



Sustainability Report 2024



Short Message

The events of recent years have affected and will continue to affect society as a whole—both at the individual and economic levels—and the full range of their effects will only be seen in the years to come. We would like to thank all our shareholders, collaborators, and employees for their support, involvement, and commitment this year.

Moreover, **BRK** is proactively implementing a set of sustainable measures aimed at creating value for society, in addition to our usual activities. One of our main priorities is to enable employees to pursue professional training courses while also developing the type of “soft skills” that are indispensable in a 21st-century business environment. We aim, through the knowledge our employees acquire, to respond even to the most demanding requests from the company’s investors and clients.

Since we are aware of the importance of financial education in shaping future generations, we support students in their final university years, as well as graduates of educational institutions.

As part of BRK Financial Group’s sustainability strategy, we act responsibly, supporting and encouraging a healthy environment. In the coming years, we plan to expand our contribution to the planet’s sustainable development through tree planting initiatives, the implementation of energy efficiency measures, and the reduction of our carbon footprint. By digitizing our internal processes, we have significantly reduced paper consumption within the company.

Monica Ivan

CEO

Business Model

SSIF BRK Financial Group S.A. was established in 1994 under the name SIVM Broker SA, and with the prospect of expanding its activities into other financial segments through strategic acquisitions as well as internal development, in 2015 the company decided to change its name to SSIF BRK Financial Group SA.

BRK is a founding member of the Bucharest Stock Exchange, the Investor Compensation Fund, and CCP.RO Bucharest SA (the central counterparty). The company's main area of activity is the brokerage of transactions on the Bucharest Stock Exchange, as well as on other international markets.

BRK Financial Group's core activity is structured into two business lines: the brokerage segment and the trading segment. In the trading segment, the company conducts proprietary trading, market-making operations, and operations involving structured products. In the brokerage segment, the company handles client transactions and corporate operations.

In recent years, the company has become a top player in the structured products segment traded on the Bucharest Stock Exchange, having significantly contributed to the development of transactions in this type of financial instrument, both as an issuer and as a market-maker.

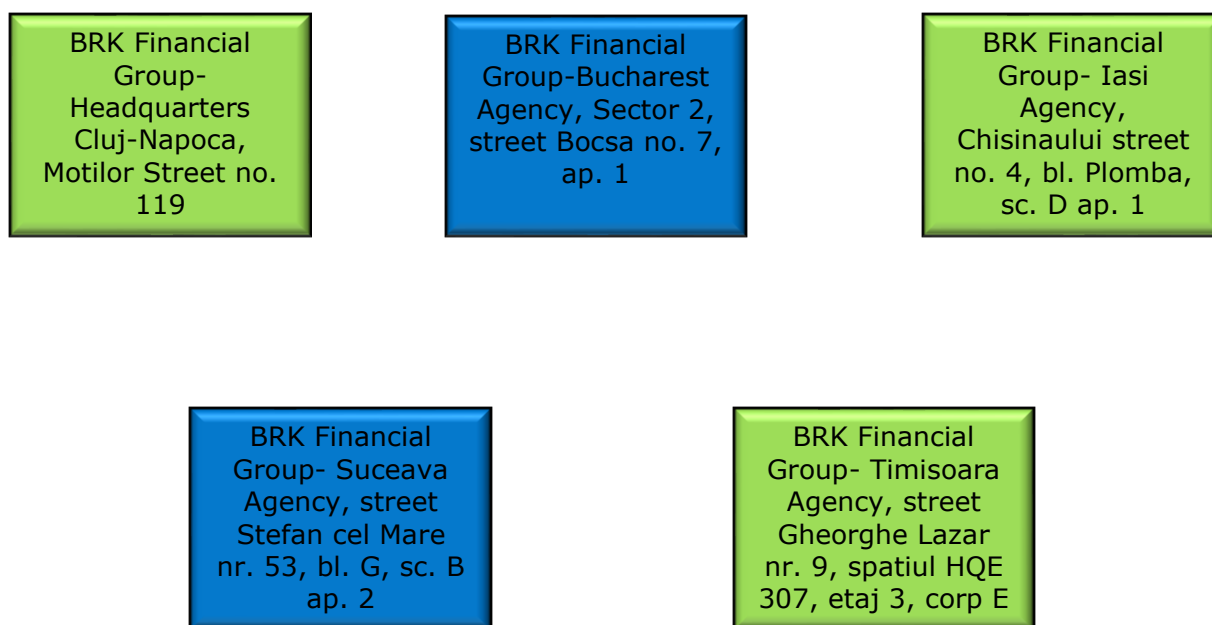
BRK Financial Group S.A. is a founding member of the Bucharest Stock Exchange, the Romanian Commodities Exchange, and the Investor Compensation Fund. In 2019, BRK Financial Group became a founding member of the Central Counterparty (CCP.RO Bucharest SA), and in 2021 it became a member of the leading institutions of the Austrian capital market (Wiener Borse, OeKB, and CCP), a status that will cease in 2024.

