

# CORPORATE GOVERNANCE

## MANAGEMENT BOARD

### BAWAG GROUP'S DECLARATION OF COMMITMENT

In 2006, BAWAG P.S.K. made a (voluntary) commitment to apply the applicable provisions of the Austrian Code of Corporate Governance ("Code", accessible under <http://www.corporate-governance.at>). Following the listing of BAWAG Group in 2017, BAWAG Group declared its commitment to comply with the rules of the Code.

This is the (consolidated) Corporate Governance Report prepared in accordance with sections 243c and 267b of the Austrian Commercial Code (UGB).

Generally speaking, the Code is a set of self-regulation rules for listed Austrian companies and it contains rules based on compulsory legal requirements (L rules); rules that should be complied with, where deviations must be explained and justified in order for the company's conduct to conform with the Code (C rules, comply or explain); and rules that are recommendations, where non-compliance must not be disclosed or justified (R rules).

## NO DEVIATIONS

BAWAG Group fully complies with all L rules and C rules of the Austrian Code of Corporate Governance.

### Management BOARD MEMBERS AND ALLOCATION OF RESPONSIBILITIES

As of the date hereof, the Management Board of BAWAG Group and BAWAG P.S.K. was composed of the following members:

#### MANAGEMENT BOARD of BAWAG Group and BAWAG P.S.K. per 31 December 2022

Name	Function	Year of birth	Date of first appointment <sup>1)</sup>	End of current tenure
Anas ABUZAAKOUK	Chairperson	1977	19.08.2017	31.03.2026
Guido JESTÄDT	Member	1975	01.07.2021	31.03.2026
David O'LEARY	Member	1975	19.08.2017	31.03.2026
Enver SIRUCIC	Member	1982	19.08.2017	31.03.2026
Sat SHAH	Member	1978	19.08.2017	31.03.2026
Andrew WISE	Member	1971	19.08.2017	31.03.2026

1) Regarding BAWAG Group AG.

As of the date hereof, responsibilities among the Management Board members were allocated as follows:

<b>Name</b>	<b>Responsibilities</b>
Anas ABUZAAKOUK (CEO)	Technology Operations, HR & Corporate Affairs, Procurement, Real Estate & Facilities
Sat SHAH (Retail & SME, Deputy CEO)	DACH branch sales, specialty finance & SME lending, mortgages & consumer loans, payment solutions, retail operations, digital sales
Enver SIRUCIC (CFO, Deputy CEO)	Finance, Treasury, M&A, Austrian Corporates & Public Sector, Group Data Warehouse, ESG, Investor Relations, Regulatory Affairs
Andrew WISE (CIO)	International Corporate lending, Real Estate lending, US market
David O'LEARY (CRO)	Commercial & Retail Risk Management, Risk Modelling, Validation, Group Data Warehouse, ESG risk
Guido JESTÄDT (CAO)	Group Legal, Regulatory Affairs, Legal HR & Corporate Affairs
Entire Management Board	Internal Audit, Compliance, KYC & AML Office, Ethics

The following describes the Supervisory Board mandates and comparable functions of Management Board members as of the date hereof at other Austrian or foreign stock corporations, which are not fully consolidated in the consolidated financial statements. Members not listed in the following do not have any comparable functions:

#### **Enver SIRUCIC**

<b>Name of the company</b>	<b>Function</b>
BAWAG P.S.K. Versicherung AG	Chairperson of the Supervisory Board

## **MANAGEMENT BOARD MEETINGS AND COMMITTEES**

### **Management Board Meetings / Extended Management Board Meetings**

The Management Board of BAWAG meets on a weekly basis. BAWAG has also introduced Extended Management Board Meetings which are held approximately 8 times per year. In these all-day sessions, the Management Board and executive leaders of BAWAG discuss a variety of topics such as BAWAG's group strategy, the organizational design, M&A and integration, financial updates, technology developments, retail partnerships, the platform business, ESG-related topics, talent assessment and development, regulatory developments and key risk topics amongst other things.

