me direct

MeDirect Group
Non-Financial Report

2024

Contents

1. MeDirect Group structure and business model 3
1.1. MeDirect Group 3
1.2. Business model 3
1.3. Business strategy 5
1.4. Shareholding structure and relations 5
1.5. MeDirect Group corporate structure 6
2. MeDirect Group ESG strategy 7
3. Governance - Pillar 1 of ESG Strategy 8
3.1. Group vision, mission and core corporate values 8
3.2. Responsible and sustainable business 9
3.3. Institutional approach to ESG 30
4. Employees - Pillar 2 of ESG Strategy 36
4.1. Attractive workplace 39
4.2. Diversity, equity and inclusion 44
4.3. Professional development 46
5. Environment - Pillar 3 of ESG Strategy 50
5.1. Low carbon business 51
5.2. Green products 58
5.3. Climate risk resilience 60
6. Society - Pillar 4 of ESG Strategy 67
6.1. Community engagement 68
6.2. Social inclusion 72
6.3. Social development and support 73
7. Information about the report 76
7.1. Report description 76
7.2. Materiality analysis 77
7.3. GRI index 80
7.4. SDG index 85
7.5. TCFD climate reporting guidelines 87
7.6. Contact details 87

Introduction

MeDirect continued to focus on integrating environmental, social and governance ("ESG") principles into its day-to-day operations and business lines, increasing ESG awareness across the Group.

The Group carried on the implementation of its 2022-2024/25 ESG strategy - "On the path to sustainability". MeDirect's ESG activities undertaken to date have received market recognition and helped to improve further its EcoVadis sustainability rating from a silver medal to a Platinum medal, ranking MeDirect with the top 1% of rated companies in 2024.

This non-financial statement presents MeDirect's ESG Strategy and lays out key sustainability commitments, policies and processes that are followed within the Group, as well as non-financial data and ongoing strategic ESG initiatives aimed at reinforcing the dialogue with all stakeholders and ensuring corporate transparency.

1. MeDirect Group structure and business model

GRI 2-1, GRI 2-6

1.1. MeDirect Group

MDB Group Limited ("MDB Group" and together with its consolidated subsidiaries, the "Group" or "MeDirect") is a holding company incorporated in 2004 with its registered office located in Malta. The Group includes two regulated entities: MeDirect Bank (Malta) plc ("MeDirect Malta"), a licensed credit institution registered in Malta, and MeDirect Bank SA ("MeDirect Belgium"), a licensed credit institution registered in Belgium. Additionally, the Group also has offices in London and the Netherlands. MeDirect closed its office in Turkey in September 2024.

The Group is supervised under the Single Supervisory Mechanism by a Joint Supervisory Team comprising the European Central Bank ("ECB"), the Malta Financial Services Authority ("MFSA") and the National Bank of Belgium ("NBB"). MeDirect Malta is the third largest bank in Malta whilst MeDirect Belgium ranks amongst the top 20 Belgian banks as of December 2024.

Collectively, as of 31 December 2024, the Group employed approximately 361 employees, comprising 30+ different nationalities and serving more than 150,000 clients holding €5 billion of financial assets with MeDirect.

1.2. Business model

MeDirect is a pan-European retail digital challenger bank that operates a specialised lending business focused on mortgages and corporate lending and a digital retail wealth and deposit taking franchise. In its wealth business, MeDirect's objective is to disrupt the retail digital investment sector and empower its clients to grow their wealth with confidence and autonomy. The centrepiece of this business is MeDirect's Wealth SuperApp, which offers a broad range of online investment solutions combined with high quality transactional banking capabilities on a single omni-channel, open architecture platform with superior user experience and attractive pricing. Through the SuperApp, investors can take advantage of execution only, guided and fully managed wealth solutions. The platform enables investors to access over 5,594 mutual funds, 2,496 Exchange Traded Funds ("ETFs"), 2,901 bonds and 15,345 equities traded on 21 stock exchanges around the world. MeDirect also offers high-quality digital wealth services such as discretionary portfolio management. Clients can also opt for attractive and innovative savings products. Clients interact with MeDirect principally through its digital platform. The Group also has two physical branches in Malta (in Sliema and Gozo).

As part of its specialised lending business, MeDirect focuses on the mortgage and corporate lending sectors. In the mortgage sector, it invests in Dutch government guaranteed (NHG) mortgage receivables in partnership with the Blauwtrust Groep, a Dutch originator, servicer and portfolio manager, Belgian mortgage receivables in partnership with Allianz Benelux and Maltese residential home loans, which it originates and services directly. The Group also invests in Dutch buy-to-let mortgage receivables in partnership with Build Finance, a Dutch originator.

MeDirect also lends to corporate borrowers in Malta and is winding down its portfolio of international corporate loans.

The Group offers a range of banking services, including payment and foreign exchange services, to corporate clients in Malta and to retail clients in Malta, Belgium and the Netherlands.

Table. MeDirect Group Business Profile as of December 2024

No	Country	Lending portfolio	Wealth portfolio	Treasury portfolio	Savings/Liquidity
1	Malta	Maltese residential mortgages (home loans) Volume: €129m, QTY: 1,105 1. Maltese corporate loans Volume: €276.2m, QTY: 249 2. Receivables financing for Maltese corporate borrowers Volume: €10m QTY: 1. 3. International corporate syndicated loans (Maltese B/S) Volume: €147m, QTY: 20	1. Financial advisory based on Whitelist funds (UCITS) (70 funds) 2. Discretionary portfolio management in partnership with Blackrock with ETFs (8 funds) as underlaying assets MeManaged 3. Execution only open architecture wealth platform (MeSolo) offering bonds (219), equities (5,231), funds (2,187) and ETFs (855)	1. Bonds issued by financial institutions bonds, and covered Volume: €100.9m, QTY: 14 2. Government and sovereign bonds Volume: €160.4m, QTY: 9 3. AAA-rated notes issued by Collateralised Loan Obligation issuers – collateralised by syndicated loans Volume: €119.71m QTY: 9 4. Class A Asset-Backed Securities (ABS) Volume: €14.1m QTY: 5	1. Retail and corporate client deposits Volume: €,716.3m QTY: 29,394 2. Deposits raised through deposit raising platforms Volume: €17.1m QTY: 1,450
2	Belgium	1. Residential mortgage receivables originated in partnership with Allianz Benelux Volume: €367m, QTY: 2,117 2. International corporate syndicated loans (Belgian B/S) Volume: €98m, QTY: 11	1. Discretionary portfolio management in partnership with Blackrock with ETFs (8 funds) as underlaying assets MeManaged 2. Execution only open architecture wealth platform (MeSolo) offering bonds (119), equities (5,149), funds (1,673) and ETFs (765)	Government bonds Volume: €105m, QTY: 4 Bonds issued by financial institutions bonds and covered bonds Volume: €328m, QTY: 35 3. AAA-rated notes issued by Collateralised Loan Obligation issuers – collateralised by syndicated loans Volume: €391.08m QTY: 21 4. Class A Asset-Backed Security (ABS) - Volume: €133.6m QTY:11	1. Retail clients' deposits Volume: €3001.9m QTY: 183,901

3	Netherlands	1. Residential Dutch government guaranteed (NHG) mortgage receivables originated in partnership with HollandWoont. (part of the Blauwtrust Groep) Volume: €2,020m, QTY: 10,445, some of which have been securitised in the Group's Bastion residential mortgage securitisation programme Volume: €1,134m, QTY: 6,168 2. Professional buy-to-let mortgage receivables originated in partnership with Build Finance Volume: €173m, QTY: 114	1. Discretionary portfolio management in partnership with Blackrock with ETFs (8 funds) as underlaying assets MeManaged 2. Execution only open architecture wealth platform (MeSolo) offering bonds (63), equities (2,701), funds (294) and ETFs (441)		1. Retail clients' deposits Volume: €90.0m QTY: 4008

NOTE: Data presented in the above tables refers to the exposure as of 31 December 2024. The volume includes total commitment in million EUR meaning balance sheet and off-balance sheet exposure, whilst the quantity refers to the number of products.

1.3. Business strategy

The Group's transformation business strategy for 2025-2027 is based on achieving the following four key objectives:

- scaling up our innovative platform;
- growing a low risk and capital efficient mortgage lending platform;
- developing MeDirect's Tech Proprietary platform; and
- improving the efficiency of its operating model.

The Group's long-term goal is to ensure sustainable sources of revenue supported by responsible risk management. Further details on the Group's business strategy can be found in the 2024 MeDirect Group Annual Report & Financial Statements, under the heading "Directors' report".

1.4. Shareholding structure and relations

Since 2009, the ultimate controlling shareholder has been AnaCap Financial Partners II LP ("AnaCap Fund II"). On 28 November 2024, MDB Group's immediate parent company, Medifin Finance Limited, entered into a share purchase agreement with Banka CREDITAS a.s. ("Banka Creditas") pursuant to which Banka CREDITAS agreed to purchase 100% of the share capital of MDB Group, subject to receiving all required regulatory approvals.

Banka CREDITAS is a Czech financial institution that is part of CREDITAS Group ("CG"), a privately owned investment group with investments primarily in financial services, real estate (rental housing and development) and energy (distribution and

generation). The financial arm of CG has investments in banking, investment services, asset management, leasing and other related areas.

MDB Group has listed subordinated debt securities on Euronext Dublin. MeDirect Malta has listed subordinated debt securities on the Malta Stock Exchange ("MSE"). MeDirect Malta regularly publishes company announcements on the websites of MeDirect and the MSE in order to keep all stakeholders informed of material developments relating to MeDirect, in line with its applicable capital market requirements.

1.5. MeDirect Group corporate structure

The head office of MDB Group is located in Sliema, The Centre, Tigné Point, TPO 001 Malta. The current corporate structure of MeDirect Group is presented in the table below.

Table 1. Structure of the MeDirect Group

No	Name	Type	Share	Location	Scope of activity
Regulated Group – legal entities					
1	MDB Group Limited ("MeDirect Group")	Parent company	¬100% Medifin Finance Limited	Malta	Financial group
2	MeDirect Bank (Malta) plc ("MeDirect Malta")	Subsidiary	¬100% MeDirect Group	Malta	Banking
3	MeDirect Bank SA ("MeDirect Belgium")	Subsidiary	¬100% MeDirect Malta	Belgium	Banking
4	MeDirect Tech Limited ("MeDirect Tech")	Subsidiary	¬100% MeDirect Malta	Malta	Leasing of computer hardware and software to MeDirect Malta and MeDirect Belgium

No	Name	Type	Share	Location	Scope of activity
Other entities					
1	Medifin Estates	Partnership	96.7% MeDirect Malta, 3.3% MDB Group	Malta	Property leasing partnership

The Group consolidates the orphan entities presented in the table below. No Group company is the shareholder of these entities, but they are consolidated by the Group for IFRS purpose as the risks and rewards of these entities are principally retained by the Group.

Table 2. Orphan entities linked to MeDirect Group

No	Name	Type	Share	Location	Scope of activity
1	Bastion 2020-1 NHG B.V. ("Bastion 2020-1")	A controlled special purpose entity		Netherlands	Banking - utilised as part of the Group's funding strategy in respect of the Dutch NHG Mortgage business
2	Bastion 2021-1 NHG B.V. ("Bastion 2021-1")	A controlled special purpose entity		Netherlands	Banking - utilised as part of the Group's funding strategy in respect of the Dutch NHG mortgage business
3	Bastion 2022-1 NHG B.V. ("Bastion 2022-1")	A controlled special purpose entity		Netherlands	Banking - utilised as part of the Group's funding strategy in respect of the Dutch NHG mortgage business

2. MeDirect Group ESG strategy

GRI 2-22, GRI 2-23, GRI 2-24

In December 2022, the Group implemented its first ESG Strategy - "*On the path to sustainability for 2022-2024/25*". This strategy is based on the following four pillars:

1. Governance
2. Employees
3. Environment
4. Society

The ESG strategy was approved by the Board of Directors of the Group.

For each strategic pillar, several specific sustainability-driven objectives were identified, each objective translating into a firm commitment on the part of the Group. As part of its ESG strategy, MeDirect endeavours to make ESG factors a key component of its decision-making processes and internal organisation. The Group implements its ESG Strategy through a wide range of initiatives, such as strengthening its corporate governance, engaging in regular interactions with its stakeholders, applying climate-risk resilience adaptive initiatives and creating an inclusive and diverse workforce.

The ESG Strategy highlights a number of key objectives to be attained.

Under the Governance pillar, the Group is committed to:

- adhering to sound corporate values and best business practices;
- conducting its business in a responsible way and with a focus on longer-term sustainable growth; and
- adopting an institutional approach to ESG by integrating ESG factors within its corporate governance.

With respect to Employees, the Group aims to:

- provide and foster an attractive and productive working environment;
- promote diversity, equity and inclusion within the workplace; and
- support employees in their professional development.

With respect to the Environment, the Group is committed to:

- shifting to a less carbon intensive business model;
- offering its clients greener and/or more sustainable financial products; and
- transition to a more climate-risk resilient business model.

Under the Society pillar, the Group recognises the importance of:

- engaging with its stakeholders and the wider community;
- encouraging greater social inclusion; and
- fostering social development and its support.

A detailed overview as to how the Group aims to deliver on these objectives is described in more detail below.

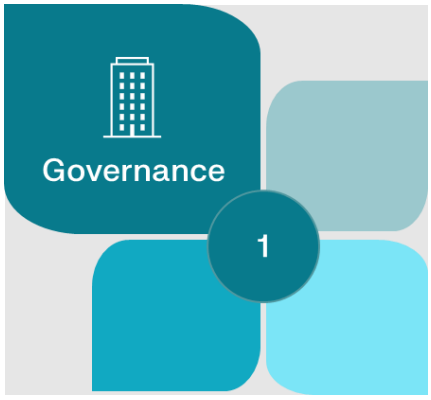
Chart. MeDirect Group ESG Strategy pillars

As part of the development of its ESG strategy, the Group defined clear strategic objectives and priorities with a specific time horizon and identified owners responsible for the implementation of the initiatives. Qualitative and quantitative targets and commitments are measured and disclosed to the market in annual reports. The ESG Committee and the Board are responsible for monitoring the implementation of the ESG strategy. Progress in implementation of the strategy is regularly reported to these two bodies. MeDirect is determined to deliver on its ESG commitments.

In May 2024, the Group updated the ESG Strategy to reflect the business environment scan conducted in March 2024. Based on that review and analysis, the Group added 24 new commitments to complement the 74 existing commitments in the ESG strategy.

The latest ESG strategy is available on the MeDirect website in the Sustainability section[1].

3. Governance - Pillar 1 of ESG Strategy



The Group promotes the observance of the highest standards of good corporate governance and business ethics. MeDirect is committed to growing its business in a responsible and sustainable way, based on sound values and ESG principles. MeDirect endeavours to continue to build a trusted and distinctive brand in the markets in which it operates.

3.1. Group vision, mission and core corporate values

As part of its ESG Strategy, the Group has reaffirmed the core corporate values underpinning its vision to evolve into a more sustainable and resilient long-term partner for financial market participants, businesses and the wider community.

1.1 Core corporate values

Core corporate values are defined in the Group's Code of Conduct and Ethics which underpins the Group's corporate principles and business philosophy. The values include:

[1] ESG and Sustainability Strategy - MeDirect

- Autonomy – The Group encourages its employees to take ownership of their work and grow their skills. The Group empowers its customers to navigate the financial world and gives them the choice of how to manage their money.
- Innovation – The Group does not rest on its laurels. It is results-driven and constantly considers how best to deliver on its vision and to improve its value proposition.
- Transparency – In a complex financial world, the Group ensures that communication with its clients and amongst staff members is straightforward and to the point.
- Responsibility – The Group supports diversity, equity and inclusion and promotes care for the environment.

The Group's core values are the foundation of MeDirect's mission, supporting its vision, shaping its corporate culture and inspiring its employees.

3.1.2. Vision

The Group's vision is to empower people to manage their wealth with confidence and autonomy. To support this vision, the Group personalises the investment process for its clients through a Wealth SuperApp combining a full range of investment, wealth, and banking services in a single app.

3.1.3. Mission

The Group's mission is to build highly convenient digital investment journeys, leveraging on cutting-edge technology and innovative solutions. MeDirect's ambition is to be a one-stop-shop for its clients' wealth and banking needs.

3.2. Responsible and sustainable business

ESG Strategy focus: MeDirect Group will continue to focus on developing a responsible and sustainable business and to build a trusted and distinctive brand as defined in pillar 1 of the ESG Strategy. A responsible business approach and professional customer service should reinforce MeDirect customer satisfaction and create long term business opportunities. The Group's intention is to comply with laws, regulations and codes of conduct whilst maintaining high corporate governance standards and an ethical approach to business.

In line with its ESG Strategy 2022 - 2024/2025, the Group is committed to achieving the following targets:

- Maintain a high Net Promoter Score of a minimum of 30 (NPS, customer recommendation factor)
- Maintain the policy of not onboarding clients from controversial industries and geographical locations (in line with the Group's Customer Acceptance Policy)
- Incorporate appropriate human rights clauses when entering into new contracts with institutional partners and corporate lending clients

3.2.1. Corporate governance

GRI 2-9, GRI 2-10, GRI 2-11

The Board of Directors of MeDirect Malta is responsible for decision-making at the consolidated level as well as for supervising the activities of the institution, whilst senior executives manage MeDirect's daily operations in a manner consistent with the business strategy, risk appetite and policies established by the Board. The Board is composed of executive directors and non-executive directors.

Chart. Group Board structure

The Board's key responsibilities include setting MeDirect's strategy and risk appetite as well as approving any changes to its corporate structure. This responsibility applies even where a line of business is unique to, or concentrated in, just one of the Group's licensed subsidiaries. For example, MeDirect Belgium may set its own objectives, but within the parameters of MeDirect's strategic objectives and risk appetite as determined by the Group Board.

Certain responsibilities and functions are delegated to standing Board Committees, which assist the Board in carrying out its functions and ensure that there is independent oversight of internal control and risk management in accordance with the procedures set forth in the Corporate Governance Memorandum.

MeDirect believes that having a diverse Board facilitates the exchange of independent opinions and constructive challenges during the decision-making process. Diversity in this regard includes factors such as educational and professional background, age, gender and nationality. Independence is also a key consideration. The Board includes independent directors who help to ensure that the interests of all internal and external stakeholders are appropriately considered.

Table 3. Composition of MeDirect Board of Directors and its Committees

No	Name	Function in the Board	MeDirect Malta Board Committee Chair/Member/Permanent Invitee	MeDirect Belgium Committee Chair/Member/Permanent Invitee	Appointed
1	Bart Bronselaer	Independent Non-Executive Director	• MeDirect Malta Board (chair) • MeDirect Malta Nominations and Remuneration Committee (chair) • MeDirect Malta Board Audit Committee (member) • MeDirect Malta Board Risk and Compliance Committee (permanent invitee)	• MeDirect Belgium Board (member) • MeDirect Belgium Nominations and Remuneration Committee (member) • MeDirect Belgium Board Risk and Compliance Committee (member) [2]	27 November 2024
2	John Zarb	Independent Non-	• MeDirect Malta Board (member)	• MeDirect Belgium Board (member)	17 July 2017

[2] Michael Bussey resigned from his position as chair of the Board on December 11, 2024. He has been succeeded by Bart Bronselaer. Bart Bronselaer continued to serve as chair of the MeDirect Belgium Risk and Compliance Committee until 19 February 2025, date on which Jean Dessain received his Fit and Proper approval from the regulatory body.