The company also offers a range of specialized services to issuers and potential issuers. Over time, it has gained extensive experience in corporate operations: advisory services for primary or secondary public offerings, purchase offers, takeovers, delisting, advising on admission to trading on a regulated market, bond issues and public bond offerings, mandatory purchase offers, share buybacks, company spin-offs, and more.

As of December 31, 2023, the company's actual number of employees was 39. The company's development strategy involves expanding its activities and increasing its number of employees in the future, both in administrative and support roles, as well as in directly productive areas (expanding the sales force), in correlation with the volume of activity. The company continually encourages and supports the professional development and specialization of its employees in their specific areas of expertise through participation in professional training and continuous professional development programs. There is also an operational continuity plan in place for each position in the organizational chart.

The main BRK offices are as follows:

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Our Performance

As of December 31, 2023, BRK Financial Group reports a profit from its core activity amounting to RON 6.3 million (2022: RON 2.57 million), a negative result from investment activities of RON -5.3 million (2022: RON -16.1 million), and a net profit of RON 382k (2022: RON -13.6 million). In the fourth quarter of 2023, we recorded a result from core activities of +RON 2.52 million, offset by the investment activities result (-RON 2.47 million).

Below, we will briefly explain the main developments in our business segments.

Total revenues from core activities amounted to RON 23.5 million, an increase of 22% compared to 2022 (RON 19.1 million), generally supported by the growth in brokerage segment revenues from RON 11 million in 2022 to RON 15.12 million in 2023 (+37%). Revenues from the market-making segment were flat (RON 8.3 million in 2023 vs. RON 8.2 million in 2022), but with divergent trends in the two sub-segments: we report a 25% increase from RON 4.8 million to RON 6 million in revenues from market-making services provided to issuers, and a 30% decrease in net gains from transactions with structured products.

Core activity expenses amounted to RON 14.4 million, reflecting a residual increase (+3.7%) compared to the previous year (2022: RON 14 million).

Regarding the traditional business segment—transaction brokerage— in 2023 we brokered transactions worth RON 2.23 billion, up 17% compared to 2022 (RON 1.9 billion). Our market share for the full year 2023 stood at 4.5%, but this figure was heavily diluted by the impact of the Hidroelectrica IPO, where significant volumes were intermediated by brokers specialized in institutional clients. Averaging the monthly market shares, BRK Financial Group's market share would be approximately 6.8%. In the Structured Product Issuance and Liquidity Provision segments, as well as in Market Making for issuers, BRK Financial Group maintains its market leadership with shares of 38.1% and 60.7%, respectively.

