



# Corporate governance framework report 2022

Banca Comercială Română S.A.

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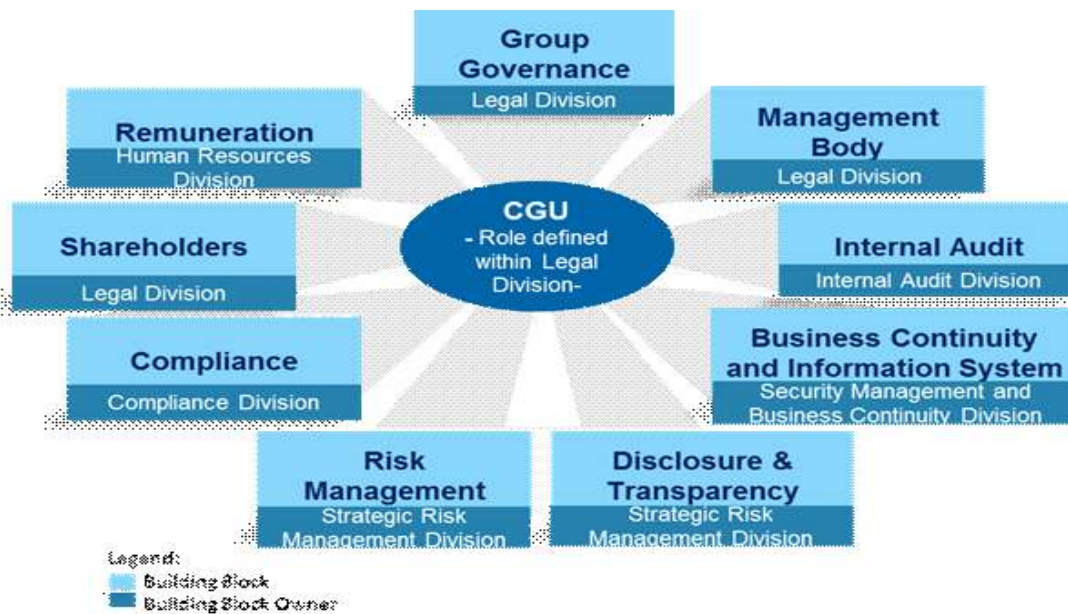
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**I. Company profile**

Banca Comercială Română SA (“BCR” or “the Bank”) has a two-tier governance structure and carries out its activity based on a corporate governance framework in observance of the Romanian and European Union (EU) legal and regulatory requirements, as well as in alignment with Erste Group guidelines and the best international practices in the field.

**Corporate governance in BCR**

For BCR, corporate governance is a key element of its business success. BCR meets the expectations of its stakeholders through an integrated system of values, principles and rules that ensure it operates in a responsible, transparent and specific way.



**BCR objectives** regarding corporate governance focus mostly on:

- Adapting to most recent changes;
- Strengthening the trust of stakeholders
- Speeding up the decision making and execution process;
- Corporate governance processes and capacities clearly defined and communicated;
- Improved risk management; and
- Alignment to legal requirements and to Erste Group requirements and standards.

**BCR commits itself to continuously improve the corporate governance framework in order to observe the legitimate rights and interests of all the stakeholders**, by ensuring the efficiency of its activity, maintaining Bank’s financial stability and profitability, through:

- Activity transparency;

- Policies and procedures well defined within the activity of the management body and of other bodies responsible for decision-making;
- Prevention of conflicts of interest;
- Implementing an efficient internal control system;
- Adequate segregation of duties.

The corporate governance model applied both at BCR Group level and at individual Bank level and is based on the interaction between the essential components of corporate governance, as shown in the picture above. These components are implemented through dedicated policies, procedures, work instructions and processes, developed at the level of the functional lines of each entity (the Bank and its subsidiaries).

### **BCR Mission**

The BCR mission is to support the increase of Romania's economy and create prosperity. The Bank aims to be the most prestigious provider of financial services for its clients, such as private individuals, companies or public institutions. But in order to truly fulfil the role of catalyst of the Romanian economy, of financial supporter of communities and population, we must evolve and adapt permanently to the market demands.

We do this in order to strengthen our clients' confidence when they entrust us their money or when we finance them.

The confidence stems from our professionalism, from the responsibility or the way of providing the banking products and services which prove to the clients that BCR really cares about them and their needs.

A powerful bank is built together with and by powerful people. By a team whose members are united by the same mission and ideals.

**We, the people of the bank, are the ones who build, every day, the BCR Group, through our attitude and results.**

Therefore, in order to reinforce our organizational identity and to have a common benchmark on the right attitude in our daily work, we have developed a series of principles that help us better understand our role within the bank. Thus, we will know how to act with passion and responsibility, ensuring the sustainable success of the bank - for us, for our clients and for Romania.

## **II. BCR principles, corporate governance structure and shareholding**

From BCR's perspective, Corporate Governance means all rules, systems and processes implemented with a view to establish the relation between shareholders, management, clients, employees, suppliers and other parties involved in setting the objectives and the manner to achieve them, for increasing economic performance and, implicitly, the Bank's value. It also highlights the efficiency of the management systems, namely the role of the Supervisory Board and of the Management Board, the responsibilities and remuneration of these structures' members, the credibility of the financial statements and the efficiency of control functions.

BCR establishes, reassesses on an annual basis and publishes on its website the corporate governance principles that ensure an adequate framework for its activity, in observance of the legal and regulatory requirements of the legislative framework in Romania, of Erste Group Bank guidelines, as well as the best international practices in the field.

The goal of this report is to annually assess the manner in which the general principles and the governance policy are implemented and reflected through the presentation of the corporate governance structure, including the manner in which it is transposed in the bank's internal governance and the manner in which its management body defines, supervises and implements an activity management framework that ensures the efficient and prudent management of the credit institution.

Based on the provisions of Companies Law no. 31/1990, with the subsequent amendments and completions ("Companies Law") and the Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, with the subsequent amendments and completions, and in compliance with its Charter, BCR's management body is organized in a two-tier structure, namely the supervision function is separated from the executive management.

The management body of the bank has the ultimate and overall responsibility for the institution and defines, oversees and is accountable for the implementation of the governance mechanisms within the credit institution that ensure effective and prudent management of the institution.