		Executive Director	• MeDirect Malta Board Audit Committee (chair) • MeDirect Malta Board Risk and Compliance Committee (member) • MeDirect Malta Nominations and Remuneration Committee (member)	• MeDirect Belgium Audit Committee (member)	
3	Dina Quraishi	Independent Non-Executive Director	• MeDirect Malta Board (member) • MeDirect Malta Board Risk and Compliance Committee (chair) • MeDirect Malta Board Audit Committee (member)	N/A	6 July 2023
4	Philip English	Non-Executive Director	• MeDirect Malta Board (member) • MeDirect Malta Board Risk and Compliance Committee (member) • MeDirect Malta Nominations and Remuneration Committee (member)	N/A	21 August 2023
5	Jean-Claude Maher[3]	Executive Director – Acting Chief Executive Officer	MeDirect Malta Board (member)	N/A	1 February 2025
6	Izabela Banas[4]	Executive Director – Chief Financial Officer	MeDirect Malta Board (member)	N/A	4 September 2024
7	Lisa Fergus	Executive Director – Chief Risk Officer	MeDirect Malta Board (member)	N/A	19 December 2023

MeDirect Belgium is a credit institution licensed in Belgium. In view of its size and risk profile, MeDirect Belgium has its own corporate governance responsibilities. Its Board composition, in compliance with Belgian law, includes all members of the Executive Committee. To facilitate communication between the boards of the Group and MeDirect Belgium, certain members of the MeDirect Malta Board are also members of the MeDirect Belgium Board and its committees.

[3] Jean-Claude Maher resigned from his position as Executive Director and COO of the Bank, effective from 1 February 2025. He is poised to take over as Group CEO, pending regulatory approval. Mr. Denis resignation was effective as of January 31, 2025.

[4] Izabela Banas was appointed as Group CFO on 4 September 2024, replacing Radoslaw Ksiezopolski who resigned on 15 July 2024.

Table 4. Composition of the MeDirect Belgium Board of Directors and its Committees

No	Name	Function in the Board	Board Committees Chair/Member/Permanent Invitee	MeDirect Malta Committee Chair/Member/Permanent Invitee	Appointed
1	Marcia De Wachter	Independent Non-Executive Director	• MeDirect Belgium Board (chair) • MeDirect Belgium Nominations and Remuneration Committee (chair)	• MeDirect Malta Board (permanent invitee) • MeDirect Malta Board Risk and Compliance Committee (permanent invitee) • MeDirect Malta Board Audit Committee (permanent invitee)	23 September 2020
2	Bart Bronselaer	Independent Non-Executive Director	• MeDirect Belgium Board (member) • MeDirect Belgium Board Risk and Compliance Committee (chair ad interim)[5] • MeDirect Belgium Board Audit Committee (member) • MeDirect Belgium Board Nominations and Remuneration Committee (member)	• MeDirect Malta Board (chair) • MeDirect Malta Nominations and Remuneration Committee (chair) • MeDirect Malta Board Audit Committee (member) • MeDirect Malta Board Risk and Compliance Committee (permanent invitee)	12 January 2021
3	Frederic Hannequart	Independent Non-Executive Director	• MeDirect Belgium Board (member) • MeDirect Belgium Board Audit Committee (chair) • MeDirect Belgium Board Risk and Compliance Committee (member)	N/A	14 April 2023
4	John Zarb	Independent Non-Executive Director	• MeDirect Belgium Board (member) • MeDirect Belgium Board Audit Committee	• MeDirect Malta Board (member) • MeDirect Malta Board Audit Committee (chair) • MeDirect Malta Board Risk and Compliance Committee (member) • MeDirect Malta Nominations and Remuneration Committee (member)	9 January 2019

[5] Chair until 4 December 2024 and chair ad interim until 31 March 2025

5	Jean Dessain	Independent Non-Executive Director	• MeDirect Belgium Board (member) • MeDirect Belgium Board Risk and Compliance Committee (chair) • MeDirect Belgium Board Audit Committee (member) • MeDirect Belgium Board Nominations and Remuneration Committee (member)	N/A	19 February 2025
6	Alain Moreau	Executive Director – Chief Executive Officer	• MeDirect Belgium Board (member)	MeDirect Malta Board (permanent invitee)	17 July 2023
7	Jean Marcel Phe Funchal	Executive Director – Chief Financial Officer	• MeDirect Belgium Board (member)	N/A	14 May 2024
8	Marija Fenech	Executive Director – Chief Risk Officer	• MeDirect Belgium Board (member)	N/A	21 December 2023

NOTE: The experience of the Board members is described on the MeDirect company website. Effective 11 December 2024, Mike Bussey resigned from his position as Chair and member of the Boards of Directors of MeDirect Malta, MeDirect Belgium and the Group. Following his resignation, Bart Bonselaer was appointed as his successor, assuming the role of Chair of the Boards of Directors of MeDirect Malta (effective 4 December 2024) and the Group (effective 27 November 2024). Bart Bonselaer remains:

- A member of the Board of Directors of MeDirect Belgium;
- A member of the Board Audit Committee of MeDirect Belgium;
- A member of the Nominations and Remuneration Committee of MeDirect Belgium; and
- *Ad interim* Chair of the Board Risk and Compliance Committee of MeDirect Bank SA, served in this capacity until 19 February 2025, date on which Jean Dessain received his Fit & Proper approval.

All members of the Board are aware of the organisational structure and their responsibilities, including the division of roles and responsibilities between the Executive Directors and Non-Executive Directors. The Executive Directors are principally responsible for the day-to-day management of the MeDirect's business, whilst the Non-Executive Directors are primarily responsible for monitoring and challenging constructively the management's decision-making and scrutinising the implementation of the MeDirect's strategy and objectives. The Board's Chair is a Non-Executive Director, and therefore the roles of Chair and Chief Executive Officer ("CEO") are not exercised by the same individual in line with the recommendations of the European Banking Authority ("EBA"),

The rules regarding managing conflicts of interest are described under section 3.2.3 - High corporate governance standards (Conflict of interest).

The CEO is principally responsible for managing the Group's business in accordance with the strategies, plans and policies approved by the Board. The CEO is also the Chair of the MeDirect Malta's Executive Committee ("EXCO"), the main function of which is the coordination of day-to-day activities of the Group and the execution of its strategy. The CEO of MeDirect Belgium is the Chair of the MeDirect Belgium EXCO.

For more information on the structure of the Board, refer to the respective MeDirect Bank websites.

Audit Committee

The Board Audit Committee oversees and ensures the quality and integrity of the Group's financial reports, and monitors the design adequacy and operating effectiveness of the Group's internal control framework and governance structure, in each case subject to the Board's ultimate authority. The Committee is also responsible for:

- reviewing accounting, legal and compliance policies;
- monitoring the Group's financial and other disclosures and ensuring compliance with legal and regulatory requirements;
- reviewing the qualifications, performance and independence of the external auditor;
- reviewing and approving the internal audit plans; and
- assessing the effectiveness of Internal Audit Function ("IAF"), including the adequacy and competence of its staff.

In 2024, the Joint Board Audit Committee for MeDirect Malta and MeDirect Belgium was established. The new structure enabled the Board Audit Committees to meet jointly and share perspectives whilst retaining autonomy and the ability to make decisions in the best interests of their respective institutions, in compliance with applicable law and regulation. To the extent that matters being considered relate specifically to one of MeDirect Malta or MeDirect Belgium, the Board Audit Committee of the respective institution will meet separately to consider any decision that is required independently. In addition, any matters considered that could result in a conflict of interest between the two institutions will be considered separately.

Board Risk and Compliance Committee

The Board Risk and Compliance Committee is responsible for reviewing the strategies and policies regulating the management, monitoring and mitigation of the risks to which the Group (or any Group entity) is or may be exposed. The Board Risk and Compliance Committee advises and supports the Board by performing in depth and detailed oversight of the Group's risk management and compliance policies and practices and its risk profile. The Committee also presents summaries of its conclusions and associated recommendations to the Board for action and/or approval.

The Board Risk and Compliance Committee is also responsible for assessing the Group's high-level controls, limits, risk aggregation and reporting framework to ensure that they are sufficient to maintain the level of risk at a level which is within the Group's risk appetite. This Committee oversees the Group's compliance and risk management functions, each of which has direct access to the Committee. The Board Risk and Compliance Committee is also responsible for oversight of related party transactions including pricing of assets and liabilities for financial products and services. The Group has separate Board Risk and Compliance Committees for MeDirect Malta and MeDirect Belgium to cover risk and compliance matters.

Nominations and Remuneration Committee

Whilst both the Basel Committee on Banking Supervision (BCBS) and EBA guidelines, as well as the MFSA Code, refer to separate committees that are responsible for overseeing an institution's remuneration system and the composition of its Board, the Group's view is that these functions can effectively be combined under the oversight of a single Committee given the Group's small size and relatively non-complex structure. Therefore, the Group has a single Committee to cover nominations and remuneration matters relating to MeDirect Malta and MeDirect Belgium.

Executive Committees

MeDirect Malta and MeDirect Belgium each operate an Executive Committee. MeDirect Malta's Executive Committee members are Group CEO (Chair), the Group Chief Financial Officer and Group Chief Risk Officer, whilst MeDirect Belgium's Executive Committee members include its Chief Executive Officer (Chair), Chief Financial Officer and Chief Risk Officer.

Nomination process

GRI 2-10

Shareholders have the authority to replace directors or nominate potential directors. The Board Nominations and Remuneration Committee shall consider and advise on the approval, appointment or replacement of Board members. The committee shall also consider and advise on the re-election of existing directors, induction training for directors and the endorsement of senior executive appointments. Board appointments are subject to formal regulatory approval by the European Central Bank, following the completion of a Fit & Proper ("FAP") suitability assessment.

Appropriate measures shall be taken to ensure that a succession plan is in place to ensure the continuity of decision making as well as measures to mitigate key-person risk, particularly in situations where a member of the Board resigns or is removed or dismissed. In the event of delay in identifying and approving a suitable replacement, an interim Board member may be appointed to ensure the Board continues to operate without disruption.

In line with the Joint ESMA and EBA Guidelines EBA/GL/2017/12 under Directive 2013/36/EU and Directive 2014/65/EU, the Group assesses the suitability of the individual members of the Board and of the Board collectively. This process is explained in detail in the Group's Suitability Assessment Policy.

The criteria used to assess the suitability of individual Board members include the following:

- Competence and experience
- Reputation, honesty and integrity
- Independence and no conflict of interest
- Ability to commit required time

In addition, other skills are taken into consideration as part of the assessment of the suitability of the proposed new director, including ability to communicate effectively, leadership, strategic acumen, judgment, loyalty, stress resistance, decisiveness and a sense of responsibility.

The Board should include a diverse pool of members with the aim of ensuring a variety of views and experiences to facilitate independent opinions and sound decision-making. Also taken into account are:

- Education and professional background
- Gender and age
- Country and region of origin

During 2024, the Group incorporated key environmental, social and governance risk, including climate and environmental risk, factors into its Corporate Governance Memorandum. Ability to address such risks effectively shall be taken into consideration during the Board collective suitability assessment that is conducted periodically.

More details are provided in the 2024 MeDirect Group Annual Report and Financial Statements, under the heading "Statement of compliance with the principles of good corporate governance".

3.2.2. Communication with major stakeholders

GRI 2-29

The Group communicates actively and transparently with its stakeholders using various communication channels. The Group identified the following stakeholders that interact with MeDirect:

1. Internal
    - Employees
2. External
    - Customers
    - Investors
    - Supervisors and regulatory bodies
    - Financial market institutions, including banking associations

- Business partners and suppliers
- Community (universities, MCAST, charity organisations)

Table 5. Stakeholders by communication channels

Stakeholder group	Communication channel	Frequency of communication
Employees	Internal communication Internal meetings dedicated to employee affairs Direct talks, corporate messengers Townhalls In-house and third-party training Integration meetings Employee volunteering Employee assessment Employee opinion surveys Whistleblowing Reporting System	If required Ongoing Ongoing Semi-annual Ongoing Several times a year As planned in volunteering programme At least once a year Once a year Ongoing
Customers	Branches, online and mobile banking Contact Centre Complaints MeDirect website Advertising campaigns and marketing activities Product offers, email Customers recommendation surveys	Ongoing Monday-Friday (08:00-18:00), Sat (09:00-13:00) Ongoing Ongoing Ongoing Ongoing Ongoing
Shareholder	Financial Reports Company announcements Press releases Board representation Face-to-face and online meetings Email, online communication, phone calls	Semi-annual Ongoing Ongoing As planned in the Board agenda Ongoing Ongoing
Investors	Financial Reports Company announcements Press releases Face-to-face and online meetings Email, letters, phone calls	Semi-annual Ongoing Ongoing If required Ongoing
Supervisors and other regulatory bodies (including MFSA, NBB, AFM/DNB and ECB/JST)	Regulatory dialogue Consultations and cooperation in working groups Face-to-face and online meetings Email, letters, phone calls	Ongoing If required If required Ongoing When required
Financial market institutions including banking associations	Consultations and cooperation in working groups Industry conferences Joint business and educational initiatives (training sessions, webinars)	If required Several times a year Several times a year
Business partners and suppliers	Regular working contacts Face-to-face and online meetings Email, letters, phone calls Cooperation in working groups and project management team Negotiations of contracts	Ongoing Ongoing Ongoing Ongoing As required
Community (universities,	Charity and sponsorship activities Cooperation with local NGOs Cooperation with local universities	Ongoing Ongoing Ongoing

MCAST, charity organisations)	Career Days Meetings with students, student internships Joint social and educational initiatives	Once a year At least once a year Ongoing
Media	Press releases Interviews Comments	Ongoing Several times a year If required

The engagement of stakeholders in the reporting process is described under section 7.2, "Materiality analysis".

The Board understands the importance of identifying the key stakeholders of the Group in order to develop appropriate engagement strategies.

Communication with other stakeholders – customers and employees

The Company Secretary is responsible for any public announcements and press releases. The Group has a communication plan to address media coverage which is also applied in the context of recovery planning.

The Communication Plan includes a detailed description of:

- internal communication, in particular to staff;
- external communication, in particular to investors, competent authorities; and
- counterparties, financial markets, depositors and the public effective proposals for managing any potential negative market reactions.

The Communication Plan is reviewed at least annually. The CEO and Chief Administration Officer are responsible for internal communications that can be disseminated electronically or at physical town hall meetings.

Communication with shareholders

The Group Chair is responsible for fostering constructive relations with shareholders and for conveying shareholder views to the Board. The Non-Executive Directors are able to meet with the controlling shareholder in order to develop an understanding of its views and concerns. The Executive Directors may also engage with the controlling shareholder on matters concerning the strategic direction of the Group. The controlling shareholder has the ability to call extraordinary general meetings of shareholders on matters of importance to the Group. The controlling shareholder is represented on the Board by a Non-Executive Director appointed by it who represents its interests.

Communication with the supervisors and other regulatory bodies

The CEO shall coordinate participation by Group executives in supervisory dialogues. The regulators can also request the participation of members of the Board and key function holders in supervisory dialogues. The Regulatory Affairs function is the primary contact for official regulatory correspondence. In order to ensure proper follow-up on queries received from competent authorities and other official bodies, the function maintains a centralised log of requests for information and official correspondence received from regulators and other official bodies. The Board is kept informed of any official regulatory correspondence.

Communication with listing authorities and public disclosures

MeDirect Malta has issued subordinated debt securities on the MSE. MeDirect therefore complies with the Listing Rules issued by the Malta Listing Authority. It also complies with all other applicable rules and regulations. It is required to disclose financial information in accordance with IFRS accounting rules as well as Additional Reporting Requirements, as specified in the EBA Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013.

MDB Group also has listed subordinated debt securities on Euronext Dublin and complies with all applicable requirements of that exchange.

The Board is responsible for approving Pillar III disclosures, annual and interim financial statements of the Group and for determining that the annual report and accounts, taken as a whole, are balanced and understandable.

The Group's Annual Report and Financial Statement Disclosure Policy is designed to ensure that required disclosures are made in a timely, accurate, complete and understandable manner. This policy also covers the procedures of the Group to assess and verify public disclosures. Disclosures are reviewed and approved by the Board as part of the approval of the annual report and financial statements.

3.2.3. Corporate governance standards

The Group is committed to upholding and maintaining the highest standards of good corporate governance and best ethical business practices to promote a responsible and professional business approach which allows for the creation of long-term business with high customer satisfaction.

Internally, the Group has implemented several policies and procedures designed to ensure that the highest standards of corporate governance and conduct are observed across the Group. As part of the Group's internal governance, the Group has implemented policies and other documents, including, but not limited to:

- Corporate Governance Memorandum
- Group Code of Conduct and Ethics
- Anti-Bribery and Corruption Policy ("ABC Policy")
- Anti-Money Laundering, Countering of Terrorism ("AML/CFT") and Sanctions Policies (for each credit institution within the Group)
- Customer Acceptance Policies (for each credit institution within the Group)
- Compliance Charters (for each credit institution within the Group)
- Conflicts of Interest Policy
- Inducements Policy
- Market Abuse Policy
- Personal Account Dealing Policy
- Related Parties Policy
- Whistleblowing Policy
- Anti-Fraud Policy

The Board of Directors is committed to pursuing standards of corporate governance that safeguard and protect the interests of customers, shareholders, employees and other key stakeholders whilst promoting the highest standards of integrity, transparency and accountability. The Board is also responsible for setting strategic goals designed to achieve long-term and sustainable success, supported by a strong risk culture and appropriate corporate values.

Code of conduct and ethics

GRI 2-25

The Group's Code of Conduct and Ethics sets out the expectations of the Group for the conduct of all staff members. All staff members are expected to reflect the Group's values, principles and vision in their day-to-day activities, with the aim of enhancing the Group's brand and reputation. Employees are expected to deliver the best possible service to the Group's customers whilst always acting in a professional and ethical manner.

The Code is reviewed annually and updated, as and when required, to address any new rules and regulations. The Code is circulated to all staff members annually as a mandatory reading, and staff members are expected to abide by the Code. The Code can be accessed any time through the Group's policy depository. New employees are required to participate in induction training focused in part on conduct matters.

The Code comprises the following pillars:

Products and services - Group employees are required to:

- offer products that correspond to the customers' characteristics, needs and objectives;
- provide all information required to enable clients to understand fully the products and services offered to them; and
- protect the confidentiality of customer information and ensure that any use of such information is lawful, in accordance with the customer's consent and is consistent with the scope and purpose for which such information was collected.

Treating customers fairly - Group employees are required to:

- provide customers with the best service possible;
- treat customers fairly and ensure that they are not subjected to unfair or discriminatory terms or conditions; and
- refrain from providing certain customers with preferential treatment.

Acting with respect and loyalty - Group employees are required to:

- assume responsibility for their actions;
- engage in open and honest communication with other staff members;
- work cooperatively and as a team with other employees; and
- comply with fit and proper requirements (in case of senior management).

Acting with Integrity - Employees are required to:

- lead by example;
- conduct themselves with professionalism, honesty and integrity; and
- observe and abide by Group internal policies, procedures, guidelines and codes of conduct.

Furthermore, the Group recognises that human rights are fundamental to the dignity, freedom and well-being of all individuals and is committed to supporting the protection of human rights. The Group applies a zero-tolerance policy for any kind of human rights abuses, including (but not limited to) any form of harassment, discrimination, forced labour or slavery and inhumane or degrading treatment.

The Group's zero-tolerance policy extends to its business relationships with all counterparties and/or prospective counterparties. Since the conduct of the Group's suppliers could adversely affect the Group's reputation and standing in the market, the Group shall require that its business and other counterparties observe and/or apply similar standards in respect of:

- Code of conduct
- Environmental awareness
- Social responsibility
- Labour practices
- Work environment

Employees are responsible for acting honestly and with integrity, in accordance with the Group's key core corporate values. The Group's corporate values are described in section 3.1.1 - Core corporate values.

The Group integrates ESG principles into its business and endeavours to raise ESG awareness within the organisation. It embeds ESG principles, including a specific focus on climate and environmental-related risks, in its day-to-day activities as described in sections 3.3 - Institutional approach to ESG and chapter 5 - Environment – pillar 3 of ESG Strategy.

The Group encourages staff members to raise concerns or to escalate any potential misconduct or unethical behaviour to the appropriate functions and to have confidence that their concerns will be investigated and addressed appropriately.

As per guidance under the Code, staff members are expected to escalate breaches of the Code of Conduct promptly to the appropriate functions. Staff members are required to report any suspicions of money laundering, terrorist financing and/or any other financial crime to the Money-Laundering Reporting Officer ("MLRO") / Anti Money Laundering Compliance Officer ("AMLCO") in accordance with the procedures set forth in the MeDirect Malta and MeDirect Belgium AML/CFT Policies, as

applicable. Furthermore, staff members are encouraged to follow the Group's whistleblowing reporting procedure in the event of any suspicion of behaviour or misconduct warranting a protected disclosure under the policy. In all cases where a staff member observes improper practices, a whistleblower report can be raised with the relevant Whistleblowing Reporting Officer. With respect to ethical issues arising from day-to-day interactions between colleagues and departments, staff members are required to escalate the issue to senior members of the Human Resources ("HR") Department, which will assist in determining the appropriate course of action.