The result of the investment activity is a loss of RON 5.3 million (2022: +RON 16.1 million), primarily composed of interest expenses (RON 4.14 million) and provisions expenses related to loans granted to subsidiaries (-RON 2 million). Gains from trading financial instruments were RON 1.3 million (vs. -RON 640k in 2022), offset by the revaluation result (mark-to-market) of portfolio holdings at -RON 1.3 million (2022: -RON 10.7 million).

At the "BVB Awards/Capital Market Performers 2024" ceremony, BRK was designated "The Most Active Intermediary for Increasing Liquidity in 2023."

Integrating Sustainability

The impact of climate change and the acceleration of initiatives at both regulatory authority and public policy levels have led the financial services sector to become increasingly focused on identifying and managing related risks, especially since financial institutions are expected to play a key role in the transition to a sustainable economy.

Climate change-related risks are evaluated and managed within the institution at the client level as part of environmental and social risk assessments. The company analyzes the impact of climate-related risks on its activities and the extent to which these activities affect the environment (water, air, soil emissions) based on the principle of double materiality.

BRK Financial Group identifies, evaluates, monitors, and takes measures to anticipate and mitigate environmental risks and opportunities across the entire organization. Thus, the company focuses on increasing the adaptability and resilience of its operations and offices to climate change by:

- ✓ Conducting all activities in compliance with relevant environmental laws and regulations in the countries where it operates;
- ✓ Taking into account environmental opportunities and risks when making business decisions;
- ✓ Monitoring, measuring, and striving to reduce greenhouse gas emissions from its operations;
- ✓ Pursuing a sustainable energy model/strategy based on efficiency and the use of renewable energy sources where available;
- ✓ Optimizing logistics processes to make them more environmentally friendly;
- ✓ Managing natural resources responsibly and sustainably;
- ✓ Improving water management and efficiency in buildings;
- ✓ Implementing measures to prevent and reduce air, water, soil, and ecosystem pollution, as well as the contamination of food resources;
- ✓ Maximizing resource utilization, minimizing waste generation, strengthening recycling practices, and improving the use of recyclable materials;
- ✓ Developing low environmental impact digital solutions and services.

Corporate Governance

The company operates on the basis of strong corporate governance principles. These principles underpin the company's administrative framework. BRK Financial Group follows internal procedures that ensure the effectiveness of control mechanisms, with the aim of protecting and harmonizing the interests of all categories of participants in the company's activities.

In accordance with corporate governance principles, BRK Financial Group respects its shareholders' rights by conducting the company's activities in their interest. The company is continuously working to improve communication and relations with shareholders, striving to ensure equitable treatment. The company's articles of incorporation regulate shareholders' rights with respect to the shares they hold and the exercise of these rights through participation in the General and Extraordinary Shareholders' Meetings. The articles of incorporation also govern the company's management structure and the manner in which it is administered.

Because we are a company listed on the Bucharest Stock Exchange, shareholders are among the most relevant stakeholders, and communication with them is of paramount importance. The relationship with shareholders is ensured at the executive directors' and Board of Directors' levels. BRK Financial Group's website provides concise information on the organization and conduct of activities, the products and services offered, financial statements, Ordinary and Extraordinary General Meetings, ongoing litigations, and other information that may be of interest to shareholders, collaborators, or clients. Additionally, the company's website includes the CVs of the Board of Directors' members and audit reports. All shareholder-related information is available in the "Investor Relations" and "About Us" sections, in both Romanian and English.

For any potential questions, opinions, or suggestions that shareholders may have, the company provides the email address actionariat@brk.ro, facilitating easy and appropriate communication. In addition to the information available on the company's website, shareholders can consult reports and press releases issued by BRK Financial Group. These can be found on the Bucharest Stock Exchange (BVB) website. The company provides an annual financial reporting calendar, notices of Ordinary and Extraordinary General Meetings, their resolutions, and current reports.