The management body's responsibilities include setting, approving and overseeing the implementation of:

- the overall business strategy and key policies of the institution within the applicable legal and regulatory framework, taking into account the institution's long term financial interests and solvency;
- the overall risk strategy, including the institution's risk appetite and its risk management framework and measures to ensure that the management body devotes sufficient time to risk issues;
- an adequate and effective internal governance and internal control framework that includes a clear organisational structure and well-functioning independent internal risk management, compliance and audit functions that have sufficient authority, stature and resources to perform their functions;
- a remuneration policy that is in line with the remuneration principles set out within the applicable regulatory framework as well as a selection and suitability assessment process for key function holders;
- arrangements aimed at ensuring the internal functioning of each committee of the management body, when established, detailing the: i. role, structure and tasks of each of them; ii. appropriate information flow, including the documentation of recommendations and conclusions, and reporting lines between each committee and the management body, competent authorities and other parties;
- a risk culture in line with the regulatory framework and aligned with the bank strategy which addresses the institution's risk awareness and risk-taking behaviour;
- a corporate culture and values in line with the regulatory framework and aligned with the bank strategy, which fosters responsible and ethical behaviour, including a code of conduct or similar instrument;

➤ a conflict-of-interest policy at institutional level and or staff, arrangements aimed at ensuring the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance, a process of disclosure and communications with external stakeholders and competent authorities.

The management structure is set up so as to meet the following objectives:

- to fit the dimension and complexity of the bank activity;
- to allow a clear separation of responsibilities between the supervisory function and the executive management function;
- to assign responsibilities and competencies along the functional/reporting lines in a clear, precise, well-defined and transparent manner;
- to ensure independence of the internal control system, so as to properly cover its main functions: risk management, compliance, internal audit;
- to improve the information flow, vertically, from top to bottom, and vice versa, and also horizontally, so as to ensure the delivery of comprehensive information, relevant in terms of the proper fulfilling of each organizational structure's tasks, in due time.

The BCR management structure consists of the **Management Board** – representing the **executive management function**, which ensures the operational management of the Bank, and the **Supervisory Board** – representing the **supervisory function**, which ensures the supervision, management and coordination of the Management Board activity. Their competencies and responsibilities are regulated through the Charter, the Internal Rules of each structure and also, through BCR's Operational Book.

An efficiently organized corporate governance helps ensure the Bank's stability and maintains corporate governance and business conduct standards.

## Shareholding

The Bank's subscribed and paid-up capital is RON 1,625,341,625.40, divided in 16,253,416,254 nominative shares, with a nominal value per share of RON 0.1.

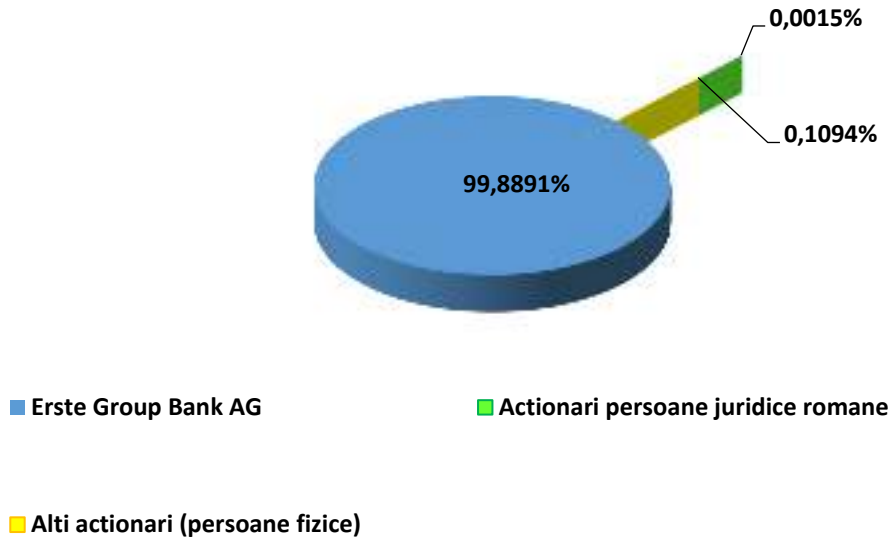
In 2022, the shareholding structure as per the BCR shareholders' register valid on 31.12.2022, was the following:

- **Erste Group Bank AG**, AM Belvedere 1,1100 Wien, Austria, holds 16,235,389,444 nominative shares, with a nominal value per share of RON 0.1, accounting for 99.8891% of the total share capital, namely RON 1,623,538,944.4;

- **Romanian legal entities** (i.e. 1. SC Actinvest SA holds 226,802 shares; 2. FDI Certinvest Dinamic holds 13,699 shares; 3. BCR Leasing IFN SA holds 109 shares; 4. SIF Muntenia holds 1 share; 5. SIF Banat Crișana holds 1 share), holding 240,612 shares with a nominal value of RON 0.1 each, accounting for 0.0015% of the total share capital, namely RON 24,061.20;



• **Private individual shareholders** own 17,786,198 shares with a nominal value of RON 0.1 each, accounting for 0.1094% of the total share capital, namely RON 1,778,619.8.



**Shareholders - General Shareholders Meeting**

The shareholders exert their rights within the General Shareholders Meeting (“GSM” or “General Meeting”).

The Bank’s shares are indivisible and offer its shareholders equal rights, each share representing the right to one vote in the General Shareholders Meeting.

The General Shareholders Meetings are convened by the Management Board at least 30 days before the established date. In extraordinary cases, as provided in the Companies Law, the Supervisory Board may convene the General Shareholders Meeting, depending on the Bank’s interests.

The General Shareholders Meetings are ordinary and extraordinary. The Ordinary General Shareholders Meeting is held at least once a year, within the term established by the applicable regulations and whenever it is necessary to approve the subjects falling under its competence. The Extraordinary General Shareholders Meeting also meets whenever necessary.

The Bank ensures the protection of the shareholders’ rights, enabling them to exercise the latter, by clear and transparent provisions at the Bank level that protect the shareholders’ rights. BCR observes the rights of its shareholders and ensures that their rights are exercised effectively through a successful communication with the shareholders.