The Compliance function is responsible for overseeing, monitoring and reviewing matters relating to integrity, under the authority of the Board of Directors and Executive Committee. The HR Department is responsible for the implementation of the code and ensuring and attesting to adherence to the code.

Table 6. Code of Conduct and Ethics breaches cases across the Group

	2021	2022	2023	2024
Number of breaches of the Code of Conduct and Ethics cases identified in the Group during the reporting period	0	0	0	0
Number of breaches of the Code of Conduct and Ethics cases communicated to the Board during the reporting period	0	0	0	0

Code of Principles of Good Corporate Governance

MeDirect Malta complies with the Code of Principles of Good Corporate Governance as required by the Listing Rules of the Malta Listing Authority. Each year, the Statement of Compliance with the Principles of Good Corporate Governance is included as part of the MeDirect Group Annual Report and Financial Statements.

Preventing corruption and bribery

GRI 2-16, GRI 205-1

The Group applies a zero-tolerance policy with respect to bribery and corruption. In 2024, the Group approved the revised version of its ABC Policy which sets out the framework and applicable principles for the monitoring and mitigation of all risks related to bribery and corrupt practices.

The Group's ABC Policy is consistent with all applicable regulatory and statutory rules and regulations to which the Group is subject, including the Maltese Criminal Code, the Belgian Criminal Code and the UK Bribery Act.

Minimum standards

The ABC Policy defines the minimum standards to which all entities within the Group are required to comply. This includes the following principles, which require that all Group activity:

- must be conducted without any intent to bribe or corrupt;
- must be reasonable and transparent;
- must not be considered lavish or disproportionate to the professional relationship;
- must be appropriately documented with a legitimate business rationale; and
- must be authorised by appropriate Group personnel.

The ABC Policy and Procedures facilitate these key principles by setting minimum standards under four pillars.

Employees

All employees[6] must ensure that any dealings or relationships with third parties do not induce, or are not reasonably seen to be inducing, any irregular or improper action in order to obtain or retain a business advantage. This covers the giving and receiving of additional benefits, including:

- gifts and entertainment;
- charitable donations;
- sponsorships;
- training; and
- hiring.

The ABC Policy and Procedures describes clear recording, approval and escalation requirements for additional benefits, as well as prohibited activities.

Associated persons

The ABC Policy and Procedures require that all associated persons must be identified, recorded and be subject to the completion of appropriate due diligence.

Customers

Customers must not use the Group's products and services to facilitate the payment or receipt of bribes or any property or proceed resulting from corrupt activities. To comply with the letter and spirit of applicable ABC laws and regulation, the ABC Policy and Procedures require that risk-based controls are in place to prevent products and services being used for such purposes. This includes customer due diligence, transaction monitoring and customer exit requirements.

Strategic

The Group is required to identify and mitigate any bribery or corruption risk that might arise in relation to any strategic activity. The ABC Policy and Procedures set minimum standards, which include due diligence and integration of ABC controls, for:

- strategic and proprietary investments and disposals;
- new products and services design; and
- corporate real estate transactions.

Escalations

As described in the Statement of Compliance with the Principles of Good Corporate Governance included in the Group's annual report, pursuant to principle 10, the Group must maintain effective and meaningful oversight of the management of the risks associated with bribery and corruption. Such information must be provided by the Financial Crime Compliance ("FCC") function to the relevant Group Committees on a regular basis.

Any potential or actual breach of the ABC Policy, associated guidance or related procedures must be reported via local escalation channels to FCC or alternative whistleblowing channels. Where an ABC Policy breach indicates potential or actual financial crime, Group employees must also escalate to the FCC function for investigation via a suspected / actual bribery report. Breaches that are considered as minor errors, weaknesses or omissions and do not indicate potential financial crime must be escalated to FCC for advice on the action required to remediate. All material residual risks, or reportable events must be captured in the operational risk system of records and reported to the business risk management meetings.

[6] employees include permanent and fixed-term employees, contractors and consultants, including those on assignment or secondment.

Oversight

The ABC policy is overseen by the Board. The Group requires all staff, Directors and associated persons to comply with the principles set forth in the ABC Policy. Annual mandatory ABC training is provided to all staff, with additional targeted training tailored to the roles of individuals.

The Group carries out regular monitoring and testing of its ABC standards, with any applicable findings included in the ABC Policy and Procedures. The Group also maintains clear whistleblowing policies and processes to ensure that individuals can confidentially report concerns.

The Group did not identify any breaches of the ABC Policy or corruption or bribery cases during the reporting year.

Table 7. Corruption and bribery cases in the Group

	2021	2022	2023	2024
Number of corruption and bribery cases identified in the Group during the reporting period	0	0	0	0
Number of corruption and bribery cases communicated to the Board during the reporting period	0	0	0	0

Whistleblowing

GRI 2-26

The Group has a Whistleblowing Policy in place to promote a corporate culture supporting ethical behaviour, in accordance with the provisions of law. The policy addresses the requirements stemming from the Malta Protection of the Whistleblower Act 2013 and the Belgian Law on the protection of persons who report violations of Union or national law detected within a legal entity in the private sector of 28 November 2022.

Any staff member who wishes to disclose information regarding any actual or potential improper activity or practices within the Group may do so under the procedures prescribed in the Group's Whistleblowing Policy and shall be protected from suffering any retaliatory action for making such a disclosure.

The Group recognises that the workforce in many instances is much closer to the operations of the organisation and therefore is in a better position to detect instances of improper practices, malpractice and wrongdoing more effectively and efficiently, even if it is subsequently deemed not to be a wrongdoing. Consequently, any information from the workforce enables the organisation to deal with any such malpractice or wrongdoing internally and promptly and in so doing minimises the consequences of such malpractice and wrongdoing. Employees are encouraged to disclose any acts or omissions which they reasonably believe may constitute improper practices. Such disclosure may be made either in writing or verbally to the Whistleblowing Reporting Officer.

The Whistleblowing Policy addresses the enhanced requirements laid out through the Maltese Protection of the Whistleblower Act 2021 and the Belgian Law on the protection of persons who report violations of Union or national law detected within a legal entity in the private sector of 28 November 2022 by emphasising the further protection of the Whistleblower. The Policy specifies channels through which disclosures may be made, both anonymously and not anonymously.

The Board has overall responsibility for this Policy and for reviewing the effectiveness of actions taken in response to concerns raised under this Policy. The Whistleblowing Reporting Officer has day-to-day operational responsibility for this Policy and must ensure that all managers and other staff members who may deal with concerns or investigations under this Policy receive regular and appropriate training.

Table 8. Whistleblowing cases reported in the Group

	2021	2022	2023	2024
Number of whistleblowing cases reported to MeDirect Whistleblowing Reporting Officers during the reporting period	0	0	1	0
Number of whistleblowing cases communicated to the Board during the reporting period	0	0	1	0

Conflicts of Interest

GRI 2-15

The Group has established and implemented a Conflict of Interest Policy based on the EBA guidelines (2013/36/EU) and MiFID (2014/65/EU), which defines the Group's arrangements for management of conflicts of interest. The Policy applies to the Group, all employees and any other affiliated person or company.

The primary aim of the policy is to set out the Group's arrangements in connection with the identification, prevention, documentation, escalation, management and eventual communication to customers (where necessary) of conflicts of interest. This is done to ensure that such conflicts do not adversely affect the interests of customers, the Group, any group company, its shareholders or other stakeholders. Appropriate to the size and organisation of the Group, as well as the nature, scale and complexity of its business activities, this Policy aims to protect the interests of each entity of the Group, customers, shareholders, staff and other stakeholders by ensuring that decisions are not made for improper reasons.

Whilst some conflicts of interest are not permitted as a matter of law or regulation, others are permitted so long as the Group has appropriate means to manage such conflicts of interest can be managed. The Group has put in place arrangements to prevent conflicts of interest and to manage those that cannot be prevented. These include:

- Organisational arrangements;
- Policies, procedures and controls;
- Disclosures to affected parties (MiFID specific); and
- Eliminating the service, activity or matter giving rise to a conflict of interest or managing the contract.

The Conflict of Interest Policy ensures separate supervision of employees whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict or who represent different interests that may conflict, including those of a Group entity. It also ensures that determinations related to granting of loans and/ or transactions to related parties are made objectively and conducted at arm's length.

The Group ensures that it includes conflicts of interest issues in its training and awareness programme through a mandatory annual online training module with assessment, mandatory annual reading of the policy, distribution of knowledge bites which serve as reminders to all members of staff of their obligations.

The Group also gathers conflict of interest declarations from its members of staff during the different stages of the employment as follows:

- All new joiners are requested to submit a Conflict of Interest Declaration upon joining the Group;
- Managers are to declare whether they envisage any Conflict of Interest in relation to new employees;
- An annual attestation requiring all staff to submit a Conflict of Interest Declaration;
- A conflict of interest question is required to be asked at the beginning of all committee meetings, with the aim of ensuring that committee members declare any conflicts of interest; and
- Any procurement must consider potential conflicts of interest.

The Board is responsible for approving the Conflict of Interest Policy, whilst the executive directors are responsible for overseeing the implementation and maintenance of policies and procedures aimed at identifying, managing and mitigating actual and potential conflicts of interest.

The Group implements several systems, controls, policies and procedures to manage conflicts of interest, including but not limited to matters related to:

- Intra-group arrangements and agreements;
- Loans and transactions;
- Vendors and outsourcing activities;
- Outside business activities;
- Personal relationships at work;
- Personal account dealing;
- Gifts and entertainment;
- Complaints management;
- Remuneration practices; and
- MiFID related requirements.

Each Committee of the Group includes in its Terms of References the requirement for consideration of potential conflicts of interest when determining the composition of the Committee, considering its tasks and responsibilities. Furthermore, the terms of reference of each Committee require committee members to disclose potential conflicts of interest at the beginning of each committee meeting to enable the Chair of the Committee to take appropriate action to document and manage such conflicts of interest. Any conflicts of interest disclosed during such Committee meetings must be reported to the Compliance function. If a conflict exists, the conflicted person will be asked not to participate in the discussion/s leading up to the decision and/or the vote or not to vote depending on the case.

The Group keeps an inventory of potential conflicts of interest and a register of all conflicts identified and/or reported together with any measures put in place to mitigate such conflicts of interest.

On a quarterly basis, the Compliance function provides information on conflicts of interest to the Board of Directors of the Group entities.

During 2024, there were no material conflicts of interest reported or identified.

Anti-fraud policy

GRI 2-16

The Group Anti-Fraud Policy and Fraud Playbook constitute the umbrella of the existing anti-fraud framework in MeDirect. The policy in particular sets out the responsibility of employees and management in relation to the prevention, reporting and combating of fraud. Together with the playbook, these documents cover the following:

- The various types of fraud to which the Group is exposed to given the nature of its business;
- Fraud Control Management Process;
- Roles and responsibilities in the prevention of fraud;
- The methodology of an Anti-Fraud risk assessment;
- Red Flags;
- Fraud Response flowchart;
- The integration between of the Group Anti-Fraud Policy with other policies and procedures that address fraud-related issues, such as outsourcing or recruitment policies; and
- The escalation process which has been implemented by the Operational Risk function.

All staff members are required to follow the internal procedures governing the escalation process upon identification of a potential fraud. The Operational Risk function coordinates with the Chair of the Enterprise Risk Management Committee[7]

[7] As of January 2025, a new governance committee structure was adopted. The Management Risk Committee was replaced by the Group Enterprise Risk Management Committee as a management committee reporting into the Executive Committee.

("ERMC") to determine appropriate actions to be taken upon identification of a fraud, taking into account the criticality of the fraud and whether the fraud is internal or external.

The Operational Risk function is required to ensure confidentiality throughout all investigations. It is the responsibility of the Group ERMC to approve the resolution of final investigations and to determine potential disciplinary actions in relation to frauds committed by internal staff.

The Group adopts a zero-tolerance attitude to fraud and does not tolerate any prohibited or unethical practices in its activities or operations. Violation of the Group fraud policy subjects any staff member to immediate disciplinary action. To minimise fraud across the Group, there is extensive training for all staff and embedded policies and procedures that ensure adequate levels of segregation of functions. The Group limits decision-making process powers of individual staff members to minimise the risk of fraud.

Table 9. Frauds reported

	2021	2022	2023	2024
Number of internal frauds communicated to the Board during the reporting period	0	0	0	0
Number of external frauds communicated to the Board during the reporting period	1	2	1	0

NOTE: Following a cyber incident in January 2023, MeDirect refunded one client €192, representing a refund on an unauthorised sale of funds conducted by a fraudster.

Anti-Money Laundering, Countering of Terrorism ("AML/CFT") and Sanctions Policy

Money laundering, terrorist financing and sanctions have been identified as major threats to the international financial services community. The European Union, through the enactment of various anti-money laundering directives has sought to prevent money laundering and to combat the funding of terrorism. Such legislation, together with regulations, rules and industry guidance, form the foundation of obligations in respect of Anti-Money Laundering ("AML") and Combatting Financing of Terrorism ("CFT") and outline the offences and penalties for failing to comply.

MeDirect is committed to the highest standards of compliance to prevent the use of its products and services for illicit purposes.

Each entity of the Group is committed to implementing appropriate control standards across all jurisdictions in which it operates and has established a Customer Acceptance Policy and an AML/CFT and Sanctions Policy as well as procedures for this purpose.

The objective of these policies and procedures is to identify and manage appropriately money laundering and sanctions risks identified by the Group. This is achieved by establishing and implementing appropriate processes, systems and controls to protect the Group, its customers, shareholders, employees and the communities it serves from money laundering, terrorism financing and sanctions. They set out the control standards applicable to all Group entities and employees, requiring them to conduct business in accordance with applicable AML and Sanctions laws, rules and regulations.

The Policies include:

- The appointment of a country Money Laundering Reporting Officer / Anti Money Laundering Compliance Officer;
- Customer acceptance and due diligence requirements; incorporating customer identification and verification and Know Your Customer principles;
- Conducting enhanced due diligence on customers assessed as higher risk; such as Politically Exposed Persons, their relatives and close associates;
- Establishing processes and systems designed to monitor customer transactions for the purpose of identifying suspicious and sanctioned activity;

- The investigation and subsequent reporting of suspicious activity to the appropriate regulatory and/or law enforcement bodies;
- Mandated regular training of employees;
- The prohibition of certain products, services and customer types including anonymous accounts or numbered accounts or customers seeking to maintain an account in an obviously fictitious name;
- Mandated regular independent testing by the second line of defence functions and periodic internal control process review by the third line (internal audit) function; and
- Any relevant additional local requirements.

These policies apply to all employees (including temporary employees) in all functions, all units of the Group and all subsidiaries. Adherence to the policy and procedures is the responsibility of both management and employees.

Compliance and Internal Audit

GRI 2-27

MeDirect Bank Malta and Belgium have in place a respective Compliance function (including an anti-financial crime unit) headed by a Chief Compliance Officer which forms a key component of the Group's second line of defence. The role of the Compliance function is to advise the Board on all necessary measures to be taken to ensure compliance with applicable laws, rules, regulations, standards and guidance. The Compliance function is also tasked with assessing the potential impact of any changes or developments in the legal or regulatory landscape which affect the Group.

The Compliance function ensures that compliance monitoring is carried out on a regular basis through a structured and well-defined compliance monitoring programme, supported by the Group's internal compliance policies and procedures. The Compliance function operates independently from the business units, whilst advising and assisting the business units and other internal functions to ensure that operations are in line with all applicable policies, procedures and/or regulations. Compliance prepares an annual plan which is approved by the Board of Directors. The MLRO/AMLCO hierarchically reports to the Chief Compliance Officer but has a functional reporting line to the Senior Officer responsible for AML and has direct access to the members of the Board and the Board Risk and Compliance Committee.

The role of Compliance is described in the Compliance Charter of each regulated entity within the Group and are reviewed on an annual basis.

Table 10. Fines for non-compliance with laws and regulations imposed by, *e.g.,* Financial Supervision Authority, Anti-Monopoly and Competition Authority

	2021	2022	2023	2024
Fines for non-compliance with laws and regulations imposed by regulators paid during the reporting period	0	0	1	0

NOTE: In 2023, a fine of € 70,000 was paid by the MeDirect Bank Malta plc following a settlement agreement reached between the MeDirect Malta and the MFSA in relation to the findings identified between 2018 and 2020 concerning technical deficiencies in the arrangements, systems and procedures in place to prevent, detect and report suspicious orders and transactions that could constitute market abuse or an attempt thereof. The agreement was reached on the basis that the deficiencies identified related to prior years and were considered non-material. Additionally, the MFSA considered the significant investment made by MeDirect Malta to ensure compliance with Article 16 of the Market Abuse Regulation.

The Internal Audit Function ("IAF") provides reasonable independent assurance to the Executive Committees and management as well as (through the Board Audit Committees) to the MeDirect Malta and MeDirect Belgium Boards of Directors on the design quality and effectiveness of the operational, internal control, risk management and governance processes, policies and models across the Group.

The IAF conducts its activities in accordance with the annually reviewed Internal Audit Charters of the Group's banking entities, under the supervision of the Audit Committees and in line with international Internal Auditing Standards and best practices. The Group Chief Internal Audit Officer and the MeDirect Belgium Head of Internal Audit were vetted and accredited by the relevant supervisory authorities and report directly into their respective Chairs of the relevant Board Audit Committees whilst maintaining an administrative reporting line to the relevant CEOs.

Being positioned as the third line of defence, the IAF, through the execution of its groupwide integrated, multi-year audit cycle plan, addresses risks inherent to the commercial, operational and support function activities of Group entities, the applicable policy and procedural framework and the organisation and governance model. The IAF scope also includes the activities and performance of the risk management and compliance functions, independent control functions, ongoing projects and any activities which are served by other Group entities or external third-party service providers.

Where appropriate, the IAF may provide specific insights and ancillary advisory services to the Boards, Audit Committees or senior management teams from time to time at their request.

Relations with customers and business partners

The Group is committed to providing its customers and business partners with a positive experience and the best quality service possible. The Group had dedicated procedures to manage properly customer service, including complaints. Professional service is delivered to customers thanks to high service standards, transparent and responsible distribution of products and client-oriented, highly trained employees.

The onboarding process of clients and business partners is reinforced by internal policies and procedures covering customer acceptance, anti-fraud, and AML/CFT. The Group does not onboard or maintain relationships with customers or business partners from specified controversial industries and geographical locations.

In 2024, the Group circulated an ESG questionnaire to its key suppliers and business partners to assess their environmental, social and governance practices.

The Group is in the process of incorporating ESG due diligence in the pre-contractual (selection stage), contractual and post-contractual process in relation to the onboarding of key suppliers and business partners. Standard ESG clauses will be considered for incorporation in all contracts with key suppliers and business partners. In addition, during the monitoring and periodic reviews, key suppliers and business partners will be expected to verify their compliance with the MeDirect Suppliers and Business Partners Code of Conduct. This process is planned to start in 2025.

Complaints handling

GRI 2-25

MeDirect has established internal procedures and policies regarding complaints, in line with relevant regulations stipulated by MFSA for Malta (e.g. Banking Rule 22) and FSMA for Belgium. The main purpose of these policies is to inform customers in a transparent manner about procedures for filing complaints as well as terms and conditions and time limits applicable to complaint handling. The procedures describe how complaints are recorded, acknowledged and resolved. MeDirect accepts verbal and written complaints which customers can submit by calling customer service, sending a secure message in the eBanking or mobile platform, sending an e-mail to a dedicated e-mail address or sending a letter to MeDirect's correspondence address. Each complaint is investigated and resolved by the Customer Service Team and treated in a confidential manner and in line with the EU General Data Protection Regulation ("GDPR").