Shareholding Structure

BRK Financial Group is a joint-stock company with over 7,800 shareholders. The company's shares are listed and traded on the Bucharest Stock Exchange. As of December 31, 2023, the shareholding structure was as follows:

Individuals: 74.018%

Legal entities: 25.983%

Governance Structures within BRK Financial Group:

The governing body of BRK Financial Group is the General Meeting of Shareholders ("GMS"). It represents all shareholders, and its decisions, made in accordance with relevant legislation and the provisions of the company's articles of incorporation, are binding on all shareholders, including those who did not attend the meeting or, being present, voted against those decisions.

The Board of Directors consists of 3 non-executive members elected for a 4-year term. Board members are eligible for re-election. As of December 31, 2023, the Board of Directors consists of:

- Danila Robert Iulian – Chairman of the Board
- Goia Gabriel – Vice-Chairman of the Board
- Constantin Sorin – Member

Prior to taking office, members of the Board of Directors must be authorized by the Financial Supervisory Authority (ASF). The Board of Directors operates based on its own rules of procedure, which establish how the Board functions, how it is convened, who must present activity reports (executive directors, representatives of the Internal Control and Compliance Department, the risk manager, the internal auditor, the Chief Financial Officer, the Head of House Operations). To avoid any potential conflicts of interest, the Board members' CVs are submitted and published, informing both the Board and shareholders and potential investors about any professional commitments, including executive and non-executive positions in other companies and/or non-profit organizations. Through declarations provided to the ASF, all information regarding direct or indirect holdings, individual or concerted holdings with third parties, is disclosed. The remuneration of Board members is approved by the General Meeting of Shareholders. Board members do

not carry out related activities that may be directly or indirectly influenced by the activity of BRK Financial Group.

Within the Board of Directors of BRK Financial Group, there are four committees: the Nomination Committee, the Audit Committee, the Risk Committee, and the Remuneration Committee. These committees operate as working groups of the Board, with roles determined in accordance with applicable legal provisions and to meet the company's needs. The composition of the Board's committees was determined based on the members' expertise and the need to capitalize optimally on their accumulated experience in various fields.

Audit Committee: Its role is to analyze and audit the company's financial statements. The Audit Committee evaluates the company's periodic financial statements, the correctness of their preparation, and the auditors' opinions on the financial statements. As of December 31, 2023, the Audit Committee of BRK Financial Group consists of:

- Danila Robert Iulian – Chairman
- Constantin Sorin – Member
- Goia Gabriel – Member
- Nadir Ali – Member

Risk Management Committee: This committee's main role is to monitor risks that could affect the company and to analyze and evaluate reports submitted by the person designated with risk management at the company level. The Risk Committee is periodically informed by the designated risk manager through a comprehensive activity report on the company's situation in terms of liquidity indicators and other risk indicators calculated in accordance with the ASF's regulations. As of December 31, 2023, the Risk Management Committee of BRK Financial Group consists of:

- Goia Gabriel – Chairman
- Constantin Sorin – Member
- Danila Robert Iulian – Member

Nomination Committee: Its role is to evaluate individuals proposed for management and key positions within the company, as well as to review proposals for individuals who may represent the company on the Boards of Directors of other entities. As of December 31, 2023, the Nomination Committee of BRK Financial

Group consists of:

- Constantin Sorin – Chairman
- Danila Robert Iulian – Member
- Goia Gabriel – Member

Remuneration Committee: Its task is to evaluate the remuneration policies within the company and propose modifications and updates for the Board's approval. As of December 31, 2023, the Remuneration Committee of BRK Financial Group consists of:

- Goia Gabriel – Chairman
- Constantin Sorin – Member
- Danila Robert Iulian – Member

Executive management is provided by Ms. Monica Ivan as Chief Executive Officer and Mr. Razvan Rat as Deputy Chief Executive Officer as of December 31, 2023. The executive directors are responsible for taking all measures related to the company's management within the scope of its activities, complying with all specific legal obligations related to executive management, and respecting the exclusive competences reserved for them by the Board of Directors through the mandate contract.