The following committees exist at the level of BAWAG's Management Board:

- ▶ Strategic Asset Liability Committee (S-ALCO)
- ▶ Enterprise Risk Meeting (ERM)
- ▶ Credit Approval Committee (CAC)
- ▶ Non-Financial Risk and ESG Committee (NFR & ESGC)

The Management Board committees consist of all members of the Management Board and further voting and non-voting members of BAWAG's senior leadership team (e.g. BAWAG's ESG Officers). They are chaired by the CEO or the CRO. The following section describes the main responsibilities of these Management Board committees.

**Strategic Asset Liability Committee (S-ALCO)**

The Strategic Asset Liability Committee (S-ALCO) is in charge of strategic capital and liquidity planning as well as operational aspects of asset and liability management. In this capacity the S-ALCO approves interest and FX/ limit for trading and managed bank books. With respect to liquidity, capital and interest, the S-ALCO approves liquidity costs, capital costs and internal reference rates. It further determines parameters for measuring interest risk, liquidity risk and foreign exchange risk and monitors risk metrics by way of regular reports. The S-ALCO is chaired by the CEO and meets on a monthly basis.

**Enterprise Risk Meeting**

The main duties of the Enterprise Risk Committee (ERM) are risk limit setting for the overall bank, approval of the risk strategy and determination of the risk appetite, approval of capital allocation within the ICAAP framework. The Committee is further responsible for credit guidelines, strategies and reviews and approves policies, procedures and underwriting guidelines/models. The ERM is chaired by the CEO and meets on a monthly basis.

**Credit Approval Committee**

The Credit Approval Committee (CAC) decides on financing transactions above a certain threshold and on the approval of loan applications within the authorities defined in the Competence and Power Regulation. The committee is chaired by the CRO and meets weekly.

**Non-Financial Risk and ESG Committee (NFR & ESGC)**

The Non-Financial Risk and ESG Committee (NFR & ESGC) is in charge of non-financial risk and ESG related topics. In particular, it discusses the bank-wide non-financial risk assessment (as part of the Group Risk Strategy), significant outcomes of sub risk self-assessments, large-scale marketing campaigns, changes in regulatory requirements and topics with regards to cybersecurity and data privacy. Furthermore, the NFR & ESGC reviews and acknowledges reports on inter alia, operational risk, conducted product implementation processes, complaint management reports and regular reports on cybersecurity and data privacy matters. It also receives regular updates from BAWAG's ESG Officers on ESG related topics and discusses the groupwide ESG strategy. ESG-related topics discussed in the NFR & ESGC at Management Board level are subsequently presented to and reviewed by the ESG Committee which is established at Supervisory Board level. The NFR & ESGC is chaired by the CRO and meets on a quarterly basis.

**COMPLIANCE**

As a listed company, BAWAG Group AG is obliged to ensure the highest compliance standards.

The Compliance Office reports directly to the entire Management Board and the Audit and Compliance Committee. The key responsibilities of the Compliance Office are prevention of insider dealing and market manipulation and managing of conflicts of interest. The Compliance Policy ensures observation of legal and proper conduct obligations, as well as the identification and prevention of conflicts of interest.

In accordance with the Austrian Stock Exchange Act, personal trades in shares of BAWAG Group AG by members of the Management Board and Supervisory Board as well as their related persons are published on BAWAG Group's website.

## SUPERVISORY BOARD

### SUPERVISORY BOARD MEMBERS

Per 31 December 2022, the Supervisory Board was composed of the following members:

#### SUPERVISORY BOARD of BAWAG Group per 31 December 2022

Name	Function	Year of Birth	Date of first appointment	Gender	End of current tenure
Egbert FLEISCHER	Chairperson	1957	15.09.2017	male	<sup>2)</sup>
Kim FENNEBRESQUE	Deputy Chairperson	1950	15.09.2017	male	<sup>2)</sup>
Frederick S. HADDAD	Member	1948	15.09.2017	male	<sup>1)</sup>
Adam ROSMARIN	Member	1963	15.09.2017	male	<sup>2)</sup>
Tamara KAPELLER	Member	1978	14.09.2021	female	<sup>2)</sup>
Gerrit SCHNEIDER	Member	1973	14.09.2021	female	<sup>2)</sup>
Verena SPITZ	Delegated by the Works Council	1970	25.10.2017	female	
Konstantin LATSUNAS	Delegated by the Works Council	1963	01.03.2021	male	
Beatrix PRÖLL	Delegated by the Works Council	1958	14.09.2021	female	

1) Until revoked.

2) Until the end of the Annual General Meeting in 2025

### Independence of Supervisory Board Members

#### According Independence of Supervisory Board Members

According to the company's "Independency criteria for members of the Supervisory Board of BAWAG Group AG", a member of the Supervisory Board shall be deemed independent if said member does not have any business or personal relations to the company or its Management Board that constitute a material conflict of interests and are therefore suited to influence the behavior of the member. The Supervisory Board shall also follow the guidelines below when defining the criteria for the assessment of the independence of a member of the Supervisory Board:

- ▶ The Supervisory Board member has not been a member of the Management Board or Managing Director or a management-level staff of the company or a subsidiary in the two years prior to the appointment.
- ▶ The Supervisory Board member does not maintain or has not maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the member of the Supervisory Board. This shall also apply to relationships with companies in which a member of the Supervisory Board has a considerable economic interest, but not for exercising functions in the bodies of the Group. The approval of individual transactions by the Supervisory Board pursuant to L Rule 48 does not automatically mean the person is qualified as not independent.
- ▶ The Supervisory Board member has not acted as auditor of the company or has owned a share in the auditing company or has worked there as an employee in the past three years.
- ▶ The Supervisory Board member is not a member of the Management Board of another company in which a member of the Management Board of the company is a Supervisory Board member.
- ▶ The Supervisory Board member has not belonged to the Supervisory Board of the company for more than 15 years. This shall not apply to Supervisory Board members who are shareholders with an entrepreneurial investment in the company or who represent the interests of such a shareholder.

- ▶ The Supervisory Board member is not a close family member (direct descendants, spouses, companions, parents, uncles, aunts, siblings, nieces, nephews) of a member of the Management Board of the company or of persons who are in a position described in the points above.

The following members are regarded as independent pursuant to C Rule 53:

**Independence of Supervisory Board members**

Name	Independent
Egbert FLEISCHER	YES
Kim FENNEBRESQUE	YES
Frederick S. HADDAD	YES
Adam ROSMARIN	YES
Tamara KAPELLER	NO
Gerrit SCHNEIDER	YES

**Supervisory Board Mandates and Comparable Functions at Listed Companies**

The following describes the Supervisory Board mandates and comparable functions of Supervisory Board members at listed companies in Austria and abroad as at the date hereof.

Members not listed in the following do not have any functions at listed companies.

**Kim FENNEBRESQUE**

Name of listed company	Function
Albertsons Companies, Inc.	Member
Ally Financial	Member
BlueLinx Holdings	Chairperson

**Attendance of meetings of the Supervisory Board and its committees**

The Supervisory Board members attended all of the meetings of the Supervisory Board and its committees (attendance rate of 100%).

**Supervisory Board Activity Report**

In 2022 the Supervisory Board convened for five virtual meetings and adopted three resolutions via circulars. With respect to the activities of the Supervisory Board reference is made to the respective paragraph in the report of the Chairperson included in this report.