The Group is committed to investigating and communicating the outcome of the investigation to customers in writing within 15 working days from the receipt of a complaint. If the Group is unable to complete the investigation within 15 days, the Group notifies the customer accordingly. If the customer is not satisfied with the progress of the investigation or the Group's resolution of the complaint, or if no agreement has been reached by the customer and the Group, the customer may refer the matter to the relevant authority.

The Group carefully analyses each complaint and takes appropriate remedial actions in line with its internal rules and procedures. Systematic analysis of complaints allows MeDirect to take appropriate measures to improve the processes and procedures and to improve quality of its service.

Table 11. Data on complaints

	2021	2022	2023	2024
Number of customer complaints received	235	214	345	404
Number of complaints examined/resolved within the 15 days	185	169	221	307
% of complaints fully or partially considered in favour of the client	64%	50%	46%	49%

Principles of free competition

GRI 206-1

MeDirect does not occupy a dominant position in any of the markets in which it operates and/or provides services and does not exercise any powers or behave in a monopolistic manner. Furthermore, all agreements that MeDirect enters into with its counterparts, suppliers and other third-party service providers adhere to strict principles of fairness and are not anti-competitive or designed to stifle competition in the market. To the contrary, MeDirect aims to generate more competition in financial services through its innovative products and technological capabilities for the benefit of its customers. MeDirect has not been sanctioned by any competition authority and is currently not subject to any pending or threatened litigation in relation to any violation or non-observance of any applicable competition rules and regulations.

Table 12. Legal steps taken against organisations for violations of free competition rules and monopolistic practices

	2021	2022	2023	2024
Number of identified cases	0	0	0	0

3.2.4 Market recognition

MeDirect is increasingly recognised for its services, technology and adherence to ESG standards.

MeDirect Malta has achieved significant market recognition for its efforts, including winning various awards and renewing the Equality Mark certification by The National Commission for the Promotion of Equality. Moreover, in 2024, the Group was awarded the EcoVadis Platinum Medal. The prestigious award, presented by one of the most trusted providers of business sustainability ratings, placed MeDirect in the top one percent of the more than 130,000 companies assessed globally by EcoVadis every year.

Currently employing 361 individuals, MeDirect boasts a strong gender balance. MeDirect's commitment to diversity is further demonstrated by employing staff from over 30 countries.

MeDirect in the Netherlands was awarded the IEX best choice for 2023 and again in 2024 in the category of Brokers. IEX is an independent organization that based its choice on the feedback of 5,500 Dutch investors. For 2023 and 2024, MeDirect Netherlands was also nominated for the prestigious Golden Bull award, also in the category of Best Broker. MeDirect is considered the best choice by the same organisation.

3.2.5. Customer satisfaction

A key MeDirect priority is to provide its customers with professional service and the best experience possible. MeDirect is continually adapting to respond to customers' changing banking needs. The Group's banking and wealth products are available to customers digitally through its best-in-class mobile app and online banking platform.

The Group has established internal procedures and policies to ensure a high level of service. It has a best execution and best selection policy for executing or transmitting transactions in financial instruments. This policy has been established and implemented and is maintained pursuant to and in compliance with the EU Directive 2014/65/EU on Markets in Financial instruments and its implementing rules and regulations ("MiFID II rules"), the MFSA Conduct of business rulebook, as well as applicable MeDirect policies and internal rules. When executing orders, the Group takes all steps required to obtain the best possible results for the customer. For this purpose, the Group determines the relative importance of various execution factors by using its commercial judgment and experience in the light of market information available, taking into consideration criteria such as the characteristics of the customer order, the characteristics of the financial instruments in question, the characteristics of the execution venues to which an order can be directed and the prevailing level of liquidity at the time of execution.

The success of MeDirect depends on the satisfaction of its clients. The feedback that MeDirect receives is crucial in understanding client needs.

The Group's aims to maintain high levels of customer satisfaction by generating an NPS score (net promotor score – a measure of the likelihood that a customer recommends MeDirect) of at least 30, as part of the ESG Strategy. MeDirect strives to provide to its clients with a best-in-class user experience and user-friendly communication with the aim of maintaining high customer retention.

MeDirect measures NPS on a monthly basis, enabling the Group and its banking entities to react quickly to clients' expectations and ensure high quality service.

Table 13. Group NPS

	2021	2022	2023	2024
NPS	37	30	37	43

NOTE: Net Promoter Score (NPS) is calculated as a difference between Promoter (9-10 score) and Detractor (0-6 score) not including Passive assessment (7-8 score), calculated as an average for multiple platforms.

3.2.6. Membership in associations and organisations

GRI 2-28

MeDirect Malta is a member of the Malta Bankers Association ("MBA") and the Malta Stock Exchange. MeDirect Malta is also member of the Dutch Foreign Banking Association for its business in the Netherlands. MeDirect Belgium is a member of the Belgian federation of the financial sector ("Febelfin"). These memberships allow the Group to exchange knowledge and experience with other financial services entities and participate in industry projects.

The Group's Director of Commercial Strategy and Head of Legal currently serves as Deputy Chair of the MBA. The MeDirect Belgium legal function receives general correspondence from different sub-committees of Febelfin.

3.3. Institutional approach to ESG

GRI 2-12, GRI 2-13, GRI 2-24

MeDirect has continued integrating ESG into its corporate governance framework with the aim of improving its sustainability ratings, as defined in pillar 1 of the ESG Strategy.

3.3.1. ESG in the organisational structure

GRI 2-12, GRI 2-13

ESG Strategy focus: MeDirect will continue embedding ESG in its corporate structure to increase ESG awareness within the organisation and reinforce the ESG agenda implementation, as defined in pillar 1 of the ESG Strategy.

In line with its ESG Strategy 2022 - 2024/2025 the Group is committed to achieving the following targets:

- Minimum one ESG training per year
- ESG/CER integrated in the multi-year internal audit cycle plan and annual risk management and compliance monitoring plans
- Sustainability/ESG risks incorporated in wider risk assessments carried out for all new products, services and outsourcing arrangements
- Minimum of three independent members of the Board
- At least one Non-Executive Director with an appropriate skillset focused on ESG

During 2024, the Group continued to integrate sustainability into its internal organisational structure as part of the implementation of its ESG agenda.

The Group Board of Directors is ultimately responsible for approving and overseeing the implementation of the Group's strategic objectives, principal policies and procedures, including its ESG Strategy and Risk Management Framework. Moreover, the Board reviews and approves the Group's Non-Financial Report together with the Group Annual Report and Financial Statements.

The Board structure enables the Group to coordinate its CER/ESG policies and procedures to ensure consistency on matters affecting the entire Group. By setting the ESG agenda at the parent level, the Board ensures a common ESG strategic framework that can be implemented across the Group, including at the subsidiary level. This helps to ensure that ESG is given appropriate priority on the Group's agenda and that ESG factors are embedded in the decision-making processes at all levels of the Group structure.

The Board maintains oversight of ESG topics through periodic updates (at least once a quarter) by the Head of Regulatory Affairs and Sustainability during routine Board meetings.

ESG matters are directly discussed and overseen by the Group ESG Committee. The Committee has the overall responsibility for ESG matters and oversees MeDirect ESG strategy implementation whilst providing advice and support to the Board of Directors on ESG-related matters. The Committee meets at least quarterly.

During 2024, the Terms of Reference of the ESG Committee were updated to streamline the Committee composition and clarify the responsibilities of the Chair of the Committee. The Committee includes key managers of the Group representing the main areas critical to the effective management of ESG and CER issues and risks. The Chair of the Committee is the Head of Regulatory Affairs and Sustainability, and the Co-Chair of the Committee is the MeDirect Belgium Chief Risk Officer. The Group Head of Regulatory Affairs and Sustainability is the primary coordination point for the ESG agenda, engaging with the MeDirect Boards and interacting with the Group's business, support and control functions.

The Committee can invite any other internal or external parties to attend the Committee on an *ad hoc* basis for advice and/or information purposes. The IAF is a permanent invitee to the Committee as an observer to maintain its independent status.

Chart. MeDirect Group ESG Committee

3.3.2. ESG in the three lines of defence

GRI 2-12, GRI 2-13

The Group has integrated ESG principles across the three lines of defence by updating business procedures and policies, the Risk Management Framework, Compliance Monitoring Plans and the Internal Audit Plan. Functions involved include:

- Front-line business
- Risk and Compliance
- Internal Audit

The processes cover:

- Identification, assessment and management of ESG risks, including CER; and
- Planning, reviewing, controlling and monitoring activities and audits

Business functions (first line of defence) are responsible for identifying, assessing and managing ESG risks within their specific operations and for incorporating the management of such risks in the various stages of their business processes, including, amongst others, the credit process. Business functions are expected to implement the Group's procedures and policies related to ESG risks in their day-to-day business operations.

The Group Risk Management function (second line of defence) is responsible for developing and tracking a dashboard of relevant CER and ESG risk indicators within the existing risk reporting frameworks of the Group. It has integrated ESG risks) in the risk identification and management process. In 2024, the Group Risk Management function adopted a dedicated

Sustainability Risk Appetite Statement, ESG risk inventory and updated the transmission channel table to cover the full impact of ESG, including CER, on the traditional financial and non-financial risk categories.

Moreover, the Risk function reviews and updates on an annual basis the Group CER Materiality Assessment that analyses the sensitivity of the Group's businesses to physical and transition risks using a forward-looking approach. The Chief Risk Officers of MeDirect Malta and MeDirect Belgium are responsible for monitoring and evaluating ESG risks, setting risk appetite and tolerance thresholds and establishing a risk management framework and procedures, incorporating ESG risks.

The Compliance function (second line of defence) is responsible for preparing a Compliance Action and Monitoring Plan, which is approved by the Board of Directors, that addresses ESG from a conduct perspective. The Compliance function operates independently from the business units but advises and assists business units and other internal functions to ensure that operations are in line with policies, procedures and regulations.

The IAF (third line of defence) is responsible for executing a multi-year audit plan across the Group. The IAF mandate covers risks inherent in the activities of commercial, operational and support functions, the policy and procedural framework, the internal control processes and the governance model. In addition to a periodic review of business units and their control framework, the IAF also examines the activities and performance of the Group's independent control functions (including Risk and Compliance), ongoing projects and relevant third-party outsourcing and other business arrangements.

On a periodic basis, the IAF provides confirmation that ESG principles are adhered to and that CER risks have been addressed appropriately. Relevant internal audit observations, conclusions and audit reports are periodically collated and made available to the Group Head of Sustainability, the ESG Committee and the Boards of Directors and Management Committees, as appropriate. The implementation of related internal audit recommendations is periodically tracked and formally reported at Executive and Audit Committee level. This information complements the reports provided by the first and second lines of defence.

3.3.3. Developing ESG Competences

GRI 2-17

The Group develops ESG competencies inside the organisation through organising ESG/CER-related training for the Board and employees. Moreover, the Sustainability team attends workshops and seminars related to the topics of ESG and CER, to keep abreast with ongoing changes and obligations within the regulatory sphere.

In 2024, annual ESG training was provided to the Board of Directors. In addition, for the first time an e-learning ESG module was provided to all employees. This will continue to be provided on an annual basis. In 2024, the Sustainability function also held dedicated ESG training sessions with various departments of MeDirect, as deemed necessary.

3.3.4. ESG in labour management

Sustainability in the Board members' assessment

GRI 2-18, GRI 2-17

The evaluation process is described in section 4.1.4 - Board members' assessment. The most recent internal collective suitability assessment and Board effectiveness review were carried out during Q1 2024 and took sustainability and ESG into consideration. This exercise was designed, amongst other things, to identify any training needs that Board members may have in sustainability and ESG.

Sustainability objectives in remuneration

Starting from 2022, the Group incorporated sustainability objectives into its Remuneration Policy. The Group has determined variable renumeration of its key employees based on personal performance against qualitative objectives and at least one quantitative objective, pursuant to the ESG and Climate Risk initiatives, as appropriate given the nature of the individual's position, as stipulated in the ESG Strategy. The quantitative performance objectives were applied starting from 2024.

ESG qualitative and quantitative performance objectives for key senior managers motivate these employees to actively participate and support the ESG transformation and strategy implementation. Some of the sustainability objectives are employee-specific and are designed to discourage excessive risk-taking in relation to sustainability risks.

The Group commits to review the ESG qualitative and quantitative performance objectives set for key senior managers at least on an annual basis. In the last quarter of 2024, the Group launched a new Human Resources tool that provides a dashboard with the key milestones of the ESG objectives, giving more visibility and enhancement to the annual performance review of the employees. Implementation of this process will begin in 2025.

More details can be found in section 4.1.3 - Performance Management.

3.3.5. ESG in business processes

ESG Strategy focus: MeDirect Group will continue to incorporate ESG principles in its main business processes, including credit, wealth and procurement and vendor management processes with the aim of reinforcing ESG/CER awareness among its clients and partners whilst continuing its efforts to close data gaps.

In line with its ESG Strategy 2022 - 2024/2025 the Group is committed to achieve the following targets:

- Minimum 50% of key suppliers with ESG verification by 2024/25
- 100% of corporate lending clients with ESG/CER verification by 2024/25

MeDirect as a responsible organisation has continued to incorporate sustainability criteria into its main business processes with the aim of managing and mitigating sustainability risks and raising ESG/CER awareness amongst the Group's clients and business partners.

In 2023, the Group implemented the Group Sustainability Risk Policy outlining the Group's approach on integrating and managing sustainability risks in the Group's main processes. The Policy is designed to set out the Group's strategic approach in identifying, assessing, measuring, mitigating and, where possible, preventing entirely, all material sustainability-related risks to which the Group may be exposed to. The Group Sustainability Risk Policy is reviewed on an annual basis.

During the incorporation of sustainability criteria into its main business processes the Group should consider:

1) Risk identification and assessment of materiality,
2) Risk measurement, monitoring and mitigation,
3) Risk integration into its procedures and policies,
4) Scenario analysis and stress testing, and
5) Risk metrics, targets, and integration in risk appetite framework.

Wherever possible, the Group should apply a double materiality principle pursuant to which it analyses sustainability risk by taking into account the following perspectives in the short-, medium- and long-term:

1) the impact of CER/ESG factors on the Group's operations, financial results, capital and strategic development (outside-in), and
2) the impact of the Group's activities on society and the environment (inside-out).

ESG in business processes – Credit process

MeDirect, as a responsible financial institution, considers ESG factors, including CER, in the credit process.

During the onboarding due diligence of retail and corporate clients as described in the Group's Client Acceptance Policy, MeDirect restricts and/or prohibits the establishment of a banking relationship with certain types of clients operating in ESG-sensitive geographic locations or industries. A new process is planned to be adopted in 2025 whereby all corporate customers will be assessed against ESG criteria at onboarding stage to identify an ESG risk profile for each client.

Moreover, MeDirect's Dutch and Belgian mortgage lending partners apply their own client acceptance policies, including screening criteria during onboarding, periodic client reviews depending on the client's risk profile and event-driven reviews triggered by, for instance, change of address or prepayments.

In the corporate loan origination process, the Group considers ESG and CER factors using an external sectoral heatmap. MeDirect has adopted an ESG questionnaire used during loan origination for Maltese corporate clients and for post-transaction analysis for the international corporate lending portfolio. CER and ESG factors are also analysed during annual corporate portfolio reviews and screening. The Group has implemented an exclusion list specifying activities that the Group will not finance as a result of potentially negative effects on the environment. The Group has also limited its exposure to sectors highly contributing to climate change to a maximum of 12% of total Group assets.

During 2024, MeDirect Malta also adopted an ESG scorecard for its Maltese lending portfolios, whereby all lending customers that have their underlying activity engaged in the real estate and/or construction sectors will be assessed at application stage. The application of the ESG scorecard for all new Maltese retail and corporate lending clients will start as from 2025.

MeDirect offers green home loans for retail clients in Malta and Belgium. In the mortgage credit process, the Group requests Energy Performance Certificates ("EPCs") for the properties securing home loans. In line with the Group's ongoing objective of broadening its retail product offerings in the Maltese market, MeDirect Malta launched the Green Project Milestone in 2024, which provides preferential rates to clients who enhance their properties to achieve greater energy efficiency.

During the year 2024, MeDirect also updated the Risk Appetite Statements for Credit Risk on lending portfolios, incorporating hard limits related to poor EPC (yearly energy efficiency requirement) scoring, high flood and/or costal risk areas, proportion of International Corporate Loan (ICL) portfolio credits deemed at higher ESG risk in Moody's sector classification with the aim of mitigating physical and transition risks at the portfolio level. The Group applies escalation criteria in accordance with the Group Risk Appetite Framework if these limits are breached.

During 2024, the Group also adopted a dedicated Sustainability Risk Appetite Statement, covering greenwashing risk, transmission channels and ESG risk inventory.

Moreover, MeDirect incorporated CER into the Group Impairment and Accounting Policy and the calculation of probability of default and expected credit loss calculations of the main portfolios, using Moody's methodology based on Network for Greening the Financial System (NFGS) Climate scenarios.

The Group monitors property insurance coverage relating to mortgage portfolios, including climate risk as described in the section 5.3 - Climate Risk Resilience.

MeDirect also includes CER in the collateral valuation process relating to property securing lending portfolios that is provided by external architects.

For further details please refer to "Environment - pillar 3 of ESG Strategy".

ESG in business processes – Wealth process

The Group offers clients in Malta, Belgium and the Netherlands a wide range of investment products. Starting from 2022, MeDirect Malta offered to its clients in Malta and the Netherlands a sustainability filter allowing its clients to filter green investment products.

The Group offers discretionary portfolio management services in Belgium, Malta and the Netherlands and investment advisory services in Malta in accordance with the Markets in Financial Instruments ("MiFID II") regulations, as described in the Group Sustainability Investment Policy.

The advisory and portfolio management services offered by the Group invest in or recommend investment in mutual funds that are manufactured and managed by third party fund managers. The Group distributes such mutual funds.

The Group's discretionary portfolio management service is being offered in partnership with a major asset manager, known for its commitment to sustainable investment.

MeDirect Malta provides face-to-face investment advisory services principally relating to investments in mutual funds. Mutual funds recommended by MeDirect Malta are approved by the Investment Services and Commercial Committee ("ISCC") based

on pre-established criteria and are reviewed periodically. The ISCC aims to select mutual funds that are in the best interest of its clients, are of the highest standards and meet certain criteria including financial elements and sustainability classifications according to SFDR. Maltese financial advisors can provide information to customers about the sustainability ratings of individual mutual funds if such information is requested.

MeDirect operations in Malta, Belgium and the Netherlands have integrated the sustainability preferences of their clients into the suitability assessments carried out prior to the provision of investment advisory and portfolio management services in accordance with MIFID II, as described in the Group Sustainability Investment Policy.

Incorporating sustainability preferences (including ESG objectives) into advisory and portfolio management services is expected to assist in building ESG awareness and in the long term should lead to the redirection of capital into more sustainable investments. During 2024, the Bank continued with its efforts to match client's sustainability preferences with mutual funds which it offers under the advisory service. The Advisory team was provided with a training session on how to use the data being obtained through the suitability assessments to be able to match the preferences with the actual securities during the advisory process.

MeDirect ensures its discretionary portfolio management services clients receive pre-contractual and periodic sustainability disclosures, in accordance with SFDR.

For further details please refer to "Environment - pillar 3 of ESG Strategy", in the section "Green products". The Group discloses on its corporate website its statement on SFDR matters.

ESG in business processes - Procurement

Responsible procurement requires working actively with suppliers and business partners with the aim of selecting vendors that operate with the highest corporate standards.

The Group implemented MeDirect Suppliers and Business Partners Code of Conduct setting out the fundamental sustainability standards and principles expected from MeDirect vendors.

In 2024, the Group circulated an ESG questionnaire to its key suppliers and business partners to assess their environmental, social and governance practices.

The Group is in the process of incorporating ESG due diligence in the pre-contractual (selection stage), contractual and post-contractual process in relation to the onboarding of key suppliers and business partners. Standard ESG clauses will be considered for incorporation in all contracts with key suppliers and business partners to ensure compliance with the MeDirect Suppliers and Business Partners Code of Conduct. In addition, during the monitoring and periodic reviews, key suppliers and business partners will be expected to reverify their compliance with the MeDirect Suppliers and Business Partners Code of Conduct. This process is planned to start in 2025.