Risk Management

BRK Financial Group applies procedures and strategies for risk management and periodically reviews these conditions. The procedure for identifying, evaluating, monitoring, managing, and reporting significant risks includes references to at least the following aspects: the definition of risk categories and their evaluation methods; the manner in which the regulated entity manages each relevant risk category and area, as well as any potential risk accumulation; the mention of risk tolerance limits for each relevant risk category according to overall risk appetite and in compliance with the regulatory requirements in this domain; the establishment of the frequency and content of periodic stress tests and the circumstances justifying the ad-hoc conduct of additional stress tests.

Internal Control

The main role of the Internal Control and Compliance Department (CCI) is to verify compliance with current capital market regulations and internal procedures, aiming to limit the company's exposure to risk and to develop honest business practices. The CCI representatives aim to prevent any violation of applicable legal provisions or BRK Financial Group's internal procedures.

The Internal Control Department is required to maintain direct and constant contact with the Financial Supervisory Authority and regulated markets, having the responsibility to find solutions to remedy possible situations of non-compliance with current capital market regulations and internal procedures.

Remuneration Policy

The main goal of BRK Financial Group's remuneration policy is to respect the principle of fairness, taking into account the business strategy, organizational culture, and the company's values, as well as the long-term interests of the company and its shareholders. The remuneration policy, which can be consulted on BRK's website, aims at appropriate and responsible remuneration by ensuring that the level and components of remuneration align with BRK Financial Group's organizational culture, long-term objectives and strategy, and control environment, with a clearly determined link to performance. All remuneration approved in accordance with the principles set forth in the Remuneration Policy are aligned with market best practices, as well as with BRK Financial Group's strategy, objectives, and values, shareholder interests, and business performance.

Anti-Corruption Policy

BRK Financial Group does not tolerate corruption. Clients receive the same type of treatment. No employee shall accept or offer any advantage, regardless of whether the person offering or requesting such an advantage works in the private or public sector. Offering or receiving any form of bribe, or engaging in influence peddling, directly or through intermediaries, is also prohibited. Receiving money or other benefits from clients for performing job-related duties is strictly forbidden. In 2023 and 2024, there were no incidents of corruption involving BRK Financial Group employees.

Conflicts of Interest

To avoid conflicts of interest, BRK Financial Group actively applies robust procedures that regulate client order handling and prioritize these orders over the company's own orders. The above-mentioned priority is detailed in BRK Financial Group's internal procedures.

The company reports all significant transactions carried out by BRK Financial Group in accordance with the regulations, as well as those concluded with affiliated parties to the Bucharest Stock Exchange, with the aim of informing shareholders and other interested parties, and in line with the applicable rules issued by the Financial Supervisory Authority.

BRK Financial Group has taken appropriate steps to avoid potential conflicts of interest and has separated operational activities where necessary. The risk management section details more about the risk of encountering conflicts or potential conflicts of interest due to the organizational structure and operational sector.

Whistleblowing Procedure

Through its Procedure for Managing and Resolving Complaints, BRK Financial Group establishes, implements, and maintains transparent rules for the reasonable and prompt handling of complaints received from clients. It also specifies how to keep records of each complaint and the measures taken to resolve them, primarily through amicable means.

The Internal Control/Compliance Officer within SSIF BRK Financial Group is the structure responsible for overseeing and managing complaints. Any individual or legal entity that considers their rights (recognized by law/covered by the brokerage agreement) to have been harmed can contact the company to have those rights acknowledged and any damages recovered. Complaints can be submitted at the company's headquarters, by e-mail, by mail, or by fax.

Social Responsibility

Community involvement and support for common values that contribute to the overall development of Romanian society have been a constant concern for BRK

Financial Group throughout 2024. The increased compliance with the corporate governance principles set by ASF (Financial Supervisory Authority) and BVB (Bucharest Stock Exchange) confirms BRK Financial Group's commitment to being a truly open company.