The shareholders have:

- the right to safe registration means for shareholders/shares owned;
- the right to receive timely, regular and relevant information with respect to the company's development, as provided by the proper legislation in force;
- the right to attend and vote during the GSM and, in this regard, the right to be informed with respect to the voting rules and procedures, applicable to this type of meetings;
- the right to receive dividends pursuant to the provisions of the relevant legislation and the Charter;
- the right to ask questions, also with respect to the independent auditor's report
- the right to participate in strategic decision-making processes such as electing the Supervisory Board members or expressing opinions with respect to the remuneration of the Supervisory Board and Management Board members, according to BCR Charter.

In 2022, a number of 5 GSMs took place, out of which 2 were ordinary and 3 were extraordinary sessions. The EGSM held on of 28.04.2022 approved the completion of Article 9 of BCR's Charter (with a new line for paragraph 9.2, letter p), by extending the scope of activity with the provision relating to "activities of depositing the financial assets of occupational pension funds".

The items included on the agenda of the 5 GSMs were the following:

- Completion of the Charter, by extending the main object of activity
- Issuance by BCR of additional Tier 1 own funds instruments in accordance with the legal provisions and capital requirements established under the Regulation of the National Bank of Romania No 5/2013 on prudential requirements for credit institutions, as amended and supplemented, which implements the provisions of the CRD V Directive and the CRR II Regulation. Approval to empower the Management Board to decide on the implementation of the EGSM resolution, including, but not limited to, the terms and conditions of the issue, based on BCR's Charter and internal regulations
- Financial statements for the financial year ending 31.12.2021
- Distribution of profits for the year 2021
- BCR and BCR Group Budget for 2022
- Appointment of BCR's external financial auditor for the year 2022 and minimum duration of the contract
- Liability discharge of the members of the Supervisory Board and of the members of the Management Board for the financial year 2021
- Election of new members of BCR's Supervisory Board for a valid term of office starting from the date of approval by the National Bank of Romania
- Remuneration structure of BCR Supervisory Board members for the year 2022

The transparency and timely dissemination of information is ensured in the Bank by:

- Regular and timely communication of relevant and material information with respect to the company, in order to guarantee that voting rights are properly exerted in the general shareholders meetings;



- Timely, regular, complete and accurate reporting to shareholders of all current, financial, administrative and extraordinary activities.

### **III. BCR management structure**

#### **A. BCR organizational structure**

BCR is organized on functional lines at the level of the BCR Head Office.

Thus, at the end of 2022, the Bank was organized on 5 functional lines, as follows:

- One line subordinated to the CEO, covering support functions such as human resources, internal audit, strategy, change management, marketing and communication, corporate coverage, financial markets, sustainability, corporate coverage, corporate products and;
- Four lines covering the following areas: Operations & IT, Retail & Private Banking, Financial, Risk, each made up of several functional entities subordinated to the respective 4 Executive Vice-presidents.

At territorial level, the retail and corporate activity is organized in territorial areas, coordinated for retail by a Retail Area Manager, reporting to the Deputy Executive Manager of the Retail Distribution Division, and for Corporate, by a Corporate Area Executive Manager, reporting to the Executive Manager of the Corporate Coverage Division.

The branch network of the Bank is composed of branches without legal personality, namely county branches, branches and units. The Retail Area Manager ensures the coordination of the retail activity, organized based on branches type A, B, C, which differ depending on the segment of clients and the product structure they offer. The Corporate Area Executive Manager ensures the coordination of the activity performed in corporate business centres.

According to the legal requirements, the management structure has the role to monitor, assess and regularly revise the efficiency of the management framework of the Bank's activity and of the policies which refer to it, so that it takes into consideration any change of internal and external factors which affect the Bank.

#### **B. Supervisory Board (SB)**

##### **Members – persons, appointment**

In accordance with the provisions of the BCR Charter, the Supervisory Board may comprise minimum five (5) members and maximum nine (9) members, appointed by the Ordinary General Shareholders Meeting for a mandate of maximum four years, with the possibility to be re-elected for subsequent mandates of maximum four years.

According to the provisions of Article 17.3, letter a of BCR's Charter, the Supervisory Board members are nominated by the shareholders or by other Supervisory Board members.

The current structure of the Supervisory Board consists of 7 members. During 2022, the following changes in the Supervisory Board membership took place:

- Ms Iris Bujatti took over the responsibilities as member of Supervisory Board as of March 4, 2022 after receiving the authorization from NBR;
- Mr Bernhard Spalt resigned as member of the Supervisory Board with effect starting July 1, 2022;
- On August 26, 2022, the Ordinary General Shareholders Meeting approved the appointment of Ms Christine Catasta as member of the Supervisory Board. Ms Christine Catasta took up her responsibilities upon receiving the NBR authorisation, i.e. on December 29, 2022;
- On November 24, 2022, the Supervisory Board approved the appointment of Mr Stefan Dörfler as Deputy Chairman of the Supervisory Board.

Thus, the Supervisory Board structure at the end of 2022 was the following, out of which three members are independent:

SB Member	Position	Start date of the mandate	End date of the mandate
<b>Manfred Wimmer</b>	<b>Chair</b>	24.04.2019	24.04.2023
<b>Stefan Dörfler</b>	<b>Deputy Chair</b>	20.10.2021	24.04.2023
<b>Hildegard Gacek – independent member</b>	<b>Member</b>	24.04.2019	24.04.2023
<b>Elisabeth Krainer Senger – Weiss – independent member</b>	<b>Member</b>	24.04.2019	24.04.2023
<b>Daniela Camelia Nemoianu – independent member</b>	<b>Member</b>	12.07.2019	24.04.2023
<b>Iris Bujatti</b>	<b>Member</b>	04.03.2022	24.04.2023
<b>Christine Catasta</b>	<b>Member</b>	29.12.2022	29.12.2026

Aspects related to the **selection process, eligibility requirements, independence criteria of Supervisory Board members, as well as other areas which have an impact on the credit institution** are included in the **Policy concerning the nomination and suitability assessment related to BCR management body.**