ESG in business processes – Product and services launch

The Head of Regulatory Affairs and Sustainability is a member of the Prior Notice Unit ("PNU"), as described in Products and Services Approval and Review Policy. The PNU is responsible for assessing new products as part of the new product approval process and relevant departments assess the risks related to their areas of expertise.

3.3.6. Sustainability rating

ESG Strategy focus: MeDirect Group will continue to implement its ESG agenda to increase further its sustainability disclosure.

In line with its ESG Strategy 2022 - 2024/2025 the Group is committed to achieving the following target:

- Enhancement of MeDirect sustainability rating and non-financial disclosure

Market recognition of the Group's ESG efforts is a very important element of MeDirect's ESG Strategy. MeDirect's goal is to further enhance MeDirect's sustainability rating through implementation of its ESG strategy.

In recent years, the Group participated in sustainability assessments conducted by EcoVadis, one of the most trusted providers of business sustainability ratings. In the 2024 assessment, MeDirect increased its rating (+19%) and recorded substantial improvement in all rated areas. MeDirect was awarded a Platinum medal, placing the Group in the top 1% of companies rated by EcoVadis. This provides clear evidence of the Group's success in implementing its ESG strategy.

The EcoVadis assessment evaluates more than 20 sustainability criteria across four core themes: environment, labour and human rights, ethics, and sustainable procurement.

3.3.7. Planning and Budgeting process

Since 2023, the Group started incorporating CER into the MeDirect Group Planning and Budgeting Policy.

Whenever applicable and possible, given the MeDirect business profile and model, the Group should consider incorporating appropriate sustainability parameters including CER in its budgeting and financial planning processes.

3.3.8. ESG Data Collection

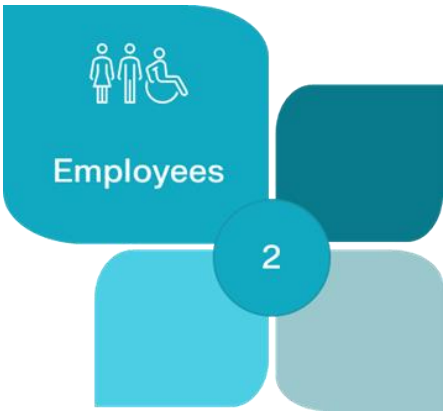
Since 2023, MeDirect implemented the Group ESG Data Collection Procedure outlining the Group's approach to ESG and CER data collection including data collection process, data scope and retention. To carry out an effective ESG and CER data collection process, the Group considers following matters:

- MeDirect business profile, respective regulations, regulatory requirements and market expectations
- Prioritisation of ESG and CER data
- Identification of data sources, quality, data gaps and remediations
- Data collection method and process
- Data assessment and analysis
- Data reporting and disclosure
- Retention

In April 2024, MeDirect updated the ESG Data Collection Procedure to cover additional data points related to the four pillars of the ESG Strategy: environment, governance, governance and society.

4. Employees - Pillar 2 of ESG Strategy

GRI 2-7, GRI 2-8,



Assisting in the development of the Group's employees is important to the achievement of its organisational goals. Senior management focuses not only on effective management of employees but also on ensuring attractive working conditions to increase employee satisfaction and recruit the best talent from the market. Ongoing employee development and improvement of skills is part of the human resources management, which reinforces competencies in the organisation and develops future leaders.

As at the end of 2024, MeDirect employed a total of 361 employees across all locations. Of the Group's employees 78% are located in Malta, 19% in Belgium, 1% in the Netherlands and 2% in UK. Almost 94% of the employees work under full-time contracts. Women comprise approximately 39% of total employees.

Headcount

GRI 401-1, GRI 401-2

In this section, the Group presents data on MeDirect employees, aggregated over the entire Group. Where relevant, these are presented as at the end of the relevant financial years.

Table 14. MeDirect Group (headcount)

	2021	2022	2023	2024
Total number of Non-Executive Directors	7	7	7	6
Total number of Executive Directors	6	5	6	7
Total number of other Group employees	323	317	344	354
	2021	**2022**	**2023**	**2024**
Total number of employees (FTE)	329	322	350	361

NOTE: The figures for year 2021 and 2022 have been re-stated.

Table 15. Number of Group employees by employment type and region (2024)

	Group	MeDirect Malta	MeDirect Belgium	NL Office	UK Office	Turkey Office
Total number of employees (Headcount/ FTE)*	361	281	67	5	8	0
Share in the Group employment (Headcount/ FTE)		78%	19%	1.%	2%	0
Employment agreement – full-time	341	261	67	5	8	0
Employment agreement – part-time	1	1	0	0	0	0
Employment agreement – converted into FTEs**	19	19	0	0	0	0
Contracts other than an employment agreement***	37	27	1	0	1	8

(*) Two employees are on a fixed term contract; the rest on permanent contracts
(**) Full time agreements but with reduced working hours
(***) Contracts other than an employment agreement include short-term or fixed-term work contracts of consultants
NOTE: Figures presented in the table do not include Non-Executive Directors. The Group does not have non-guaranteed hours employees.

Table 16. Number of Group employees by employment type and gender (2024)

	Women	Men	Total
Total number of employees (headcount)	140	221	361
Share in MeDirect Group (%)	39%	61%	100%
Total number of employees (FTE)	140	221	361
Employment agreement – full-time	120	221	341
Employment agreement – part-time	1	0	1
Employment agreement – converted into FTEs	19	0	19
Contracts other than an employment agreement	6	31	37

NOTE: Figures presented in the table do not include Non-Executive Directors.

Table 17. Labour turnover index (headcount 2024)

	Women	Men	Total
Number of voluntary departures (including retirements) during the reporting period	20	32	52
Number of involuntary terminations*	5	7	12
Total	25	39	64

Employee turnover (total)**	18%	18%	18%
Voluntary staff turnover rate	14%	14%	14%
Forced staff turnover rate	4%	4%	4%

(*) Includes situations when the employer has decided to terminate the contract as a result of planned layoffs, budget cuts, liquidation of the position or failure to renew the contract

(**) Equal to the number of employees who left in the reporting period (voluntary or non-voluntary) to the average number of all employees in the reporting period

NOTE: Figures presented in the table do not include Non-Executive Directors.

Table 18. Labour turnover index by region and age (headcount 2024)

	Group	MeDirect Malta	MeDirect Belgium*	NL Office	UK Office
Total	18%	16%	22%	0%	38%
under 30	6%	5%	10%	0%	0%
between 30 - 50	11%	10%	12%	0%	38%
over 50	1%	1%	0%	0%	0%

NOTE: Labour turnover equal to the number of employees who left in the reporting period (voluntary or non-voluntary) to the average number of all employees in the reporting period. Figures presented in the table do not include Non-Executive Directors.

Table 19. Number of employees newly hired during the reporting period by gender (headcount 2024)

	Women	Men	Total
under 30	13	16	29
between 30 - 50	11	33	44
over 50	3	0	3

NOTE: Figures presented in the table do not include Non-Executive Directors.

Table 20. Number of employees newly hired during the reporting period by region (headcount 2024)

	Group	MeDirect Malta	MeDirect Belgium	NL Office	UK Office
Total number of employees	76	56	18	2	0

NOTE: Figures presented in the table do not include Non-Executive Directors.

Table 21. Number of employees who left the organisation during the reporting period by gender (headcount 2024)

	Women	Men	Total
under 30	10	12	22
between 30 - 50	15	25	40
over 50	0	2	2

NOTE: Figures presented in the table do not include Non-Executive Directors.

Table 22. Number of employees who left the organisation during the reporting period by region (headcount 2024)

	Group	MeDirect Malta	MeDirect Belgium	NL Office	UK Office
Total number of employees	64	46	15	0	3

NOTE: Figures presented in the table do not include Non-Executive Directors.

4.1. Attractive workplace

MeDirect's ambition is to create an attractive workplace with high employee satisfaction as defined in pillar 4 of the ESG Strategy.

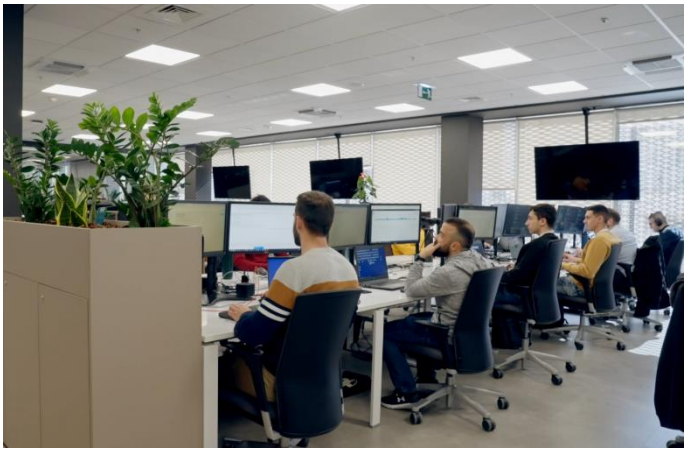
In line with its ESG Strategy 2022 - 2024/2025, the Group is committed to achieving the following targets:

- Further improvement of employee job satisfaction with a minimum of 80%[8]
- Employee Net Promoter Score (eNPS) between +10 to +30 or higher
- Key managers with specific and relevant ESG/CER objectives
- Selection of minimum one ESG champion
- Selection/nomination of minimum one employee as representative

In previous years, the Group conducted an annual employee engagement survey focused on job satisfaction. In October 2024, the Group revamped this approach with an Employee Net Promoter Score (eNPS) analysis. eNPS is a universal, standard way to measure the satisfaction of employees.

Scores of all employee satisfaction surveys and analyses will be shared with employees on a quarterly basis throughout the year 2025 and will be discussed at townhalls or with the Group's employee representatives, who will in turn share the information and gather feedback.

The Human Resources department also conducts entry interviews with new joiners, at least one annual meeting with every employee and exit interviews with leavers. These meetings are used to gather feedback on how employees are doing, suggestions on changes to be implemented and other topics.



4.1.1. Remuneration

GRI 2-18, GRI 2-19, GRI 2-20, GRI 2-30

[8] Replaced with the introduction of the eNPS analysis every 6 months (target: +10 to +30 or higher) and the monthly wellbeing survey (target: average score in all four categories of 3.5 or higher).

The Group Remuneration Policy establishes a framework for defining role descriptions, measuring performance and adjusting compensation to take into account risk measures. The policy was developed in conjunction with the Group's principal shareholder and the Nominations and Remuneration Committees of the Group and MeDirect Belgium ("NRCs"). The Group Remuneration Policy is designed to align with the Group's business strategy, risk tolerance, objectives, values and long-term interests. The policy is reviewed by the NRCs annually or when significant changes occur in relevant EU directives, guidance, best practice and technical standards. The NRCs may also require review of this policy by external advisors when necessary or appropriate.

The Group Remuneration Policy addresses fixed and variable components of employees' remuneration. Fixed remuneration consists of non-discretionary payments tied to the specific role and organisational responsibilities or benefits which do not depend on performance. Fixed remuneration may depend on professional qualifications, expertise and experience required in the job position, type of job, complexity of responsibilities in the job position, responsibility for team management, impact of the job position on the results of the company and other elements taken under consideration during requirement process. Non-discretionary payments comprise base salary and in some cases a pay allowance of a fixed nature such as extra hours or public holiday allowances as detailed in the employee's employment conditions. Fixed remuneration also includes benefits that reflect market practice and include the provision of medical insurance and life assurance to all employees across the Group. More details are available in section 4.1.2 - Benefits.

The Group determines variable compensation of its employees based on individual performance in relation to agreed qualitative and quantitative objectives established in line with the Group's strategy and on the Group's overall performance. Determinations of variable remuneration are subject to oversight by the NRCs.

Starting in 2022, the Group incorporated sustainability objectives into its remuneration policy for key managers, including ExCo members. The sustainability objectives are employee-specific objectives designed to discourage excessive risk taking in relation to sustainability risks. The NRCs and the Boards monitor the ongoing performance by senior management and determine the design and implementation of the remuneration system. For more information, refer to the section on 'Sustainability objectives in remuneration'.

The Group is not a party to any collective bargaining agreements.

Please refer to the Remuneration Report presented in the main section of the MeDirect Group Annual Report and Financial Statements.

4.1.2. Benefits

GRI 401-2, GRI 401-3

In all jurisdictions in which MeDirect operates, the benefits offered to employees are in line with market practice. All employment contracts and working practices are subject to local laws and regulations.

Insurance and Medical Care

The Group has in place appropriate insurance coverage in respect of the health and safety of its employees, clients and visitors, including but not limited to employers' liability insurance and public liability insurance. All Group Employees are also entitled to:

- A life insurance scheme, which incorporates a lump sum benefit equal to four times the employee's annual basic salary, subject to the employee passing a health check.
- Premier health insurance cover for the provision of healthcare services in Malta, Belgium and the UK for employees and their immediate family (spouse and children up to the age of 18 years).
- Health insurance reimbursement for Dutch employees.

Parental leave

In Malta, employees may be granted four months unpaid parental leave on the birth, adoption, fostering or legal custody of a child or up to eight years old, in accordance with local legislation. Parental leave may be availed of in established periods of two weeks each unless otherwise agreed by the Group. Both full-time and part-time employees (whether they are employed on a

definite or indefinite contract) qualify for parental leave if they have been in continuous employment with the Group for a period of at least 12 months. Employees may take advantage of further unpaid parental leave up to a maximum of one year.

In Belgium, both parents can take parental leave for each child who meets the age requirements (up to eight years old). Parental leave is available for a period of four months but can be extended to a period of eight months if the employee works part-time. The parental leave is paid by the Belgian social security system.

In the Netherlands, both parents can take parental leave for each child who meets the age requirements (up to eight years old), in accordance with local regulation. Parental leave is also available to stepparents, foster parents, and adoptive parents. Leave entitlement per child is 26 weeks for full time employees, reduced proportionately to reflect the number of hours per week worked by part-time employees. Leave is paid for the first nine of the 26 weeks parental leave at the daily rate of 70% of the daily wage. Leave payments are provided via the Dutch social security system.

Table 23. Group numbers linked to parental leave (2024)

	Women	Men	Total
Total number of employees that were entitled to parental leave (head count)	45	77	122
Total number of employees that took parental leave (head count)	4	1	5
Total number of employees that returned to work in the reporting period after parental leave ended (head count)	4	1	5
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender (head count)	4	0	3
Return to work and retention rates of employees that took parental leave (head count)	4	1	0

Additional Paid Leave Days

Additional days of paid leave were added to MeDirect's leave policies above the legal requirements. These included extra days for Bereavement Leave, Adoption Leave and Volunteering Time Off.

Malta employees' benefits

MeDirect Malta Bank employees can benefit from the following benefits:

- Health and life Insurance (as described in the section Insurance and Medical Care)
- Employee referrals bonus
- Staff wellbeing (gym, fitness, sport)
- Mental wellbeing
- Staff savings account
- Parking
- Home loan subsidy
- Equipment Allowance
- Staff Canteen
- Mobile phone (for some levels)

UK employees' benefits

MeDirect employees employed in the United Kingdom can benefit from the following benefits:

- Health and life Insurance (as described in the section Insurance and Medical Care)
- Employee referrals bonus
- Staff wellbeing (gym, fitness, sport)
- Mental Wellbeing

- Dinner when working late
- Employee Cycle Scheme
- Employee Pension Scheme
- Equipment Allowance

Belgian employees' benefits

MeDirect employees employed in Belgium can benefit from the following benefits:

- Health and life Insurance (as described in the section Insurance and Medical Care)
- Employee pension scheme
- Meal vouchers
- Eco vouchers
- Staff wellbeing (gym, fitness, sport)
- Net allowance or working from home
- Company car (for some levels)
- Mobile phone (for some levels)
- Flexible Income Plan

Dutch employees' benefits

MeDirect employees employed in the Netherlands can benefit from the following benefits:

- Health insurance reimbursement
- Employee pension scheme
- Staff wellbeing (gym, fitness, sport)
- Dinner when working late
- Mental Wellbeing
- Net allowance or working from home
- Company car (for some levels)
- Mobile phone reimbursement

Vacation leave

As defined in local regulations, MeDirect employees are entitled to vacation leave of 28 days in Malta[9], up to 30 days in Belgium and the Netherlands, and 28 days in UK.

4.1.3. Performance management

The performance management cycle is a continuous process which involves the setting of objectives, monitoring of progress, performance and employee development.

A. Objective setting – beginning of the financial year

Objectives are set at the beginning of each year. Objectives may be technical or behavioural and can be individual or based on Group objectives. Line managers and employees discuss departmental objectives and how the employee can contribute toward meeting the stated objectives. New employees will set their objectives two weeks after their start date together with their line manager

[9] Approximate number of days of leave since in Malta it depends on the number of public holidays falling over Saturday and Sunday on that particular year.

B. Mid-year appraisal

During this process, employees discuss with their manager progress made and actions for development.

C. End of year appraisal

At year-end, employees discuss with their manager overall performance and the rating of the employee for the financial year.

Based on the end of year review, managers submit recommendations for salary revisions, promotions and performance bonuses. These are presented to the NRC for approval.

4.1.4. Board members evaluation assessment

GRI 2-18

The internal suitability assessment of the Board is carried out annually and comprises of:

- Collective Suitability Assessment ("CSA") focusing on the collective experience of the Board in relation to the Group's business model, governance, risk, compliance, financial reporting and internal audit process with reference to the Joint ESMA and EBA Guidelines, and
- Board Effectiveness Review ("BER") assessing the functioning of the Board and Board Committees. Board members complete a questionnaire on the performance of the Board and its committees. The outcome of the assessments is presented to the NRC and the Board.

Internal CSAs and BERs are carried out annually with external CSAs and BERs carried out periodically (generally every five years). An action plan may be prepared to address any identified shortcomings.

The assessed topics are updated annually to take into account the most recent regulatory requirements and guidance as well as market events. Topics include matters such as ESG, including climate and environment-related, risks, macroeconomic and geopolitical risks, risks relating to information technology, cyber matters and digital security.

The most recent internal CSA and BER were carried out during Q1 2024 and took sustainability and ESG matters into consideration.

4.1.5. Supportive working conditions

Health and Safety in the working environment

The Group aims to maintain a healthy office environment by following best employment practices. The Group also tries to ensure the physical security of the premises by applying security measures that meet applicable security standards. Certain employees are appointed as safety representatives, fire wardens and first aiders to ensure safety procedures are met and to identify instances of non-compliance.

Emotional and mental wellbeing of employees

The Group aims to support the emotional and mental wellbeing of its employees and to recognise, assess and manage potential risks.
For the fifth year running, the Group participated in an employee support programme offered by the Richmond Foundation. The Foundation promotes employee mental and emotional wellbeing and support through personal counselling sessions. In addition, the Group organises various training sessions and workshops throughout the year and frequently promotes mental health awareness to employees through communications related to this issue.

An external health and safety risk assessment is conducted regularly to assess working conditions and to evaluate measures taken to prevent accidents at work and/or occupational hazards. As part of this assessment, any remedial actions to reduce health and safety risks are identified and implemented.

In 2024, employees took an average of three days of ordinary sick leave, as was the case in 2023. During that time, MeDirect employees worked on average of 220 to 222 days, depending on the location.

4.1.6. Employee job satisfaction

In November 2024, MeDirect launched monthly Wellbeing Surveys utilising an application in the new Human Resources Management platform. The questions focus on how the staff feel about MeDirect, their work and support received. Each employee is requested to answer questions related to happiness, personal motivators, company motivators and relationships. MeDirect's average score in each category was 3.8 from a maximum of 5. The Group's target is to maintain a minimum average of 3.6 or higher throughout 2025. Results will be shared and discussed with employees during townhalls on a quarterly basis.

4.2. Diversity, equity and inclusion

ESG Strategy focus: MeDirect Group multi-cultural organisation will continue to promote diversity, equity and inclusion as core principles as defined in pillar 4 of the ESG Strategy.