BRK places a high value on employee health, offering them private medical services under a contract with a healthcare services provider and also contributing to the Pillar III pension fund.

Respect for human rights, equal opportunity assurance, and ethical considerations in recruitment and remuneration processes are principles that characterize our relationships with employees, suppliers, and clients.

Sponsorship of Sports Activities

BRK encourages a healthy lifestyle and has had the opportunity to get involved in various sports activities.

Financial Education

Financial education is perhaps the most important area of community involvement, as there is a pressing need to raise the level of financial literacy among the active population and young people. Unfortunately, Romania ranks poorly in this regard among European countries, according to Eurostat studies. Therefore, the company has understood its mission to help young people in training to become familiar with the basic concepts and principles of financial markets, with a view to strengthening trust in the financial system.

Over time, BRK Financial Group has contributed to financial education among students in Cluj-Napoca by offering them the opportunity to engage in internships and gain insights into the Romanian capital market. The company has a longstanding tradition of opening career opportunities for graduates interested in the financial market, as evidenced by the average age of its employees. As a result of this policy, some of those who began their careers at BRK remain members of our team.

Environmental Responsibility

BRK Financial Group pays special attention to environmental protection policies. As part of BRK Financial Group's responsible development policy, it considers current Romanian legislation and European norms regulating workplace environmental protection, waste management resulting from its activities, and the protection of work premises.

Due to the nature of SSIF BRK Financial Group's activities, most of the resulting waste is paper waste. Employees are required to deposit any paper waste generated by current activities in designated areas, and the person responsible for office administration periodically ensures its removal for recycling purposes. As a result of internal procedures implemented to reduce unnecessary paper consumption and digitalize internal processes, it is worth noting that in 2021 BRK Financial Group enabled online account opening, significantly reducing paper consumption.

BRK Financial Group is constantly concerned with the systematic incorporation of environmental, social, and governance (ESG) factors into its investment process, managing both risks and opportunities. This helps in making better-informed investment decisions, optimizing the risk/return profile of the investment portfolio, reflecting BRK's values in the investment process, and better aligning its activities with society's sustainability objectives and expectations.

The company's ESG objectives for the coming years are as follows:

ESG DOMAINS	ESG OBJECTIVES 2025	PROPOSED MEASURES
ENVIROMENT	Reducing paper consumption	Procurement of electronic signatures
	Environmental cleanup actions	Organizing volunteer activities in collaboration with local authorities
	Raising employee awareness about the environmental issues we face	Holding training sessions for employees on the efficient use of resources
	Reforestation initiatives	Investing in volunteer-based reforestation activities, in collaboration with local public authorities
	Using renewable energy sources for electrical installations	Installing photovoltaic panels

	Promoting ESG-responsible issuers	Launching dedicated products and expanding the current product range with green financing components, financial education, and positive social impact elements
	Reducing greenhouse gas emissions associated with the vehicle fleet	Renewing the vehicle fleet by purchasing electric or hybrid cars
SOCIAL	Personal and professional development of employees	<ul style="list-style-type: none"> - Implementing training and development programs designed to equip employees with the capabilities necessary for personal improvement and enhanced company performance - Supporting employees' professional development by increasing the number of participants in internal training courses - Diversifying the training offerings - Organizing training sessions on human rights - Conducting surveys (employee satisfaction surveys, customer satisfaction surveys, etc.) - Organizing awareness campaigns and promoting a healthy lifestyle
	Promoting financial education and integrating young people into the company	Facilitating the recruitment of personnel from local communities through internship programs and partnerships with educational institutions
GOVERNANCE	Strengthening internal corporate governance policies	Implementing a code of ethics
	Encouraging diversity in the Board of Directors	Promoting vacant management positions
	Transparency in relation to investors	Organizing communication sessions with investors (specifically, investor roadshows and presentations)



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