**Professional experience**

SB Member	Professional experience				
	Financial	Regulation framework	Planning and strategy	Risk management	Financial information interpretation
<b>Manfred Wimmer</b>	✓	✓	✓	✓	✓
<b>Stefan Dörfler</b>	✓	✓	✓	✓	✓
<b>Hildegard Gacek – independent member</b>	✓	✓	✓	✓	✓
<b>Elisabeth Krainer Senger – Weiss – independent member</b>	✓	✓	✓	✓	✓
<b>Daniela Camelia Nemoianu independent member</b>	✓	✓	✓	✓	✓
<b>Iris Bujatti</b>	✓	✓	✓	✓	✓
<b>Christine Catasta</b>	✓	✓	✓	✓	✓

**Internal structure – Committees subordinated to the Supervisory Board and their responsibilities**

The Supervisory Board convenes in quarterly meetings or on any occasion necessary and the meeting calendar for the on-going year is established by the end of the previous year. In 2022, 41 meetings of the Supervisory Board took place being organized and held in compliance with the provisions of the Charter and the Supervisory Board Internal Rules, out of which 4 were regular meetings, while the other meetings were held by other means of distance communication.

Furthermore, BCR follows the model of the Three Defence Lines through which the Bank ensures the efficiency and effectiveness of the risk management and the control processes.

In order to fulfil all these requirements, the Supervisory Board established the following advisory committees:

- **Audit Committee** – is a consultative body, which reviews, briefs, provides consultancy and assists the Supervisory Board in fulfilling its tasks in terms of internal control and audit, as well as in terms of the quality and performance of the Bank’s internal and external accountants and auditors, the authenticity of the Bank’s financial information and the adequacy of the controls and financial policies.

The Audit Committee is composed of three members and a replacement member, elected from the Supervisory Board members, of which the majority / two independent members including the chair of the committee.

- **Risk and Compliance Committee** - is a consultative body that reviews, briefs, provides consultancy, and assists the Supervisory Board in fulfilling its tasks related to risks management, internal control and compliance and issues recommendations, according to the established authority limits.

The Risk and Compliance Committee is composed of three members and a replacement member, elected from the Supervisory Board members, out of which the majority/two independent members, including the chair of the committee.

- **Remuneration Committee** – is a consultative body that reviews, briefs, provides consultancy, issues recommendations and assists the Supervisory Board in fulfilling its tasks and responsibilities related to the remuneration policy and especially provides consultancy and monitors the remuneration, bonuses and benefits of the Management Board’s members.

The Remuneration Committee is composed of three members and a replacement member, elected from the Supervisory Board members, out of which the majority/ wo independent members, including the chair of the committee.

- **Nomination Committee** – is a consultative body that reviews, briefs, provides consultancy, issues recommendations and assists the Supervisory Board in fulfilling its tasks and responsibilities related to the nomination and suitability assessment of the Supervisory Board and Management Board members, and of individuals holding key offices, as well as of the management framework of the Bank’s activity.

The Nomination Committee is composed of three members and a replacement member, elected from the Supervisory Board members, out of which the majority/two independent members, including the chair of the committee.

**The structure of the Supervisory Board sub-committees at 31.12.2022**

SB Member	Audit Committee	Remuneration Committee	Risk and Compliance Committee	Nomination Committee
Manfred Wimmer		✓	✓	✓
Stefan Dörfler	✓			✓
Hildegard Gacek – independent member	✓		✓	✓
Elisabeth Krainer Senger – Weiss – independent member		✓	✓	✓
Daniela Camelia Nemoianu – independent member	✓	✓		
Iris Bujatti	✓		✓	
Christine Catasta				

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**Management Board control instruments**

The Supervisory Board supervises and coordinates the activity of the Management Board, as well as compliance with legal provisions, the Charter and the decisions of the General Shareholders Meeting related to the Bank's activity.

The Supervisory Board is responsible for setting and reviewing an adequate and efficient framework related to the internal control, which comprises risk management, compliance and audit functions, as well as an appropriate framework related to the financial reporting and accounting.

The Supervisory Board is directly responsible for supervising the activity of the Internal Audit Division, whose main goal is to perform in due time the audit missions or any other audit investigation covering the entire activity of the bank and its subsidiaries; the audit reports are submitted to the Management Board and/or to the Audit Committee as well as Risk and Compliance Committee, respectively the Supervisory Board.

The Supervisory Board is responsible for the supervision of the activity carried out by the Compliance Division, as well as the supervision of the compliance risk management.

The Supervisory Board exerts a permanent control over the Bank's administration and the Management Board, by the following means:

- The Supervisory Board is responsible to check the compliance of the administrative operations performed by the Management Board based on the applicable legislation, the Bank's Charter and the decisions of the Bank's Shareholders' General Meeting;
- The Supervisory Board represents the Bank in its relations with the Management Board;
- The Supervisory Board is not involved in the daily management of the Bank, and these tasks are not delegated to the Supervisory Board except for some clauses included in the applicable legislation and/or the Bank's Charter.

**C. Management Board (MB)****Members – persons, appointment**

According to the provisions of the Management Board Internal Rules, it provides the current executive management of the Bank and performs its duties under the supervision of the Supervisory Board, which appoints and revokes Management Board members and the Management Board chairman from the members of the Management Board, acting in accordance with the provisions in force and the Bank's Charter.

According to the provisions of article 20.1 of the Charter, the number of Management Board members is minimum 3 and maximum 7 members, as established by the Supervisory Board.

At December 31<sup>st</sup>, 2022, the Management Board had 5 members.

The Management Board membership at December 31<sup>st</sup>, 2021 was the following:

MB Member	Position	Responsibility area
<b>Sergiu Cristian Manea</b>	President – CEO	Executive President
<b>Elke Meier</b>	Executive Vice-President - CFO	Financial
<b>Dana Luciana Dima</b>	Executive Vice-President	Retail & Private Banking
<b>Ilinka Kajgana</b>	Executive Vice-President - CRO	Risk
<b>Thomas Kolarik</b>	Executive Vice-President - COO	Operations & IT

### Professional experience

MB Member	Professional experience					
	Financial markets	Management framework	Strategic planning	Risk Management	Interpretation of credit institution financial information	Internal control process
<b>Sergiu Cristian Manea</b>	✓	✓	✓	✓	✓	✓
<b>Elke Meier</b>	✓	✓	✓	✓	✓	✓
<b>Dana Luciana Dima</b>	✓	✓	✓	✓	✓	✓
<b>Ilinka Kajgana</b>	✓	✓	✓	✓	✓	✓
<b>Thomas Kolarik</b>	✓	✓	✓	✓	✓	✓

### Internal structure – subcommittees and their responsibilities

The Management Board meets in weekly meetings or whenever necessary. During 2022, the Management Board had 112 meetings, namely 48 regular meetings and 64 ordinary meetings held through other means of distance communication.