The Supervisory Board has the following committees:

- ▶ Audit and Compliance Committee
- ▶ Risk and Credit Committee
- ▶ Nomination and Remuneration Committee
- ▶ ESG Committee

**Audit and Compliance Committee**

<b>Name</b>	<b>Function</b>
Gerrit SCHNEIDER	Chairperson
Egbert FLEISCHER	Member
Frederick S. HADDAD	Member
Adam ROSMARIN	Member
Verena SPITZ	Delegated by the Works Council
Konstantin LATSUNAS	Delegated by the Works Council

**Decision Making Powers and Activity Report**

The Audit and Compliance Committee reviews the company's accounts and the annual financial statements and monitors the company's internal control system as well as the independence and work of the external auditor. The Audit and Compliance Committee prepares the auditor selection process, receives regular reports on compliance/AML/cybersecurity/ethics and data security and data privacy topics and approves the annual audit plans of Internal Audit and the Compliance Office. The Head of Internal Audit, the Compliance Officer and the external auditor have direct access to the Chairperson and members of the Audit and Compliance Committee and, once a year, the external auditor holds a private session with the members of the Audit and Compliance Committee.

The Audit and Compliance Committee held four meetings. With respect to the activities of the Audit and Compliance Committee reference is made to the respective paragraph in the report of the Chairperson included in this report.

**Risk and Credit Committee**

<b>Name</b>	<b>Function</b>
Frederick S. HADDAD	Chairperson
Kim FENNEBRESQUE	Member
Adam ROSMARIN	Member
Tamara KAPPELLER	Member
Verena SPITZ	Delegated by the Works Council
Beatrix PRÖLL	Delegated by the Works Council

**Decision Making Powers and Activity Report**

The committee advises the Supervisory Board on the current and future risk-bearing ability of the Group and monitors the effectiveness and efficiency of the risk management systems and compliance with the legal provisions and regulatory requirements. It receives quarterly risk reports (including reports on credit, market, liquidity and operational risks and complaint management) and prepares, on an annual basis, the risk planning guidelines and the risk strategy which are subsequently approved by the entire Supervisory Board.

The Risk and Credit Committee held four meetings. With respect to the activities of the Risk and Credit Committee reference is made to the respective paragraph in the report of the Chairperson included in this report.

**Nomination and Remuneration Committee**

<b>Name</b>	<b>Function</b>
Egbert FLEISCHER	Chairperson
Kim FENNEBRESQUE	Member
Frederick S. HADDAD	Member
Adam ROSMARIN	Member
Verena SPITZ	Delegated by the Works Council
Konstantin LATSUNAS	Delegated by the Works Council

**Decision Making Powers and Activity Report**

The Nomination and Remuneration Committee deals with Management Board succession planning and the regular Fit & Proper evaluation of Management Board and Supervisory Board members. The committee further deals with the general principles of the company's remuneration policy. It also monitors the remuneration policy pursuant to the Austrian Banking Act, remuneration practices and remuneration-based incentive structures pursuant to section 39c of the Austrian Banking Act. It also supports the Supervisory Board in preparing recommendations to the General Meeting with respect to new Supervisory Board candidates and the remuneration policies/reports pursuant to the Austrian Stock Corporation Act. It further discusses succession planning topics which are reported to the entire Supervisory Board.

The Nomination and Remuneration Committee held three meetings. With respect to the activities of the Nomination and Remuneration Committee reference is made to the respective paragraph in the report of the Chairperson included in this report.

**ESG Committee**

<b>Name</b>	<b>Function</b>
Tamara KAPPELLER	Chairperson
Egbert FLEISCHER	Member
Gerrit SCHNEIDER	Member
Verena SPITZ	Delegated by the Works Council
Beatrix PRÖLL	Delegated by the Works Council

**Decision Making Powers and Activity Report**

The ESG Committee deals with the review of the group-wide ESG strategy and ESG targets and monitoring of their implementation and reviews regular updates on ESG-related topics. Furthermore, the committee advises the Supervisory Board regarding the current and future risk appetite and risk strategy relating to ESG-risks. It also monitors the effectiveness and the efficiency of the management of ESG risks (including risk control, risk policies, management reporting on ESG-risks) as well as the compliance with legal and regulatory requirements with regards to ESG topics.

The ESG Committee held three meetings. With respect to the activities of the ESG Committee reference is made to the respective paragraph in the report of the Chairperson included in this report.