In line with its ESG Strategy 2022 - 2024/2025 the Group aims to achieve the following targets:

- Maintain Board gender diversity at 20% minimum representation
- Ensure Leadership gender diversity of 40% minimum representation
- Maintain a gender-neutral recruitment process
- Ensure gender diversity in the succession programme for managerial positions at minimum 40% representation

4.2.1. Diversity, Equity, and Inclusion

The Group Diversity Policy was adopted with the aim of improving diversity and inclusion, with the ultimate goal of equity across all areas at MeDirect. The Board of Directors reviews diversity objectives annually. The Human Resources department conducts an annual assessment of compensation practices at all levels to ensure that employees performing similar work are treated fairly.

The Board oversees the implementation of the Group's diversity strategy by:

- Reviewing the strategy on a regular basis;
- Overseeing the implementation of the strategy across the Group;
- Discussing and addressing with management diversity related organisational issues;
- Considering reports provided by management regarding the progress of the implementation of the strategy;
- Measuring inclusion against key objectives;
- Communicating the strategy and the progress of its implementation, both internally and externally (as appropriate);
- Supporting diversity initiatives across the Group; and
- Suggesting to management initiatives that would enhance the implementation of the diversity strategy.

The Group aims to have an inclusive workplace where every individual can succeed. It aims to provide its employees with the support and flexibility needed to enable them to achieve success. In 2024, the Group had employees from over 30 nationalities, of whom 39% were female. MeDirect Malta continues to hold the Equality Mark from the National Commission for the Promotion of Equality. The prestigious Equality Mark is supported by the European Social Fund.

Table 25. Employee breakdown by age and gender (% of employees in each category, headcount 2024)

	Female	Male
under 30	38%	62%
between 30 - 50	39%	61%
over 50	38%	62%
Total	39%	61%

NOTE: Numbers presented in the table also include Executive and Non-Executive Directors.

Table 26. Employee breakdown by positions/functions and gender (% of employees in each category, headcount 2024 YE)

	Female	Male
Management Bodies		
Non-Executive Directors	29%	71%
Executive Directors and EXCO	43%	57%
MeDirect Group employees		
Heads	23%	77%
Senior Managers	33%	67%
Managers	40%	60%
Senior Officers	49%	51%
Officers	39%	61%

Table 27. Employee breakdown by region (% of employees in each category, headcount 2024)

	Malta	Belgium	NL	UK
Share in MeDirect Group of employees in each location (headcount)	78%	19%	1%	2%

Table 27a. Employees breakdown by Leadership[10] gender diversity (% of female employees in category, 2024)

	2021	2022	2023	2024
Total	32%	32%	33%	43%

Table 27b. Employees breakdown by gender diversity in the succession programme for managerial positions (% of employees in each category, 2023)

	2021	2022	2023	2024
Total	38%	38%	39%	39%

The Group Diversity Policy, in accordance with Group internal processes, is implemented by the NRC and approved by the Board.

4.2.2. Discrimination and harassment

GRI 2-25, GRI 406-1

The Group believes that discrimination and harassment have no place within the workplace. Harassment and bullying of any kind are inconsistent with the Group's efforts to provide a respectful, professional and dignified workplace and will not be

[10] Members of the Executive Committee, heads of departments, senior managers and managers.

tolerated, whether committed by or against an employee, client, supplier or visitor. Furthermore, any form of discrimination and harassment is not only prohibited but is actively tracked with the aim of ensuring it does not recur. The highest levels of attention and confidentiality will be given to discrimination and harassment issues.

All staff members are required to follow the guidelines set forth in the policy, which aims to ensure that all staff members and clients are treated with respect and dignity. Group management and staff are required to abstain from offensive or harmful behaviour.

MeDirect's Group Code of Conduct and Ethics states that staff members should work together without any discrimination based upon an individual's race, colour, sex, national origin, ethnicity, age, religion, disability, marital status, pregnancy, sexual orientation, gender identity and expression, citizenship or any other characteristic protected by law.

Staff members who are victims of discrimination and/or harassment are encouraged to seek advice from their line manager, an HR representative or a person of trust. Possible actions will then be suggested to the victim, depending on the severity of the case. When the harasser is the line manager, advice should be sought from the next highest authority. It is the duty of employees to maintain a workplace free of discrimination and harassment. Should discrimination or harassment take place, any staff member, even if not the victim, should bring it to the attention of management.

Where informal methods fail or serious sexual harassment occurs, staff members are advised to lodge a confidential formal complaint with the Chief People Officer and/or the Head of Legal.

Proven discrimination and harassment by a staff member constitute a serious offence and may lead to dismissal according to the Group's Disciplinary Policy. Staff members who unjustly and knowingly accuse colleagues or raise malicious complaints, will be liable to disciplinary proceedings.

Table 28. Discrimination and harassment cases in the Group

	2021	2022	2023	2024
Number of discrimination and harassment cases identified in the Group during the reporting period	0	0	0	0
Number of discrimination and harassment cases communicated to the Board during the reporting period	0	0	0	0

4.3. Professional development

ESG Strategy focus: Professional development of MeDirect employees will closely follow the changing business environment and remain an important element of the Group's strategy as defined in pillar 4 of the ESG Strategy.

In line with its ESG Strategy 2022 - 2024/2025 the Group is committed to achieving the following target:

- Increase the number of training/development hours per employee by 25%

The Group's employees are its greatest asset and helping them to develop is important to the achievement of its organisational goals. The Group is committed to the training and development of its employees. The Group creates educational opportunities and provides access to various forms of training, including virtual, classroom, on the job and face to face training, as well as coaching and e-learning modules.

The Professional Development Policy sets forth an overview of:

- Regulatory and mandatory training;
- Sponsorship to further education studies;
- How to apply for training;
- Post-training evaluation; and
- Professional memberships and warrants.

4.3.1. Training and development

GRI 404-2

An annual analysis is conducted to assess the training needs of employees. Training is classified as critical, moderate and nice to have.

A training plan for MeDirect employees was created and is implemented by the Administration department. During 2024, approximately 72% of Group employees participated in training programmes.

The Group focuses on the creation of a structured career path for key employees. The Group tries to reduce key person risk by identifying successors internally for each key position. The Group tries to recruit employees at junior levels and promote employees internally to more senior roles.

The Group tries to enhance employees' soft skills through:

- Mentoring and coaching;
- Management skills; and
- Time management.

Table 29 . Average of training hours by gender

By gender	2021	2022	2023	2024
Female	13	10	17	11
Male	7	8	13	10
Overall average	**10**	**9**	**14**	**10**

Table 30 . Average of training hours by function

By seniority	2021	2022	2023	2024
Executive Directors – EXCO	18	5	6	13
Heads	10	7	13	12
Senior Managers	10	9	22	17
Managers	14	8	17	11
Senior Officers	10	8	12	8
Officers	6	10	12	8
Overall average	**10**	**9**	**14**	**10**

Table 31 . Average of training hours by age

By age group	2021	2022	2023	2024
under 30	8	9	15	10
between 30 - 50	11	9	15	11
over 50	5	5	9	8
Overall average	**10**	**9**	**14**	**10**

In line with internal and external regulations, the following training is assigned to all employees:

Table 32. Mandatory training

Regulatory policies	Mandatory policies
• Anti-bribery and corruption policy and procedure	• Anti-fraud policy • Crypto currency policy

• Anti-money laundering and sanctions policy and procedure • Conflict of interest policy • Market abuse policy • Code of conduct and ethics • Personal account dealing • Whistleblowing policy	• Customer acceptance policy • Information security policy • Information classification policy and guidelines • Information and Communication Technology ("ICT") risk management framework • Relationship at work policy • Risk management framework • Incident management procedure • Jurisdiction risk procedure • Data protection policy • Group target market policy • Reputational risk framework

E-Learning modules – Compliance	E-Learning modules – Risk-related
• Whistleblowing refresher tutorial • Economic sanctions refresher • Anti-bribery and corruption • Anti-money laundering • Market abuse regulation • Conflict of interest refresher tutorial	• Fraud prevention • IT security • GDPR

As from 2024 onwards, a dedicated ESG e-learning module is provided to all employees as mandatory training.

GRI 403-5

The Group provides occupational health and safety training to the employees. In 2024, MeDirect provided occupational health and safety training to three employees. Trained employees received Health and Safety certificates.

Table 33 . Health and safety training sessions (2024)

	Malta	Belgium	Netherlands	United Kingdom
Number of employees participated in the occupational health and safety training sessions in the reporting year	3	0	0	0

GRI 205-2

The Board of Directors has approved the Group Anti-Bribery and Corruption Policy. All Group employees are provided with anti-corruption e-learning training.

Table 34. Group employees who read the anti-corruption policy and procedures and received annual e-learning training (2024)

	Malta	Belgium	Netherlands	United Kingdom
Percentage of Group workers to whom anti-corruption policies and procedures have been communicated	100%	100%	100%	100%

Heads	100%	100%	100%	100%
Senior Managers	100%	100%	100%	100%
Managers	100%	100%	100%	100%
Senior Officers	100%	100%	N/A	100%
Officers	100%	100%	N/A	100%

4.3.2. Recruitment

MeDirect aims to hire the best available talent whilst also promoting internal employees. During the recruitment process, the Group undertakes rigorous checks on prospective employees in relation to technical and soft skills as well as cultural fit. The Group adopts an unbiased approach in the hiring process and ensures that prospective employees meet with a minimum of three different Group employees.

A referral scheme is also in place whereby employees who refer successful candidates for open positions receive a bonus.

Table 35. Recruitment time (2024)

	Malta	Belgium	Netherlands	United Kingdom
Average time to recruit	83 days	135 days	0	0
Average time to hire	117 days	90 days	0	0

4.3.3. Succession planning

The objective of succession planning is to ensure that changes in leadership and key employees do not interrupt major business initiatives, transitions are smooth, and skills gaps addressed.

Other benefits of the planning process include:

- Motivating employees by creating growth opportunities;
- Identifying skills gaps and talent development needs;
- Adapting the organisation to demographic and talent changes;
- Placing people with highly specialised skills into appropriate roles;
- Preserving institutional knowledge; and
- Striving to ensure that the work force is diverse and that the Group provides equal opportunities when vacancies arise.

A succession plan with periodic reviews has been identified:

- To identify and nominate suitable candidates to fill the vacancies which arise in the Board from time to time;
- To identify the key positions in senior management and to recommend either internal or external successors;
- To identify the competency requirements for critical and key positions, assess potential candidates when vacancies arise and develop required competencies through planned development and learning initiatives; and
- To ensure the systematic and long-term development of individuals for roles in senior management positions and replace when the need arises.

The succession plan addresses the following:

- Contingency planning – for sudden and unforeseen departures;
- Medium-term planning – the orderly replacement of current Board members and senior executives (*e.g.*, as a result of retirement); and
- Long-term planning – the relationship between the delivery of the Group strategy and objectives to the skills needed on the Board and in senior management over the long-term.

4.3.4. Employees assessment

GRI 404-3

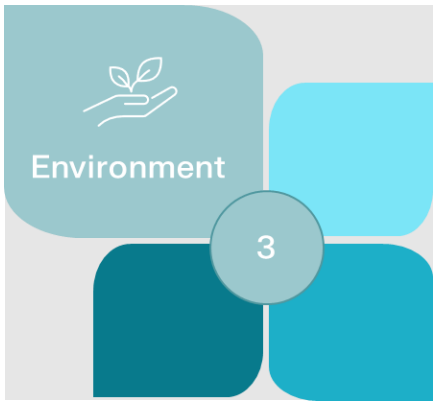
Employees participate in the performance review process during the financial year as described in the section 4.1.3. - Performance management. Employees who are still on probation do not participate in the mid-year and/or end of year assessment process.

Table 36. Percentage of total employees who received a regular performance and career development review during the reporting period by gender (% of employees in each category, headcount 2024)

	Female	Male
Management Bodies		
Non-Executive Directors	0%	0%
Executive Directors and EXCO	100%	100%
Heads	88%	100%
Senior Managers	100%	97%
Managers	94%	92%
Senior Officers	91%	89%
Officers	77%	81%

NOTE: Performance reviews and feedback for non-executive directors is provided through the CSA and BER process

5. Environment - Pillar 3 of ESG Strategy



MeDirect is aware of the impact of climate and environmental changes on the health of society and the sustainability of resources. As a result, MeDirect focuses on the impact of Group operations on the environment. The Group affects the environment through its operations as well as through its credit and investment portfolios. As part of its ESG strategy, MeDirect is committed to reducing or limiting the adverse effects of its operations on the environment. The Group is transitioning to a low-carbon business and is aiming to achieve specified climate targets.

5.1. Low carbon business

ESG Strategy focus: In pillar 3 of the ESG Strategy, MeDirect defined a roadmap to reach net zero and outlined the main targets and milestones leading to the development of a low carbon business.

In line with its ESG Strategy 2022 – 2024/2025 the Group is committed to achieving the following targets in the short-, medium- and long-term:

Short term (1-3 years):

- Primarily digital business model
- Decarbonisation and green transformation targets
- Measure own (Scope 1 and 2) and financed (Scope 3) portfolio emissions
- Waste segregation, reuse well-functioning equipment

Medium term (3-5 years):

- Reduce own carbon emissions by 5%
- Incorporate certified offices in main locations and eco-improvements (*e.g.,* offices/client communications), gradually replace gas-powered vehicles with low-carbon vehicles and monitor materials consumption

Long term (5-10 years):

- Become a carbon neutral operation (Scope 1 and 2)
- Reduce own carbon footprint and consider introducing offsetting initiatives
- Reduce chain emissions including own and financed corporate portfolio emissions

Ultimate objective

- Group climate neutrality in line with the Paris Agreement goal including own and financed corporate portfolio emissions by 2050
- The Group will continue not to finance corporate clients directly involved in defined sectors/activities that might be associated with potentially negative effects on the environment, as defined in the ESG Strategy
- The Group will limit its financing of sectors which contribute significantly to climate change to a maximum 12% of the Group assets

5.1.1. Own operations

Premises

MeDirect is working toward a low-carbon emission model by operating increasingly through digital channels, lowering emissions in its offices and reducing the need for employees to travel to the office.

The Group's offices are equipped with LED lamps and occupancy sensors to reduce energy consumption. Furthermore, the Group encourages its employees to reduce paper printing where possible and to facilitate the recycling of all kinds of waste. The Group encourages employees to use recycled paper where possible.

The Group's offices are certified as follows:

- Malta – the building is LEED certified
- Belgium – the building runs on green energy (CWaPE certificate). In the summer 2021, the heating system of the building was renovated resulting in a reduction in year-on-year energy consumption.
- The Netherlands – the building is labelled A++ (Eneco Business B.V. certificate). As such, the building follows the highest standards (NL regulated) of sustainability and energy efficiency. The energy that is used by the office is generated by European windfarms. When constructed (in 2021) the use of circular building material was promoted, with 30% of the building material used coming from demolished buildings.
- United Kingdom - For the building where MeDirect's offices are situated, 100% of electricity is obtained from renewable sources (100% certified renewable electricity from Good Energy)

Waste

MeDirect removed most waste bins from desks, and all waste is segregated directly on premises. The Group aims to promote paperless operations and recycling of all waste, where possible.

Table 37. Waste stream breakdown

	2021	2022	2023	2024
Media (cell phones, hard drives, network/phones devices) pcs.	453	23	125	341
Printer cartridges (toners/drum)	37	29	49	29
Floppy disks, streamer tapes, VHS tapes pcs.	Not used by the Group	Not used by the Group	Not used by the Group	Not used by the Group
Paper records sent for destruction and recycled	None	None	None	None

The Group also adopted an IT Asset Re-use and Disposal Policy that defines the guidelines for the reuse and disposal of IT assets owned by MeDirect. The policy applies to all IT assets owned by the Group, including desktops, laptops, tablets, mobile phones, printer servers, USB memory sticks, hard drives, solid state drives and backup tapes. The policy applies to Group employees and third-party service providers managing IT assets owned by the Group. MeDirect uses authorised companies, ensuring that all obsolete IT assets are disposed of in a secure and environmentally friendly manner.

Car fleet

During the years, the Group has increased its electric and hybrid car fleet.

Table 38. Type of cars used by the Group

Type of cars	2021	2022	2023	2024
Cars – Electric	5	5	13	18
Cars – Hybrid	9	11	11	11
Cars – other	17	18	13	11
Total	31	34	37	40

NOTE: MeDirect Belgium mainly leases cars for 60 months

MeDirect promotes the use of low emission travel options such as public transport and carpooling. As a result, around 60% of the Dutch staff travel to work by bike and 40% by public transport (train), 100% of London staff travel by public transport and the Malta office has only five cars, of which three are electric. Traveling to offices abroad is limited to the extent practicable, as the Group uses digital tools to communicate.

Business Cell phones

The Group primarily uses digital communication channels for communication with its employees, clients, and business partners. These allow messaging, audio calls, video conferencing and live group meetings.

Table 39. Cell phones used in the Group (2024)

	Group	Malta	Belgium	Netherlands	UK	Turkey
Total number of business cell phones	109	63	35	5	1	5

Consumption of resources

As a result of the nature of MeDirect's business, the Group's direct impact on the environment is limited. Data regarding consumption of resources is presented in the table below.

Table 40. Consumption of resources by the Group

Type of resources	Unit	2021	2022	2023	2024
Resources consumption – Power	MWh	277	264	192	208
Resources consumption – Water	m3	1103	799	819	801
Resources consumption – Petrol	Tonnes	6	11	13	14
Resources consumption – Diesel	Tonnes	10	13	11	7
Resources consumption - Natural gas	m3	9754	5720	4951	4900
Resources consumption – Paper	Kg	373	610	847	648

NOTE: MeDirect used the following approach to estimate resources consumption in its offices: 1) Malta/Gozo offices - data based on the invoices, 2) Brussels office - power/petrol/diesel data based on the invoices whilst water/natural gas data is estimated based on the whole building consumption of the resources and office space allocation to MeDirect Belgium. The Group restated the data for 2022 and allocated only the percentage linked to MeDirect Belgium office space usage - 14.68% 3) London office - In 2024 size of the office space was reduced from 8 to 3 desks, 4) NL office - the Group estimated internally as the office is small (5 HCs), and the rental fee is an all-in fee 5) Istanbul office - the Group estimated internally as the office is small (6 HCs), and the rental fee is an all-in fee. Istanbul office was closed at the end of 2024.

Table 41. Materials used by weight or volume by the Group

	Unit	2021	2022	2023	2024
A4 paper	Ream	150	244	316	242
A3 paper	Ream	1	1	0	0
Business cards	Set of 100	54	75	37	24
Envelopes of different types	Set of 50	180	1350	1370	1280
Roll up paper rolls	pcs.	None	None	None	None
Binders	Kg	None	None	None	None
Printer cartridges (toners/drum)	pcs.	37	29	49	29
Batteries of any capacity	pack of 12	2	2	2	2

Table 42. Data on Bank Statements

	2021	2022	2023	2024
Percentage of electronic statements sent to retail customers	95%	94%	95%	96%
Percentage of paper statements sent to retail customers	5%	6%	5%	4%
Number of paper statements sent to retail customers pcs.	19,055	24,460	10,824	9,387

NOTE: Data includes statement of holdings, statements of accounts YE, statement of fees, statement of benchmarks

5.1.2. Financed portfolio

The Group's corporate exposure comprises primarily an international syndicated corporate loans, Maltese corporate loans and Dutch BTL to legal entities.

MeDirect is aware that providing financing to borrowers operating in environmentally sensitive sectors could have an impact on the environment, as well as MeDirect's reputation and financial standing. Therefore, the Group has taken steps to limit its exposure to sectors which contribute significantly to climate change and not to finance certain sectors that might be associated with negative effects on the environment. The Group committed in its ESG Strategy that exposure to sectors highly contributing to climate change will not exceed 12% of Group assets. The limit was revised in 2024 in accordance with the new ESG Pillar III disclosure guidelines that widens the definition of sectors highly contributing to the climate change. The ESG Pillar III corporate sectors classification is based on the principal activity of the relevant company, as well as the allocation of holding companies' exposure based on the NACE code of the operating company and its underlaying business activity.

Exposure includes non-financial companies that are more susceptible to transition risk associated with the shift toward a low-emission and climate-resilient economy, which operate in the following NACE codes sectors: A, B, C, D, E, F, G, H, I, L. This is in accordance with the Annex II of Implementing Technical Standards (ITS) on prudential disclosures on ESG risks in accordance with Article 449a CRR.

