



### Project Summary Information

Date of Document Preparation: July 17, 2024	
<b>Project Name</b>	OTP Green Energy Capacity Expansion Bond Investment
<b>Project Number</b>	P000835
<b>AIIB member</b>	Hungary
<b>Sector/Subsector</b>	Energy
<b>Alignment with AIIB's thematic priorities</b>	Green infrastructure
<b>Status of Financing</b>	Approved
<b>Objective</b>	To increase the capacity of renewable energy generation and improve energy efficiency in targeted countries (Croatia, Hungary, and Serbia).
<b>Project Description</b>	The Project constitutes an up to USD200 million AIIB investment into MREL-eligible Senior Preferred bond(s) to be issued by OTP Bank. Proceeds from the issuance(s) will be allocated to eligible loans to support climate change mitigation in Croatia, Hungary and Serbia under OTP's Sustainable Finance Framework.
<b>Expected Results</b>	<p>Project result indicators include:</p> <ul style="list-style-type: none"> <li>• Greenhouse gas emission avoidance and reduction</li> <li>• Renewable energy capacity installed</li> <li>• Number of renewable energy and energy efficiency subloans</li> <li>• Volume of subloans</li> </ul>
<b>Environmental and Social Category</b>	FI

<p><b>Environmental and Social Information</b></p>	<p><b>Environmental and Social Policy and Categorization.</b> AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESSs) apply to the Project. The Project is assigned Category FI under the ESP as it involves financing through a financial intermediary.</p> <p><b>Environmental and Social Management System (ESMS).</b> As the Bank delegates to the FI the decision-making on the use of the Bank funds, including the selection, assessment, approval and monitoring of Bank-supported activities, a sound Environmental and Social Management System (ESMS) adopted by the FI is crucial. The environmental and social (ES) instrument for any investment undertaken under OTP's Sustainable Finance Framework<sup>1</sup> will be its Environmental and Social Risk Management Framework (ESRMF). The ESRMF covers (i) screening of the proposed green financing against its ES exclusion list, (ii) assigning ES categorization to proposed projects, (iii) ES risk assessment, (iv) risks mitigation, as well as (iv) governance, monitoring, and reporting. AIIB has reviewed OTP's draft ESRMF and has agreed with OTP to follow AIIB's ESEL on all subprojects to be funded by the proceeds of AIIB. An overview or a summary of the ESRMF will be disclosed by OTP and the Bank in an appropriate manner.</p> <p><b>Environmental and Social Aspects.</b> ES risks and impacts anticipated by the Project are related to small- to mid-size energy efficiency and renewable energy investments and, more specifically, to construction and operation, health and safety, labor and working conditions, pollution prevention, biodiversity, and waste management. Land acquisition (potential resettlement) issues, stakeholder engagement, information disclosure, and grievance redress will be implemented with the Bank's ESP. OTP has established a risk assessment process with ES risk assessment factored into its investment decisions. Together with the ESRMF, this addresses the requirements of the Bank's ESP for ES categorization as well as for managing ES risks associated with the sub-projects. Moreover, OTP's ESRMF screens out subprojects with high ES risks, all category A activities per AIIB ESF definition as well as hydro will be excluded.</p> <p><b>Gender.</b> OTP has an internal corporate strategy for gender equality adopted in 2021. In it, OTP established strategic objectives including equal opportunities for all employees, creation of an open, inclusive, and non-discriminatory workplace and support of a diverse, cooperative and professionally high standard work culture. Part of OTP's mission is to create an inclusive working environment.</p> <p><b>Information Disclosure, Monitoring and Supervision.</b> OTP discloses its Integrated Annual Report on its website, which, on an annual basis, presents OTP's sustainability activities, ESG responsibilities, governances, and results together with its financial performance. OTP has been following the mandatory reporting requirements related to compliance with the EU</p>
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<sup>1</sup> [Sustainable Finance Framework ENG 20220524.pdf \(otpbank.hu\)](#)

	<p>Taxonomy Regulation and discloses under the EU SFDR Regulation the share of the financing of Taxonomy-aligned economic activities. During the Project implementation, OTP will submit annual ES monitoring reports of the sub-loan portfolio performance in a format agreed with AIIB. The monitoring reports are expected to cover the ES performance as well as climate impacts made by the projects.</p> <p><b>Project Grievance Redress Mechanism.</b> OTP has a dedicated corporate Policy on Complaints and has established a well-functioning complaint handling system with information disclosed on its website in both English and local languages, which will be the project-level grievance redress mechanism (GRM) of the Project. According to OTP's corporate policies on grievance management, a dedicated team within OTP receives, registers, and investigates all complaints submitted orally or in writing, in which any complainant, whether or not in a business relationship with the OTP, expresses dissatisfaction with its products, services or the procedures of any of its organizational units or employees. OTP will disclose its complaints management report as part of its annual report.</p>	
<b>Cost and Financing Plan</b>	Up to USD200 million	
<b>Borrower/Investee Company/Counter party/Guaranteed entity</b>	OTP Bank Plc.	
<b>Estimated date of last disbursement (NSBF)</b>	Q4 2026.	
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<b>Date of Concept Decision</b>	January 31, 2024	
<b>Date of Final Decision</b>	March 27, 2024	

<b>Date of Financing Approval</b>	April 17, 2024
<b>Independent Accountability Mechanism</b>	<p>The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its Environmental and Social Policy in situations when their concerns cannot be addressed satisfactorily through Project-level Grievance Redress Mechanism (GRM) or AIIB Management's processes.</p> <p>Information on the PPM is available at <a href="https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoplesmechanism/how-we-assist-you/index.html">https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoplesmechanism/how-we-assist-you/index.html</a></p>