Starting Q4 2022, a new subcommittee of the Management Board subcommittees was established and started its activity, namely the Capital Management Committee:

#### The structure of the Capital Management Committee (CMC) at the end of year 2022

No.	Functional entity	Position
1.	Financial Functional Line - CFO	Chair
2.	Risk Functional Line - CRO	Deputy Chair
3.	Controlling Division – Executive manager	Member
4.	Strategic Risk Management Division – Executive manager	Member



5. Balance Sheet Management Division – Executive manager      Member

Thus, at 31.12.2022, the structure of the Management Board subordinated committees was the following:

<b>Subcommittee</b>	<b>Role and scope</b>
<b>Assets and Liabilities Management Committee (ALCO)</b>	ALCO reviews, briefs and assists the Management Board in fulfilling the responsibilities assigned to it in the field of asset and liability structure management, financing strategy, interest policy, liquidity policy, pricing for saving/credit/card and service products, introduction/suspension of services and products and is an analysis and decision body that issues decisions and recommendations according to the established authority limits. During the year, 17 meetings were held, of which 12 regular meetings and 5 per rollam.
<b>Credit Committee (CC)</b>	Revises, briefs and assists the Management Board in fulfilling the responsibilities assigned to it in the field of granting credits, the modification of conditions for the granting, using and/or guaranteeing some previously granted credits, concluding agreements, extending the term of validity of agreements, issuing letters of guarantee, factoring operations and other activities for retail, corporate and workout clients. During the year, 65 meetings were held, of which 48 regular meetings and 17 per rollam.
<b>Risk Committee (RC)</b>	It is subordinated to the Management Board, it has responsibilities for analysing, pre-approving and approving aspects regarding risk management. During the year, 6 meetings were held, of which 3 regular meetings and 3 per rollam.
<b>Business Information Center Committee (BICC)</b>	BICC is subordinated to the Management Board and its responsibilities are delegated by the MB for all aspects related to data in BCR, regulatory requirements related to Data Management and approval of BIC Operational Decision Body (hereinafter referred to as “BIC ODB”) data related initiatives and prioritizations, takes strategic decisions on topics associated with Data Management and Reporting or projects and initiatives related to the BI area. During the year, there were held 4 regular meetings.
<b>Sustainability Committee (STC)</b>	STC Committee is subordinated to the Management Board and its responsibilities are delegated by the MB for all aspects related sustainability. During the year, there were 4 held regular meetings.
<b>Capital Management Committee (CMC)</b>	CMC is subordinated to the Management Board and is a review, consultation and decision-making body for all joint alignments, approvals, decisions, and confirmations on matters relevant to capital management within the BCR Group in all its divisions, departments, staff units and subsidiaries. During the year, there was held 1 regular meeting.

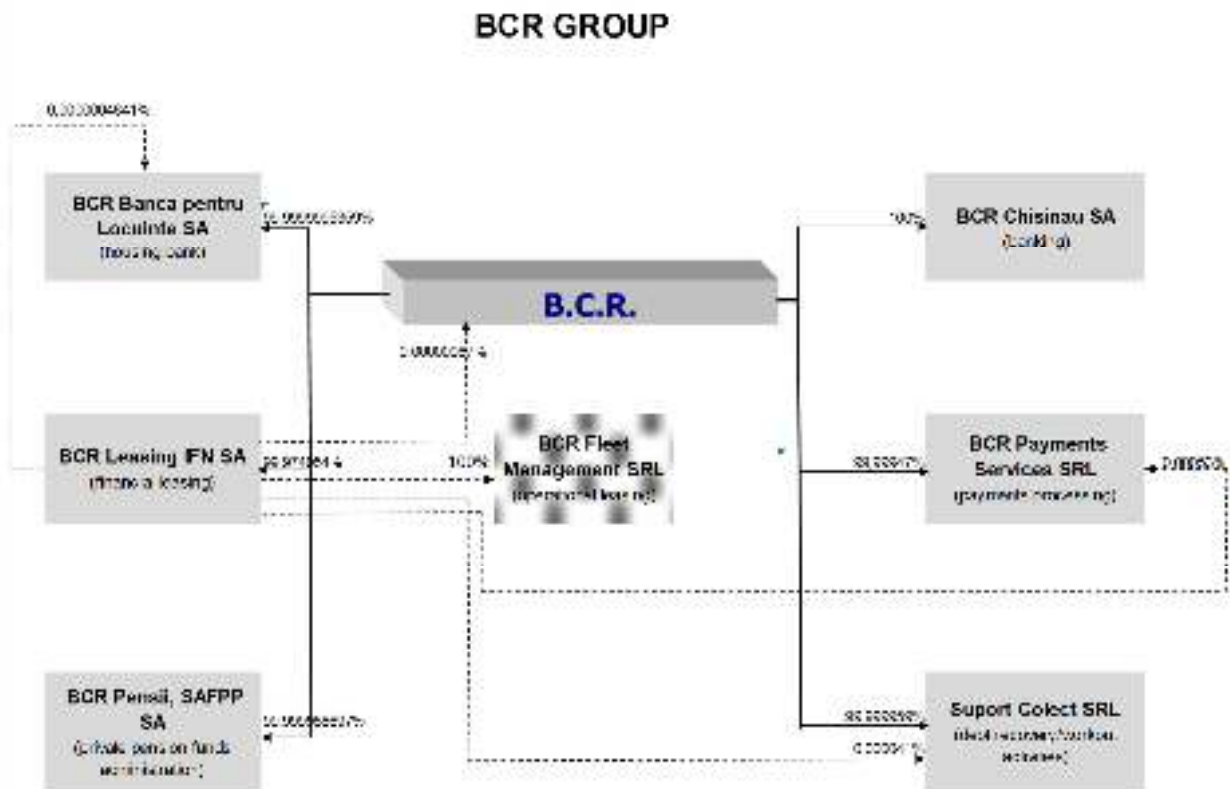
**IV. BCR Group structure and governance framework**

The corporate governance model at BCR Group level (and at the individual Bank level) is based on the interaction of corporate governance structures at the bank level (e.g. shareholders, Management Board, group structure governance, risk management, compliance, internal audit, remuneration, communication).

