussed; • Other activities, including recurring volunteer clean-up projects on Bank property and elsewhere, several campaigns aimed at spreading awareness of green initiatives, etc. <p>Postbank is being recognized for its active position in the area of sustainability. In 2022 the Bank gained a few awards in this field in prestigious national competitions, as well as a number of other prizes.</p> <p>A series of ESG related trainings is scheduled for the last quarter of 2022. They will target mainly business units' staff with the goal of capacity building in the area of sustainable and responsible banking. In 2023 the Bank will continue the actions to expand its culture of inclusion and responsibility among its staff and towards its stakeholders.</p>	<p>See for information on the awards: News (postbank.bg)</p>
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for</p>	<p>The ESC, previously the "Environmental and Social Steering Committee (ESSC)", at Postbank is the body in charge of overseeing the execution of the bank's policy in the area of sustainability and, since it joined the PRB, the execution of the commitments of the Bank as a signatory. The targets are set by the ESC, who also oversees their accomplishment.</p>	<p>Postbank Annual Financial Statements 2021, website: PB Annual Financial Report 2021 ENG-</p>

<p>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>A variety of topical working groups are active under the ESC with the goal of ensuring that the targets are met and that corrective action is taken as needed:</p> <p>1. Green Product development</p> <p>This group facilitates a close cooperation between the Environment and Social Affairs Coordinator and the various business units which deal with developing and promoting new products and which are in charge of timely identifying competitive moves or market trends. The products are of three types:</p> <ul style="list-style-type: none"> • Projects/investment in environmental friendly ventures (such as solar panels etc.), • Lending for antipollution equipment or similar environmental improvements, • Retail products aiming at environmental preservation or energy saving <p>2. Environmental Risk Management</p> <p>Following the approval of the Environmental and Social Risk Management Procedure, the working group oversees the implementation of the procedure on the part of the Business Units in the credit application and monitoring process.</p> <p>3. Operational Footprint Management</p> <p>There are several working groups that operate in the field and they focus on the establishment, implementation of documented programmes and written procedures on:</p> <ul style="list-style-type: none"> • waste management: <ul style="list-style-type: none"> ○ non hazardous: paper, toner cartridges, packaging waste, furniture etc. ○ hazardous: waste of electrical and electronic equipment, batteries etc. • energy management, • green procurement, • building management. <p>4. Communications (Environmental and Social Affairs Coordinator, Corporate Communications, and when needed - Marketing)</p> <p>This working group works for the proper advertising of the efforts of the Bank in the application of its Environmental Policy internally and externally.</p>	<p>210x297mm-END.pdf, p. 34</p> <p>See: Postbank Manual on Sustainability Management</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>6.1 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 align with good practice.</i></p>	<p>Postbank regularly evaluates how well the Principles are being put into practice. This takes place via the procedure described above, at meetings of the ESC and its working groups as well as during routine Executive Committee deliberations on ESG issues.</p> <p>The bank has started taking a number of actions in this approach during the reporting period:</p> <ul style="list-style-type: none"> • It has adopted ESG Strategic Vision which outlines the main directions of its sustainability activities; • The Sustainable Finance Framework undertaken at Eurobank Group level, has been adapted for the local realities and is going to be used as a main starting point for understanding sustainable finance and for the application of sustainable banking practices; • Green products in the segments of small business banking and mortgage lending were launched; • Key internal procedures in the area of risk management have been enhanced with the incorporation of climate risk considerations thus ensuring that the Bank is line with the need to participate in the net-zero transition; • Materiality analysis of the climate-related, environmental and social risks in the loan and in the investment portfolios was done. Where possible comparison with peers on the local market was performed to inform the decisions in the area of sustainability and to be used as a basis for particular target setting; • The internal management system of the Bank in the area of sustainability has been laid down in the updated and enhanced version of Postbank Manual on Sustainability Management where the respective governance structures, as well as main direction of operations are presented. <p>In drafting its internal documentation, Postbank has considered international good practices in the area of sustainable banking that assist the implementation of the six principles of PRB. Among them are the research papers provided by the UNEP FI, the European Central Bank, the European Banking Authority, the European Bank for Reconstruction and Development, etc.</p> <p>Postbank will continue to analyse international good practices relevant for the implementation of the Principles and is going to apply them accordingly.</p>	<p>See: Postbank Manual on Sustainability Management</p> <p>See: ESG Strategic Vision, available at: ESG protection (postbank.bg)</p> <p>Postbank Materiality Analysis of Environmental, Social and Climate-Related Risks, 2022</p> <p>See: Postbank Manual on Sustainability Management</p>
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<p>Show 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”.