The NACE code classification is based on the principal activity of the corporate borrower, and since Q3 2024, all Dutch BTL mortgage loans to legal entities were included within the limit.

The Group's exposure to the sectors which contribute significantly to climate change is presented in the tables below.

Table 43. Total exposure to the sectors highly contributing to the climate change based on principal and underlying business activity of the company (% of the Group assets, 2024)

	Exposure (€ million)	% of the Group assets
Exposure to the sector highly contributing to the climate change (total)	287	5.66%

NOTE: Total exposure includes gross carrying amount of loans, advances, and debt securities of corporate clients including Dutch BTL to legal entities.

The Group does not have direct exposure to coal mining, electricity, gas, steam, air conditioning supply and water supply as a result of its low risk appetite in these sectors.

Table 44. Group exposure to the sectors which contribute significantly to climate change breakdown by NACE code based on the principal and underlying business activity of the company of the company (% of the Group assets)

Industry	NACE	2022	2023	2024
Agriculture, forestry and fishing	A1-A2	<0.1%	<0.1%	0%
Mining and quarrying	B5-B9	0%	0%	0%
Manufacturing	C10-C33	3.3%	2.2%	0.78%
Electricity, gas, steam and air conditioning supply	D35	0%	0%	0%
Water supply; sewerage, waste management and remediation activities	E36-E39	0%	0%	0%
Construction	F40-F43	1.4%	1.0%	1.36%
Wholesale and retail trade; repair of motor vehicles and motorcycles	G45-G47	1.6%	1.0%	0.34%
Transportation and storage	H49-H53	0.2%	0.2%	0%
Accommodation and food service activities	I55-I56	1.0%	0.7%	0.54%
Real estate activities	L68	1.9%	2.8%	2.63%
Total		**9.2%**	**7.9%**	**5.66%**

NOTE: The reclassification of Dutch BTL counterparties to NACE codes K, M and R in Q4 2024 has led to a reduction of the exposure to sectors highly contributing to climate change.

The Group is cognisant of the fact that its corporate borrowers are active in sectors which may be associated with potentially adverse impacts on the environment, including greenhouse gas emissions, biodiversity loss and water scarcity. For this reason, the Group does not finance corporate clients directly involved in the certain sectors (exclusion list) as defined in the ESG Strategy. The Group also prohibits any new lending related to the financing of contaminated sites and/or indigenous rights.

5.1.3. Greenhouse Gas ("GHG") emissions

MeDirect in its ESG Strategy committed to start measuring its GHG emissions. In 2023, the Group started a project, together with an external service provider, aimed at measuring its own (Scope 1, 2 and 3) and financed portfolios (Scope 3) emissions in alignment with the Greenhouse Gas Protocol (GHG Protocol) and Partnership for Carbon Accounting Financials (PCAF) Standards, to ensure transparent and accountable reporting of its environmental impact. In 2024, MeDirect measured its GHG emissions internally. This exercise will be conducted on an annual basis.

GHG own emissions

Own GHG emissions includes Scope 1, Scope 2 and material Scope 3 emissions. of MeDirect operations. The emissions were calculated using the GHG Protocol.

Scope 1 Emissions are directly generated from the Group's operations stemming from company vehicle usage and on-site fuel combustion. Most of the emissions were generated by the consumption of natural gas in the furnace of the MeDirect Belgium office, consumption of diesel fuel in the Group's car fleet and leakage of refrigerants in the MeDirect Belgium office. For the calculation of the Scope 1 emissions, direct data from MeDirect locations was used, and emission factors for fossil fuel combustion were derived from the DEFRA database. Calculations of fossil fuel emissions are precise, whereas emissions stemming from refrigerants were calculated as an average value in terms of the weight and carbon footprint of leakage.

Scope 2 Emissions stem from the energy that the Group purchased such as electricity, heat and cooling. Such emissions were generated by electricity usage in operations, HVAC in offices and the car fleet. For the calculation of Scope 2 Emissions, location-based emissions were determined using data from EMBER, which provides an analysis of the carbon intensity of electricity generation globally, and market-based emissions were assessed using direct data from several electricity suppliers and residual mix emission factors from the AIB (Association of Issuing Bodies).

Scope 3 Own Emissions represent the broadest spectrum of indirect emissions in MeDirect's value chain. In order to identify the material GHG emissions a materiality analysis was performed. The threshold value for assessing materiality was set to 2.5 tCO2e, which is approximately 1% of total Scope 1 and Scope 2 emissions from 2022. The own emissions Scope 3 calculation included:

- Category 1: Purchased goods and services (*e.g.,* paper products, water, cloud computing)
- Category 2: Capital goods (*e.g.,* tablets, notebooks and PC screens, mobiles phones, electric cars with battery, furniture, TV screens)
- Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2)
- Category 6: Business travel
- Category 7: Employee commuting

For the calculation of Scope 3 emissions, a combination of direct data and emission factors from databases such as DEFRA and Ecoinvent were used, and were reviewed and completed, when necessary, with advice from professional advisors. DEFRA's UK-based emission factors were adjusted proportionally to match the specific electricity mixes of other countries.

The tables below present own emissions related to Scope 1, Scope 2 and Scope 3 categories.

Table. MeDirect Group Scope 1, 2 and 3 own emissions, [tCO2e]

	2022	2023	2024
1. Scope 1 emissions	102	95	94

2. Scope 2 emissions (market-based)	276	107	113
3.Scope 2 emissions (location-based)	174	183	142
4.Scope 3 emissions	321	334	388
Total (1+2+4)	699	536	595
Total (1+3+4)	597	612	624

Table. MeDirect Group Scope 1 and 2 emissions breakdowns by GHG type, [tCO2e] (2024)

Emissions	Total	CO2	CH4	N2O	HFC	PFC	SF6
		Carbon dioxide	Methane	Nitrous oxide	Hydro-fluoro-carbons	Perfluoro-carbons	Sulphur Hexa-fluoride
Scope 1	94.05	76.18	0.001	0.004	0.012	0	0
Scope 2 (market-based)	112.98	112.98	0	0	0	0	0
Scope 2 (location-based)	142.18	142.18	0	0	0	0	0

Table MeDirect Group Scope 3 own emissions, [tCO2e] (2022-2024)

Year	2022	2023	2024
Category 1: Purchased goods and services	11.19	12.48	6.41
Category 2: Capital goods	57.20	26.57	8.91
Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	67.35	65.56	44.36
Category 6: Business travel	69.7	113.0	137.32
Category 7: Employee commuting	116.05	116.05	183.51
Sum	321.49	333.66	380.52

NOTE: Category 7 was calculated based on the employee surveys conducted in 2023 and 2024. Data in 2022 and 2023 restated after review.

GHG Financed emissions

Scope 3 Financed Emissions (category 15: Investments) represent the broadest spectrum of indirect emissions within MeDirect's value chain related to Group investment portfolio, MeDirect Financed Emission calculation includes four asset categories:

- Corporate lending portfolio
- Corporate bonds
- Mortgage loans
- Sovereign bonds

Financed emissions were calculated using the PCAF standard, employing a variety of methodologies to ensure an actual representation of the emissions associated with Group activities.

In order to estimate emissions, data was collected from the financial and sustainability reports of the Group's counterparties (*e.g.,* Scope 1,2,3 emissions, expenses, total equity, debt, EPCs) as well as market statistics (*e.g.,* PPP-adjusted GDP, multiplication by country emissions) and emission factors from EXIOBASE database.

The tables below present financed emissions generated by asset category.

Table MeDirect Scope 3 financed emissions breakdown by asset category, [tCO2e] (2022-2024)

	2022	2023	2024
Corporate lending portfolio	162,228.62	53,341.56	120,964.7
Corporate financial bonds	7,672,02	34,881,35	20,417.3
Mortgages	95,918.49	118,640.5	110,244.3
National sovereign bonds	1,672.96	0	0

NOTE: Carbon emissions in the Group's Dutch mortgage portfolios restated for 2022 and 2023 after calculation based on real floor area. For the previous years, the floor area was not available, and it was estimated after the value of the collateral and the average national real estate valuation per square meter. National sovereign bonds were held by the Group only in the year 2022. Only national sovereign bonds fall under the scope of PCAF for purposes of measurement of financed emissions. Emissions associated to Dutch BTL loans to legal entities are included under corporate lending portfolio.

Table MeDirect Scope 3 financed emissions from corporate lending, [tCO2e] (2024)

Type	Scope 1	Scope 2	Scope 3
Malta	324.89	486.91	8,849.19
International	5,834.27	1,994.65	99,145.39
Dutch BTL loans to legal entities	1,728.3	1,950,61	650.51

Table MeDirect Scope 3 financed emissions from corporate financial bonds [tCO2e] (2022-2024)

	Scope 1	Scope 2	Scope 3
2022	95.74	108.48	7,467.80
2023	20,200.16	5,243.5	9,437.69
2024	16,200.85	4,216.45	9,012,53

Table MeDirect Scope 3 financed emissions from mortgage loans portfolio [tCO2e] (2024)

	Scope 1	Scope 2	Scope 3
Malta	0	2,905.98	540.07
Belgium	9,247.38	560.51	1,645.09
Netherlands	43,844.29	36,553.41	14,099.25

NOTE: emissions of Dutch BTL loans to legal entities are not included in this table as these are considered corporate loans. Emissions of Netherlands mortgage retail portfolio restated after immaterial change in portfolio data.

5.1.4. Alignment of the financed portfolios with transition pathways

As of June 2024, MeDirect had two corporate clients engaged in activities that fall under the scope of the climate change transition risk alignment metrics. One client is a Maltese business engaged in the distribution of fuels (NACE code G46.12). The MeDirect exposure to this client is €465,000. This client does not publish information that allows MeDirect to calculate its transition pathways. The other client is a North American manufacturer of motor vehicles (NACE code C29.10). The MeDirect exposure to this client is €5.39 million. This loan was originated in the first half of 2024 as part of the international corporate

lending portfolio. In its sustainability report, this client publishes scope 1 and 2 emissions on a yearly basis from 2019, both in total and in intensity terms, as well as its emission reduction targets for 2030. The difference between the client's Net Zero target for 2050 and its emission level for the reference year 2023 is 82.41%. After an internal analysis carried out by MeDirect, the client's emissions were determined to be 15,573 tco2e higher than the level required by the pathway to achieve the 2030 near-term target. MeDirect is actively monitoring the evolution of this client's emissions to achieve the 2030 near-term target for climate neutrality by 2050.

MeDirect is currently assessing its exposure to clients engaged in activities that fall under the scope of the climate change transition risk alignment metrics as of December 2024.

5.2. Green products

ESG Strategy focus: MeDirect plans to participate in a green transformation by offering and investing in green products, as defined in pillar 3 of the ESG Strategy. The Group will invest in green bonds and offer green home loans, preferential terms for green products and green funds to its clients.

In line with its ESG Strategy 2022 - 2024/2025 the Group is committed to achieving the following targets:

- minimum 5% share of green home loans in the mortgages sales in Malta and Belgium by 2024/2025
- minimum 45% share of green mutual funds and ETFs offered by the Group by 2024/2025
- minimum 10% share of its fixed income treasury portfolio invested in green bonds by 2024/2025
- minimum 50% of funds of Malta Financial Advisory on the Whitelist with sustainability objectives (SFDR Article 8 and 9)[11].

5.2.1. Green home loans

MeDirect launched its green home loans products in Malta and Belgium in 2022. In Belgium, mortgages are offered through a partnership with Allianz. The programme is designed to promote energy-efficient homes in an effort to reduce global warming. Clients with a green EPC certificate (certain level of yearly energy requirements in Kwh) are able to apply for green home loans with preferential terms through MeDirect's Green Home Loan product in Malta and the Allianz/MeDirect MeHomeLoans green product in Belgium. For each property financed by MeDirect Malta and MeDirect Belgium, an EPC certificate is requested in line with internal procedures.

Table 45. Green home loans

	2022	2023	2024
Share of green home loans in the new sales in Malta	<1%	<1%	6.36%
Share of green home loans in the new sales in Belgium	<1%	2.32%	12.26%

The Group invests in a portfolio of Dutch NHG mortgage receivables. The Group is not the lender of record for such mortgages but acquires interests in such mortgages through a partnership with HollandWoont. Through the partnership, MeDirect allows its customers to borrow a higher mortgage amount (maximum LTV of 106% instead of 100% LTV), provided that the additional amount is used to finance energy savings measures. Furthermore, the maximum loan amount can be higher for properties with a better EPC or when investments are to be made to improve the EPC. HollandWoont collects an EPC certificate from such borrowers.

[11] Article 8 funds promote environmental or social characteristics alongside financial objectives, while Article 9 funds have sustainable investment as their primary objective.

5.2.2. Green funds

The Group distributes funds through its wealth management business. On 10 March 2021, the EU Sustainable Finance Disclosures Regulation (the "SFDR", Regulation EU 2019/2088) came into force, requiring asset managers to provide information about environmental, social and governance risks of investments offered by them as well as the impact on society and the planet of such investments. This regulation classifies funds into three categories: Article 6, Article 8 and Article 9 based on the sustainability objective.

Although MeDirect does not actively promote these funds, its offering includes a wide selection of mutual funds and ETFs that are classified by the sponsoring fund houses (data collated by Morningstar) as Article 8 and Article 9 products under the SFDR regime, as presented in the table below. Approximately 95% of mutual funds and 23% of ETFs distributed by the Group incorporate sustainability objectives. Green funds represent 77% of the total funds distributed by the Group, exceeding the Group's ESG Strategy target (minimum 45%).

Table 46. Green mutual funds and ETFs

	2021	2022	2023	2024
Number of mutual funds offered by the Organisation under Art. 8 SFDR	702	1,493	1,550	1,680
Number of mutual funds offered by the Organisation under Art. 9 SFDR	123	193	189	198
Number of ETFs offered by the Organisation under Art. 8 SFDR	56	119	116	162
Number of ETFs offered by the Organisation under Art. 9 SFDR	17	19	8	14

NOTE: 2023 mutual funds offered by the Organisation under Art. 9 SFDR restated after review.

Table 47 . Green funds

	2021	2022	2023	2024
Share of green funds offered by the Organisation under Art. 8/9 SFDR	39%	77%	80%	90%

Through its investment services, the Group's customers hold substantial investments in these funds, as presented in the table below. The exposure of MeDirect clients to green funds is 61% of the funds held in custody, including 68% of mutual funds and approximately 14% of ETFs.

Table 48. Exposure to green mutual funds and ETFs (Asset under custody)

Green funds	Unit	2021	2022	2023	2024
Market value of mutual funds under custody/management by the Organisation under Art. 8 SFDR	€ million	492.2	483.5	578.5	656.9
Market value of mutual funds under custody/management by the Organisation under Art. 9 SFDR	€ million	61.1	38.3	42.2	45.7
Market value of ETFs under custody/management by the Organisation under Art. 8 SFDR	€ million	9.1	13.5	29.5	28.8
Market value of ETFs under custody/management by the Organisation under Art. 9 SFDR	€ million	1.7	2.5	0.3	0.3

Starting from 2022, customers of MeDirect Malta (including customers located in the Netherlands) have been able to filter sustainable mutual funds and ETFs on their trading platform.

In September 2024, MeDirect Belgium discontinued the offering of the Sustainable MeGreen Model portfolio to its wealth management clients.

5.2.3. Green bonds

The Group actively invests in green bonds and aims to increase the proportion of green bonds in its treasury portfolio. The amount of the treasury portfolio invested in green bonds in accordance with Bloomberg Green Bond Standard increased from €83.1 million to €107.6 million (13.72%) during 2024, exceeding the Group's ESG Strategy target (minimum 10%).

5.3. Climate risk resilience

ESG Strategy focus: MeDirect plans to integrate climate risks further into its risk management framework and business processes to develop a more resilient business model, as defined in pillar 3 of the ESG Strategy.

In line with its ESG Strategy 2022 - 2024/2025 the Group is committed to achieving the following goals:

- Continue monitoring CER KPIs and undertake necessary mitigating actions where necessary
- Start screening MeDirect large corporate credit portfolio to identify EU taxonomy aligned/eligible assets
- Consider creating a separate CER risk category in the risk universe review

Recent climate changes can affect clients and business partners of financial institutions as well as issuers or borrowers included in their investment portfolios. Moreover, the business activity of financial institutions can have an impact on the climate and the environment.

Climate risk is overseen by the Board, the three Lines of defence and the ESG Committee, as described in sections 3.3.1 and 3.3.2 of this report.

During 2024, the Group continued to integrate ESG risks, including climate-related and environmental risks, into its policies and procedures in order to track current and emerging ESG/CER related risks to be able to analyse their impact on MeDirect. Climate risk considerations are also embedded in the Group ESG Strategy 2024/2025., pillar III - Environment.

Moreover, the Risk and appropriate business functions have adopted hard risk appetite limits into the Risk Appetite Statements for all main lending portfolios. The Risk Appetite Statements take into account physical and/or transition climate risks, such as high flood risk and high sea-level rise risk regions, poor EPC scoring of mortgaged properties, proportion of ICL credits deemed at higher ESG risk in Moody's sector classification. The Group will monitor these limits and escalates as appropriate in the event of breach of limits.

During 2024, MeDirect Malta adopted an ESG scorecard for its lending portfolios, based on the different ESG-related features of each borrower, and adapted for different ESG risk factors of its Maltese portfolios. This approach will be applicable for new applications as of 2025. The Group also adopted a dedicated Sustainability Risk Appetite Statement, covering greenwashing risk, ESG risk inventory and updated transmission channel in relation to CER.

Since 2022, the Group has conducted annual CER materiality assessments, which analyse the main CER risks that may affect its strategy, business model, asset portfolios, funding sources, treasury and hedging, wealth management services and business operating centres.

The Board-approved assessment covered on and off-balance sheet assets and contingencies and addressed physical risks (Floods/Fluvial, Sea Level Risk, Drought/Extreme Heat, Forest Fire/Wildfire, Biodiversity Loss, Water Stress) and transition risks (Policy/Regulations, Stranding Risk, Market Sentiment, Technology Change), including high-level impact horizons (short, medium and long). The Group uses climate heatmaps, research and maps to evaluate these risks. The assessment was conducted through a proportional and risk-based approach, using available sources and data. The materiality assessment was led by the Risk function in collaboration with various business units and was presented to the ESG Committee and approved by the Board.

The materiality assessment concluded that the Group's exposure to CER risk is limited given its business profile and strategy and given that significant progress has been made in implementing ESG strategic goals that align to the CER risk expectations of the ECB. Specific areas of improvement included:

- Qualitative Impact Analysis of Strategic Risk– aligned to the implementation of environmental goals in the Group's ESG strategy
- Quantitative Impact Analysis - current status and extent of CER risks using available and reliable data
- Forward Looking Quantitative Assessments – identified areas for adopting quantitative approaches and data for CER risk governance

The assessment concluded that the Group's exposure to residual CER is low, in particular in the short- to medium- term, but the

Group could potentially be affected by CER as follows:

- assets – primarily through credit risk (deterioration of collateral valuation, deterioration of credit standing of the borrower)
- retail funding - primarily through reputational risk (deposit outflows)
- wholesale funding - primarily through counterparty/country risk and deterioration of collateral valuations
- wealth management services - primarily through market sentiment (fund classes)
- operational centres - primarily through operational risk (higher energy requirements, physical risk of destruction or failure)

As concluded by the assessment, based on its current CER/ESG risk profile, no additional capital or liquidity buffer is required to cover the potential impact of CER risk.

During the assessment, the Group identified higher transition risk related to its residential mortgage portfolios in the Netherlands, Belgium and Malta driven by stranded assets risk and to its wealth management services driven by market sentiment. Short-term risk related to physical or transition climate risk is low. The Group implemented risk appetite limits, as explained above, to mitigate these risks.

The Group also assessed the potential impact of CER on its operations as immaterial. As described in section 5.1.1. "Own operation" of this report, the Group operates primarily through digital channels, and therefore its greenhouse gas emissions and resource consumption are limited. The impact is mainly indirect, through financing clients from sectors highly contributing to climate change or through green financing. The exposure to these sectors is relatively low, as described in section 5.1.2. "Financed portfolio".