The model for the governance of subsidiaries is decentralized using function coordinators in BCR with assigned responsibilities and with a centralized reporting system to the BCR management body regarding the main activities and risks assumed. The unitary supervision of the BCR Group governance structure is carried out by the corporate governance function exercised in BCR by the Legal Division.

**A. BCR Group structure – overview**

On December 31, 2022, the BCR Group structure (Bank and its 7 subsidiaries) was as follows:



The BCR subsidiaries are registered companies active on the Romanian market (except for BCR Chisinau SA – financial institution registered in the Republic of Moldova), organized from a legal perspective as joint stock companies or limited liability companies, with a governance system such as:

- **two-tier system** (the management function is carried out by the Management Board/Directorate and the supervisory function ensured by the Supervisory Board): BCR Chisinau SA, BCR Banca pentru Locuinte SA, BCR Pensii SAFPP SA and BCR Leasing IFN SA;
- **unitary system** (management ensured by the Board of Directors): BCR Payments Services SRL, Suport Colect SRL and BCR Fleet Management SRL.

### BCR Banca pentru Locuinte SA

Subsidiary directly held by BCR, registered as a joint stock company, in 2008, operating under the regulations of the National Bank of Romania regarding credit institutions, as well as under specific provisions and regulations for housing banks issued by the supervisory authority, the Ministry of Public Finance and the European Commission (with respect to the Basel III regulations).

The company's objective was to promote, support and capitalize on the development of the Romanian savings and loans system, offering savings and loans products (bauspar products), especially to individuals, as an alternative to housing loans, as well as medium - term deposit products.

The structure of the Supervisory Board on December 31<sup>st</sup>, 2022:

Name	Position
Elke Meier	Chair
Alexandru Berea	Deputy Chair
Pavel Vanek	Member

Structure of the Management Board on December 31<sup>st</sup>, 2022:

Name	Position
Mircea Sacuiu	CEO
Marilena Popovici	Member (CFO)
Vacant position	Member (CRO)

### BCR Chisinau SA

Subsidiary directly held by BCR, registered as a joint stock company, in 1998, under the Law of financial institutions of the Republic of Moldova no 550-XIII/21.07.1995. It's a medium-sized bank authorized to operate all kinds of banking activities in the Republic of Moldova.

The territorial network includes: the headquarters in Chisinau and 4 (four) branches.

The structure of the Supervisory Board on December 31<sup>st</sup>, 2022:

Name	Position
Sergiu Cristian Manea	Chair
Mihail Manoli	Member
Ganna Lishchenko	Member

The structure of the Management Board on December 31<sup>st</sup>, 2022:

Name	Position
Juan Luis Martin Ortigosa	CEO
Natalia Codreanu	Member
Victoria Revenco	Member

#### **BCR Pensii, Societate de Administrare a Fondurilor de Pensii Private SA**

Subsidiary directly held by BCR, registered as a joint stock company in 2007, under the specific legislation issued by the Financial Supervisory Authority. The company operates in the management of private pension funds and voluntary funds: Fondul de Pensii Administrat Privat BCR (Pillar 2) and Fondul de Pensii Facultativ BCR Plus (Pillar 3), being authorized to carry out activities of management of occupational pension funds (Pillar 4).

The structure of the Supervisory Board on December 31<sup>st</sup>, 2022:

Name	Position
Dana Dima	Chair
Elke Meier	Member
Ilinka Kajgana	Member

The structure of the Directorate on December 31<sup>st</sup>, 2022:

Name	Position
Radu Craciun	CEO
Dragos Gheorghe	Member
Adela Maria Cercel	Member

#### **BCR Leasing IFN SA**

Subsidiary directly held by BCR, registered as a joint stock company in 2001 is one of the important players on the Romanian leasing market. The company is governed by Law no 93/2009 on non-banking financial institutions.

The company provides competitive, fast and flexible financing solutions, with staged VAT payment, for the purchase of vehicles (cars, light and heavy commercial vehicles, car fleets), agricultural and industrial equipment, construction equipment, medical equipment, IT components, etc. BCR Leasing offers are addressed to individuals and companies, bank's customers, as well as its own customers, directly or through collaborating dealers and brokers.

The structure of the Supervisory Board on December 31<sup>st</sup>, 2022:

Name	Position
<b>Ilinka Kajgana</b>	<b>Chair</b>
<b>Sergiu-Cristian Manea</b>	<b>Member</b>
<b>Wilhelm Doua</b>	<b>Member</b>

The structure of the Directorate on December 31<sup>st</sup>, 2022:

Name	Position
<b>Vlad Bogdan Vitcu</b>	<b>CEO</b>
<b>Vladimir Marius Mihai Catanescu</b>	<b>Member</b>
<b>Adrian Stefan Melinte</b>	<b>Member</b>

### **BCR Payments Services SRL**

Subsidiary held directly by BCR, incorporated as a limited liability company in 2011 to take over from BCR a part of the payments processing and maintenance operations on customers' accounts, activity previously performed by Sibiu BCR Processing Centre, with the aim of increasing the operational efficiency and optimisation of the costs related to this type of activity.

The company became operational after receiving the NBR authorisation at the beginning of 2012 and is responsible for processing activities: centralised processing of payment transactions in local and foreign currency, processing activities for debit instruments and direct debit mandates, as well as account and liability management activities: enrolment of clients in the system, account openings and banking services, their administration and closure, as well as data updates for customer knowledge purposes, both for individuals and corporate customers. As approved temporary project, the company has a dedicated team for clearing the physical archive within BCR units and, also, for the electronic archiving of the respective documentation. The company services all local units of BCR, as well as the internal entities from BCR, based on the outsourcing contract signed with BCR.

The structure of the Board of Directors on December 31<sup>st</sup>, 2022:

Name	Position
<b>Thomas Kolarik</b>	<b>Chair</b>
<b>Lelia Chitu</b>	<b>Member</b>
<b>Dana Dima</b>	<b>Member</b>

### Suport Colect SRL

Subsidiary directly held by BCR, organized as limited liability company, in 2009, with the purpose of improving the recovery of the overdue loans granted by BCR, in the context of the global crisis. Its main activity is monitoring and recovering/buying receivables from clients.

The structure of the Board of Directors on December 31st, 2022:

Nume	Position
<b>Ilinka Kajgana</b>	<b>Chair</b>
<b>Sergiu Cristian Manea</b>	<b>Member</b>

### BCR Fleet Management SRL

Subsidiary indirectly held by BCR, through the BCR subsidiary and BCR Leasing IFN SA (sole shareholder) in 2009, organized as a limited liability company, which provides for BCR Group operational leasing services and car fleet management. In 2022, the company concluded the partial sale of the portfolio to Arval Service Lease in the form of a Business Transfer Agreement (BTA) covering all cars and light commercial vehicles in the portfolio (about 4,000 assets in total). The rest of the portfolio, not transferred to Arval Service Lease, will be liquidated in line with the Group's strategy.

The structure of the Board of Directors on December 31<sup>st</sup>, 2022:

Name	Position
<b>Bogdan Ionut Speteanu</b>	<b>Chair</b>
<b>Vlad Bogdan Vitcu</b>	<b>Member</b>
<b>Ilinka Kajgana</b>	<b>Member</b>

## B. BCR Group governance framework

The organizational structure of the BCR Group is transparent, in accordance with BCR organizational structure, established as a means to promote efficiency and show a prudent management.

The basic principles for an efficient supervision of the BCR subsidiaries, together with the internal regulations of the Bank, represent in the same time, the framework and sound basis for the compliance, supervision, governance and risk management activity.

The roles and responsibilities of BCR's Management Board members include, as well, the activity of supervision of the Bank's subsidiaries, which are responsible for ensuring:

- a corporate governance framework within BCR Group;
- the implementation of the governance policies and mechanisms adequate to the structure, activity and risks incurred by the BCR Group entities.



In this context, in establishing the corporate governance framework at BCR Group level, the BCR Management Board holds the following competences (of approval/pre-approval) regarding the subsidiaries:

- ✓ the governance structure;
- ✓ the general business strategy, the business plan and the main activity fields;
- ✓ changes of the main object of activity;
- ✓ merger/split, dissolution and liquidation;
- ✓ acquiring its own shares exceeding 10% of the subsidiary's share capital, when such acquisition is allowed according to the Companies Law; and
- ✓ proposals of candidates for the appointment as members in the Supervisory Board or Board of Directors;
- ✓ decides on the approval, at subsidiary level, of all topics included on the agenda of the General Shareholders Meeting of such company, except for those under the responsibility of the BCR Supervisory Board.

Likewise, BCR Management Board supervises the activity of the bank's subsidiaries by means of its subordinated committees, thus ensuring the implementation of a joint strategy at Group level. Based on specific roles and responsibilities, the Management Board members are appointed within the Supervisory Boards/Boards of Directors of such entities, as the case may be.

The BCR Management Board members appointed within the Supervisory Boards/Boards of Directors of BCR subsidiaries have specific duties established by the Companies Law, the Charter and other internal regulations of such entities, depending on the nature and complexity of their type of activity, by observing, at the same time, the legal requirements at local level.

In order to ensure an adequate corporate governance framework within BCR Group and also governance policies and mechanisms proper to the structure, activity and risk implied by the group entities, each member of the BCR Management Board, which is also a member of the Supervisory Board/Board of Directors of a subsidiary, will ensure that all strategic decisions, standards and policies implemented in BCR/Erste Group will be observed and properly implemented within each company.

## **V. Performance management and remuneration strategy**

In BCR, the assessment of the staff professional activity is conducted periodically, evaluated by individual performance evaluation, by measuring the achievement rate of pre-set targets and by assessing the quality of their activities and compliance with the provisions of BCR Internal Regulation.

The Performance evaluation is carried out within a multi-year framework to ensure that the evaluation process is based on long-term performance and that the actual payment of the performance-based remuneration components is spread over a period that takes into account the bank's business cycle and the specific risks of its activity.

The key prerequisite to achieve the bank's objectives is the performance of the staff.

Individual performance in BCR is understood as a summary indicator. Its measurement requires a complex view of each person's actions, combining:

- The accomplishment of individual objectives/ performance indicators (KPI);
- Staff competencies, reflected in his/ her professional conduct.

The recommended share of the two perspectives is 75% objective and 25% competencies.

Performance and professional development management in BCR is sustained by Emma PDS application. The remuneration philosophy of BCR adapts to the realities of the banking sector and economic environment. It is based on BCR business strategy and long-term goals, the Bank's culture and organizational structure and is influenced by market practice.

Remuneration decisions are made based on a combination of:

- Business results;
- Performance against objectives set out in performance scorecards;
- General individual role performance;
- Local market position and practice

BCR shall regularly assess its remuneration practices (at least on annual basis), in order to ensure that:

- incentives are correctly established, risks are efficiently managed and excessive risk taking is not encouraged;
- the principles envisaged within the Remuneration Policy comply with all regulation principles in force.

In 2022, considering the financial and other results achieved in 2021, WeShare by Erste Group programme was created and launched within the Erste Group. WeShare by Erste Group is a key part of the Erste Vision 2030: "Financial Health for All" also means caring for the financial health of all colleagues in the company.

BCR has implemented in 2022 the "WeShare" programme, which will run annually and consists of 2 parts:

1. A package of shares offered free of charge to employees who meet the eligibility conditions.
2. Employees' personal investment + Additional benefit

As a result, the remuneration package has been updated with a new fixed component.

Within BCR, the total remuneration package is composed of the following elements:

- Fixed remuneration:
  - Base salary;
  - Benefits
  - Employees' participation in WeShare by Erste Group programme
- Variable remuneration

## VI. Community, environment and sustainability

### A. Community

BCR aims to be an active member in the communities where it operates, understands their needs and acts for the development of the local communities where it operates.

Thus, BCR's strategic directions regarding community outreach are as follows:

- Financial education which started from a very clear need: Romania has one of the lowest levels of financial education in the European Union, according to the European Commission studies. Through our free program of financial education, Scoala de Bani, almost 600,000 Romanians have been supported, in recent years to better understand the factors that influence their financial decisions and to develop responsible financial behaviour. In 2022, under the umbrella of Scoala de Bani, we launched the Life Lab program, a pilot educational project involving 1,200 students and 65 teachers, which will be implemented, to start with, in only two schools in Romania. Through the materials developed and with the help of the teachers involved, the program aims to bring elements of financial education into the classroom, at all levels of education, in a variety of school subjects. Also, in 2022, BCR organized EduFin Fest - the largest financial education festival in Romania, where we organized 100 financial education events in 30 counties involving 100 BCR employees and 2,500 young people.
- Education for the development of practical skills, through strategic partnerships with the largest universities in the country, with the main goal of creating projects that help develop practical skills of students for easier integration into the labor market;
- Entrepreneurial education. BCR Scoala de Business entrepreneurial education platform has reached 8 free courses, which have a total of 70 chapters, over 90 videos and 96 tests, after the launch of the new module: Entrepreneurs in technology, how to build a viable product. It is a program specially designed for Romanian entrepreneurs, through which they can access key information for developing a successful business. Courses and management tips are offered on an e-learning platform, which has reached 21,300 users.
- Digital education. BCR supports Nextlab.tech - the largest competition in South-East Europe, involving over 30,000 children. At the same time, we supported rural schools to have access to the Adservio educational management platform (144 schools, 20,938 students, over 30,000 parents and 2,000 teachers from disadvantaged areas had free access to the platform through BCR's cost support). We invested in supporting the digital education project for teachers and students - Brio - which involved 3,500 students who were tested on their digital skills.
- Involvement in the community, by supporting hundreds of NGOs every year, thanks to the Bursa Binelui platform - supported by BCR and the first and only bank in Romania that did not

commission donations - as well as by encouraging bank employees to be responsible citizens, integrating the bank into community's network (Brutaria de Fapte Bune). In 2022, 100 new organisations were registered on the Bursa Binelui platform, 3,279 donations were made and 259,836 lei were donated.

- Civic leadership and youth support. We encourage young people to get more involved in their communities. One of the projects that inspire young people to do more for their local communities is the Romanian Youth Capital. It is the most ambitious national program for young people, because it focuses on the development of youth ecosystems in Romanian areas in general and on the development of urban youth ecosystems in particular. Within the program, local authorities collaborate with non-governmental organisations. The Romanian Youth Capital Programme was launched in 2016, and the cities that have been Youth Capitals so far are Timisoara, Bacau, Baia-Mare, Iasi, Constanta. In 2022 Constanta was awarded the title of Youth Capital of Romania and about 5,000 young people were involved in the project.

BCR aims, through all our actions, to be an integral part of society, with responsible, principled citizens on our team and aims to intermediate and support the development of value in the communities we are part of.

BCR aims to be a role model, a source of inspiration and a catalyst for all its stakeholders in this respect.

In addition to initiating or supporting impactful social responsibility programs, the bank's goal is for every BCR employee to become an ambassador of community involvement.

BCR team members are also encouraged to be responsible citizens in their communities. BCR employees benefit from a day off for volunteering, are supported to propose and implement projects with real social impact and are encouraged to redirect the 2% of their income tax to organizations that aim at social good.

At the same time, BCR aligns its business strategy to the needs of the community, constantly developing innovative products for our customers to help them accomplish their dreams and aspirations. BCR is also an important contributor to economic development by proactively supporting members of the business community.

## **B. BCR position regarding ESG (Environmental, Social and Governance)**

For BCR, the overall journey towards the fulfilment of ESG goals includes addressing climate and environmental risks, fully observing all regulatory framework and recommendations but also the bank's intention to provide value to the social and economical environment.

To this end, in 2022 BCR expanded its actions:

- in respect of lending and customer support, especially by the ESG dialogue framework with existing and potential clients;

- also, BCR has been focused on the products development side, and is already offering products which underpin the importance of energy-efficiency solutions and buildings with lower energy consumption;
- on a partnership and commitment level, BCR's efforts are also focused on the decarbonization for the clients' portfolios. BCR will follow the actions of its parent company Erste Group Bank AG, which joined the Net-Zero Banking Alliance, which commits to achieve net-zero carbon print no later than end of 2050;
- implementing mandatory ESG training to the induction curriculum for BCR employees.

In 2022, BCR further acted on our ambitions to support the transition to a sustainable economy.

In June 2022, BCR successfully issued a new senior green non-preferred bond, continuing its strategy towards expanding its financing sources and contributing to the development of the capital market in Romania .

BCR:

- admits and accepts the fundamental importance of an integrated approach of the environmental and social factors, as well as of lasting development principles within its financing activity;
- pays adequate attention to its financing processes, securing before making the financing decision, the compliance of the respective projects with the minimal environmental protection, social protection and occupational safety standards applicable in Romania.

The bank does not finance activities which do not meet environmental requirements specified in the Romanian legislation, relevant international conventions and agreements to which Romania adhered expressly. Analysis of environmental issues is part of the lending process and is mandatory for every transaction.

Generally, the operational activity of the bank has indirect environmental impact, through the portfolio of loans granted. Nevertheless, the Bank's ambition is also to reduce its direct ecological footprint. Therefore, in respect of its own operations, the most effective way for the Bank to proceed was by reducing CO2 emissions, by switching to electricity from renewable sources. In 2022, the Bank increased its total share of directly purchased energy to approximately 70% from renewable sources, with the aim in 2023 to increase this share. In 2022, we maintained the 100% of the electricity used in both headquarter buildings in Bucharest came from renewable sources. Both premises hold a LEED Platinum (Leadership in Energy and Environmental Design) certification. In addition, the Bank upgraded old heating and air conditioning systems and installed new sensors for lightening logos on premises used. In 2022, the focus was on fleet strategy and electrification.

For December 2022, the Bank applied for the exemption of disclosing any quantitative information required by the Regulation UE 2020/852, as per article 19a from Directive 2013/34/EU, as the information is presented in the consolidated management report of the parent Erste Group Bank AG.