In addition to the risk appetite limits, the Group has defined a list of KPIs to measure, monitor and report CER risks faced by the Group and its core portfolios on a quarterly basis. KPIs include:

- Mortgage Portfolio Flood Risk – percentage of Netherlands/Belgium mortgage portfolio exposure in higher flood risk areas
- Mortgage Portfolio Sea Hazard Risk– Percentage of Netherlands/Belgium mortgage portfolio exposure in higher sea hazard risk areas
- Corporate Lending Portfolios - Concentration Risk to High CER Sectors
- Mortgage Portfolio - Concentration Risk to EPC Ratings
- Green Lending – Absolute Value of the Group green lending
- Wealth Platform – Number of green investment funds distributed by MeDirect
- Treasury Portfolio - Value of Green bond investments

The Group defined medium-term commitments in its ESG Strategy as described below:

- Exclusion list of environmentally sensitive sectors (no financing)
- Max. 12% of Group assets the exposure to sectors highly contributing to climate change by 2024/2025
- Minimum 5% share of green home loans in mortgages sales in MeDirect Malta and MeDirect Belgium by 2024/2025
- Minimum 45% share of green mutual funds and ETFs offered by MeDirect by 2024/2025
- Minimum 10% share of green bonds as a percentage of all investments in the MeDirect treasury portfolio
- Carbon neutral operation (5-10Y) by 2032
- Climate neutral Group (own and financed emissions) by 2050
- Reduce own carbon emissions by 5% by 2026 (as compared with 2022)

The Group assesses and monitors its exposure in its residential real estate portfolios to higher flood risk areas and higher sea hazard risk areas , in particular in Belgium and the Netherlands as these countries are the most exposed to these risks in the long-term as a result of their geographical location. Malta/Gozo have been identified as areas with minor flood risk, but selected coastal flooding risk might appear.

The assessment was conducted in line with the approach adopted in the 2022 ECB Climate Stress Test, using a regional approach based on Eurostat's nomenclature of territorial units for statistics ("NUTS") for EU countries and European Climate

Risk Typology using CER scenarios. This approach allows differentiation between those regions at higher, medium, low and minor risk of flooding due to differences in altitude.

The Group's exposure to these portfolios represents €2.6 billion (51% of the Group 2024 assets) as presented below.

Table 50. Exposure to Netherlands and Belgium mortgage portfolios (2024)

	Balance sheet exposure (€ million)	% of the Group assets
Dutch mortgage portfolio exposure	2,232	44%
Belgium mortgage portfolio exposure	367	7%

A relatively low proportion of the Group's Dutch mortgage portfolio is exposed to higher flood risk (4.4%), and none of its Belgian portfolio (0%) is exposed to higher flood risk, whilst 18.1% of the Group's Dutch portfolio and 20.6% of the Belgian portfolio is exposed to higher sea hazard risk.

Table 51. Exposure to higher flood risk areas and sea hazard risk area

	2021	2022	2023	2024
% of Belgian mortgage portfolio exposure in higher flood risk areas	n/a	0%	0%	0%
% of Dutch mortgage portfolio exposure in higher flood risk areas	4%	3.5%	3.5%	4.4%
% of Belgian mortgage portfolio exposure in higher sea hazard risk areas	n/a	25%	23%	20.6%
% of Dutch mortgage portfolio exposure in higher sea hazard risk areas	17%	17.7%	17.2%	18.1%

NOTE: The numbers for Belgium sea level risk were restated due to changes in the mapping of sea level risk from NUTs regions to NUTs regions and postal code

Generally, physical risk in the Dutch mortgage portfolio property is partly mitigated through property insurance and/or National Mortgage Guarantee (NHG) protection. MeDirect Belgium implemented a contractual obligation for clients to purchase property insurance that automatically covers flood risk. Most of the current Group's Belgian mortgages are already covered by property insurance. Moreover, the Group implemented in its Dutch and Belgian Risk Appetite Statement the portfolio limits related to high flood risk exposures.

Transition risk in the Dutch and Belgium mortgage portfolios related to rising sea levels is a long-term risk. The Group monitors exposure to this risk in the Quarterly Risk Report and Dutch and Belgian mortgage Risk Appetite Statement the portfolio limits related to high costal (sea-level) risk.

Table 52. Exposure to Malta mortgage lending (2024)

	Balance sheet exposure (€ million)	% of the Group assets
Malta mortgage lending portfolio exposure	131	2.6%

The Group tracks segmentation of EPC of all mortgage portfolios.
MeDirect Malta determined that approximately 9.1% of its mortgage loan exposure have a yearly energy requirement below 45 kWh/m2 whilst the majority of loans (80.1%) have ratings of B to D (yearly energy requirement between 45 and 210 kWh/m2). Only 6.1% of Malta home loans have low energy ratings (E-G), and the energy ratings of 4.0% of home loans are unknown.

Table 53. EPC rating– Maltese home loans (% of mortgage loan exposure)

EPC label	Yearly energy requirement	2021	2022	2023	2024
A	Yearly energy requirement below 45 kWh/m2	9%	9%	7.5%	9.1%
B	Yearly energy requirement above 45 kWh/m2 and below 95 kWh/m2	28%	32%	32.5%	31.1%
C	Yearly energy requirement above 95 kWh/m2 and below 150 kWh/m2	22%	34%	35.0%	35.7%
D	Yearly energy requirement above 150 kWh/m2 and below 210 kWh/m2	10%	13%	14.7%	14.0%
E	Yearly energy requirement above 210 kWh/m2 and below 275 kWh/m2	0%	4%	4.0%	3.9%
F	Yearly energy requirement above 275 kWh/m2 and below 345 kWh/m2	0%	2%	0.9%	1.6%
G	Yearly energy requirement above 345 kWh/m2	0%	0%	0.5%	0.6%
Unknown	Unknown	31%	6%	4.9%	4.0%

NOTE: In Malta there is no official label classification. EPC label was assigned using Belgium classification (Brussels Region)

An analysis of the energy performance of the Dutch mortgage portfolio identified approximately 17% of mortgage loan exposures with a rating of A (yearly energy requirement below 160 kWh/m2) whilst the majority of loans (53%) have ratings of B to D (yearly energy requirement between 160 and 290 kWh/m2). Approximately 21% of Dutch home loans have low energy ratings (E-G), and the energy ratings of 9% of Dutch home loans are unknown.

Table 54. EPC rating – Dutch home loans (% of mortgage loan exposure)

EPC label	Yearly energy requirement	2021	2022	2023	2024
A	Yearly energy requirement below 160 kWh/m2	14%	14%	17%	19%
B	Yearly energy requirement above 160 kWh/m2 and below 190 kWh/m2	11%	11%	11%	11%
C	Yearly energy requirement above 190 kWh/m2 and below 250 kWh/m2	32%	31%	30%	29%
D	Yearly energy requirement above 250 kWh/m2 and below 290 kWh/m2	12%	12%	12%	12%
E	Yearly energy requirement above 290 kWh/m2 and below 335 kWh/m2	9%	9%	8%	8%
F	Yearly energy requirement above 335 kWh/m2 and below 380 kWh/m2	8%	8%	7%	7%
G	Yearly energy requirement above 380 kWh/m2	7%	6%	6%	6%
Unknown	Unknown	6%	9%	9%	9%

NOTE: Dutch home loans and buy-to-let mortgage portfolios

An analysis of the energy performance of the Belgian mortgage portfolio identified approximately 9.4% of mortgage loan exposures have a rating of A whilst the majority of loans (20.3%) have ratings of C. Approximately 32% of Belgium home loans have low energy ratings (E-F), and the energy ratings of 3.4% are unknown.

Table 55. EPC scoring – Belgian home loans (% of mortgage loan exposure)

EPC label	Yearly energy requirement	2021	2022	2023	2024
A	Yearly energy requirement below 100 kWh/m2	n/a	7%	9%	11%

B	Yearly energy requirement above 100 kWh/m2 and below 200 kWh/m2	n/a	17%	20%	21%
C	Yearly energy requirement above 200 kWh/m2 and below 300 kWh/m2	n/a	15%	20%	19%
D	Yearly energy requirement above 300 kWh/m2 and below 400 kWh/m2	n/a	12%	15%	19%
E	Yearly energy requirement above 400 kWh/m2 and below 500 kWh/m2	n/a	12%	15%	11%
F	Yearly energy requirement above 500 kWh/m2	n/a	22%	17%	16%
Unknown	Unknown	n/a	15%	3%	3%

In order to promote energy efficient properties and mitigate the climate risk of MeDirect's balance sheet, the Group offers green home loans to its Maltese and Belgian clients, whilst NHG borrowers in the Netherlands can get preferential terms if the borrowed amount is used to take energy savings measures or if the properties financed have high energy labels as described in section 5.2.1. "Eco-friendly loans".

The Group also implemented in its Risk Appetite Statement green and red flags relating to the EPC scores of properties financed. The Risk Appetite Statement also permits flexibility on required LTV levels for mortgage loans if the proceeds of the mortgage are spent on improving energy efficiency of the mortgaged property. In its ESG Strategy, the Group committed to reach a minimum 5% share of green home loans in new sales in Malta and Belgium by 2025.

The CER materiality assessment concluded that the Maltese construction and real estate sectors are exposed to higher long-term Policy and Regulations transition risk, as a result of potential transition to more stringent construction standards and use of materials/techniques that will put at risk smaller and less capable real estate developers. These sectors are also exposed to physical risk related to drought / extreme heat and water stress. This risk is mitigated by the limited exposure and low-medium term maturity of these portfolios. Moreover, the Group monitors exposure to these sectors, as the corporate construction and real estate sectors are classified as sectors which contribute significantly to climate change, as described in the section 5.1.2 Financed portfolio of this report.

Table 56. Exposure to Maltese corporate lending (2024)

	Balance sheet exposure (€ million)	**% of the Group assets**
Maltese corporate lending portfolio exposure	153	3%
Out of which: exposure to construction sector	53	1%
Out of which: exposure to real estate	67	1.3%

The Group also assesses and monitors its exposure to those sectors which contribute significantly to climate change based on NACE sectors classification. This exposure could potentially affect the Group's long term business model and ability of clients to refinance such loans. Clients active in these sectors might need to invest to comply with new regulatory requirements, face a higher cost of CO2 emissions or address reputational risk, technological changes or market competition. As described in section 5.1.2 "Financed portfolio", the Group limits its exposure to these sectors to 12% of its total assets.

In addition, as described in section 3.3.3. "ESG in the main business processes" of this report, the Group considers CER factors in its international corporate lending origination process by looking at a sectoral heatmap based on the Moody's approach. For its Maltese corporate lending portfolio, an internal NACE heatmap is used. Moreover, the Group adopted an ESG questionnaire for its corporate loan origination process. The client onboarding process as described in the Group's Client Acceptance Policy restricts and prohibits the onboarding of banking relationships with certain types of clients and/or entering into certain types of transactions; for example, businesses involved in the production or trade in radioactive materials and/or arms and businesses operating in the extraction of precious metals or raw materials. Also, CER factors are analysed during annual corporate portfolio reviews and screening. Moreover, MeDirect's Dutch and Belgian partners in the origination of mortgage loans apply their own

Client Acceptance policies including screening criteria during onboarding, periodic client reviews depending on the client's risk and event driven reviews.CER risk related to the Group's Corporate lending portfolios is mitigated by the short-medium duration of most of its loans (<5 year term), relatively low exposure to sectors which contribute significantly to climate change (4.2% of Group assets) and the Group's international corporate lending de-risking strategy.

Moreover, the Group has reviewed its lending portfolio coverage with collateral (property) insurance. The Terms and Conditions ("T&Cs") of HollandWoont and the NHG programme governing Dutch NHG mortgages require that the borrowers insure the property against fire and storm damage during the life of the mortgage, although flood risk is only sometimes covered by such insurance. If the property insurance does not cover this type of damage and there is a residual loss (following a loan foreclosure), the Group's loss is covered by protection under the NHG programme. The T&Cs of Build in relation to Dutch professional residential BTL Mortgages require that property insurance is in place, although flood risk is only sometimes covered by such insurance. The T&Cs of Allianz in relation to Belgian mortgage loans provide that property insurance (including flood risk) is mandatory. Moreover, property insurance is required for Maltase retail mortgage loans.

The Group is not active in green or transitional project financing in view of the longer term and lack of liquidity for such financings, which are outside the scope of the Group's international corporate lending risk appetite.

With regard to reputational and litigation risk that may arise from controversial activities of corporate clients, MeDirect's credit procedures require tracking of the news flow relating to such clients using external data providers information (*e.g.,* Debtwire, Bloomberg, Google alerts). During the annual review process, credit analysts also review publicly available information (*e.g.,* management accounts and annual reports, ESG reports, press releases and websites). The ESG Questionnaire for corporate clients includes questions on litigation and reputational client risks. The Group also manages reputational and litigation risks related to CER by limiting exposure to sectors highly contributing to climate change and promoting green home loans.

Moreover, starting from 2023, the corporate business procedures (Maltese Risk Appetite Statement and ICL Corporate Credit Handbook) were updated to include updated due diligence and ongoing monitoring processes for the corporate borrowers undertaking controversial activities associated with severe environmental or social damage. In 2024, the Group also updated its Sustainability Risk Policy to embed litigation risk considerations in the sustainability-risk management process.

The Group also measures and monitors the green products offered to its clients in the Wealth Management Investment Processes and has implemented green filters on the MeDirect Malta execution platform, as described in the section 5.2.2. 'Eco-friendly funds' of this report. Moreover, the Group has started to integrate the sustainability preferences of its clients into suitability assessments carried out prior to the provision of financial advisory and portfolio management services with the aim of matching the sustainability preferences of clients with appropriate products, as described in the section 3.3.3. 'ESG in the main business processes' of this report.

The Group actively invests in green bonds to increase the proportion of such assets in the treasury portfolio, as described in the section 5.2.3. 'Green bonds' of this report.

The Group gradually increased the scope of its CER data collection to be able to assess each borrower's exposure to environmental factors and the impact on climate change of the borrower's activities, as well as to fulfil regulatory reporting obligations. The procedure related to ESG/CER data collection was launched in 2023 and updated on an annual basis.

Liquidity risk linked to CER is relatively low, as the Group has a diversified and stable funding base. MeDirect's reputational risk related to CER is for the most part limited to the indirect impact resulting from the business activities of its clients. Refinancing risk related to securitisations of Dutch NHG assets is mitigated by the NHG guarantee.

Climate risk in treasury or hedging portfolios is limited to sovereign or counterparty risk. The exposure is short- to medium- term and is concentrated in relatively lower transition or physical risk countries and counterparties. MeDirect analyses CER market risk resulting from macroeconomic factors such as severe weather conditions or transition to net zero economic policies. Such risks might lead to downgrading of the sovereign ratings of Group assets, which could affect the balance sheet valuation of such assets.

As part of its CER materiality assessment, the Group also analysed the impact of climate risk on its operational centres, including its premises, data centres, virtual data warehouses and contact centres.

The Group's operational centres in Malta could be exposed to higher physical risks, predominantly arising from extreme temperatures; coastal hazards. In addition, the water supply in Malta is supplied largely by desalinisation plants that might be temporarily unavailable. The Group's headquarters are located in Malta, together with two branches, a contact centre and a data

centre. The area where these operational centres are located face minor flood risk, according to the EU NUTs flood region analysis.

MeDirect Belgium's operational centre in Brussels is exposed to low overall physical risk, mainly arising from river flooding that could result from extreme weather events. MeDirect Belgium has its headquarters in Brussels, as well as a contact centre and data centre. These operational centres are located in low flood risk areas according to the EU NUTs flood region analysis. Data is synchronised/copied to both data centres, including a copy of the data included in MeDirect's data warehouse, which is stored on Microsoft Azure Cloud Services in the Netherlands and Ireland. MeDirect has supporting offices in the London and Utrecht. CER risk in these locations is minimal, as employees can easily work remotely when and if required. In the event of a major disaster in Malta and/or Belgium, senior staff and key staff could relocate to work from any of the supporting offices or could work remotely.

All staff are provided with a laptop PC and have the infrastructure (voice and data) and ability to work from home via a secure gateway. Staff are encouraged to work from home at least one day per week and regularly use the remote working facilities. As indicated in the materiality assessment, operational centres could be exposed to drought/extreme heat. All climate risks related to operational centres could be mitigated by the following factors:

- All staff can work-from home – this was proven during the COVID-19 pandemic and after, and many staff members continue to work from home regularly.
- Implemented Business Continuity Plans and Disaster Recovery Plans covering, amongst other things, natural disasters.
- Primary data centre secured by geo-redundant data centres and cloud services to restore data in the case of climate events.
- Insurance covers infrastructure damage caused, for example, by natural disasters.

The Group has integrated adverse climate-related and environmental events into business continuity and incident management procedures, including relevant communication plans in the event of the occurrence of adverse physical and transition events. Further assessments of the impacts of CER into the Group's Business Continuity Plan ("BCP") and incident response planning will be included in annual updates of these frameworks.

The Group also incorporated in its operational framework CER-related events affecting its operational centres and reputation.

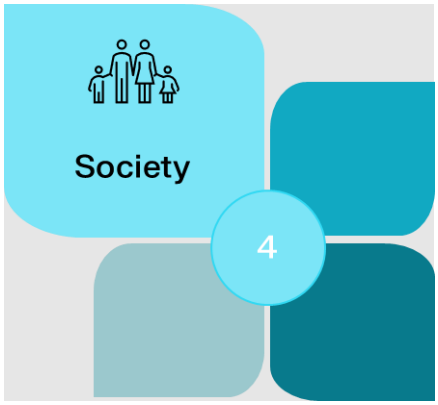
The Business Continuity Policy includes an extreme natural disaster scenario whereby the Malta operation is damaged (not accessible for 3 days). The Group incorporated in its Operational Risk Procedure damage to physical assets and operational losses resulting from, for example, natural disaster, flood or damage caused by controversial activities of the clients, suppliers and business partners associated with severe social and environmental damage. The impact on capital of such events is considered to be marginal.

The BCP includes scenarios related to physical risk due to inability to operate from offices/branches (e.g. earthquake, fire, and other natural hazards) with the escalation, communication messages and scenarios related to the reputation of counterparties affected by C&E risk. The Operational and Reputational Risk Appetite Statement includes CER impact of the Group counterparties and Reputational Risk Management Policy includes C&E risk affecting reputation. The Group incorporated in Group Operational Risk Procedure damage to physical assets driven by e.g. natural disaster, flood or damage and vendor management driven by controversial activities of the clients, suppliers and business partners associated with severe social and environmental damage impacting operational loss. Moreover, the Group has incorporated CER related risks under mortgage business Risk and Control Self-Assessment (RCSA) to track the controls effectiveness and monitor the action plan raised in case of any weaknesses identified.

CER has also been assessed in both the normative and economic perspectives included in the Group's ICAAP. The Group updated climate-related scenarios in its stress testing processes, which take into account both physical and transition risk over a three-year time horizon. The implemented stress tests are linked to operations (physical risk related to significant weather conditions affecting operations) and portfolios (NGFS Scenario Combined Orderly Net Zero 2050 Scenario and transition risk related to new CER regulations imposed on homeowners with energy-inefficient properties to renovate their houses. In each case, the stress tests measure the anticipated impact of such risks on capital and capital ratios. The Group aims to continue enhancing existing stress test processes to be able to conduct adequate and plausible Climate Risk Stress Tests to make informed decisions.

6. Society - Pillar 4 of ESG Strategy

MeDirect continued to participate in community initiatives that promote inclusion and development and support future prosperity, as defined in pillar 4 of the ESG Strategy.



MeDirect contributes to the economic and social development of the countries in which it operates through its financial activity, its participation in government support schemes and its role as an employer and taxpayer. It also contributes by delivering digital solutions to its clients and through community engagement. MeDirect is the third biggest bank in Malta and a market disruptor in Belgium and the Netherlands. The Group offers high-quality financial services. MeDirect is focused not only on generating sustainable revenue and responsible risk management but also on social development and support.

Table 57. Group performance and economic contribution (€ thousand):

	2021	2022	2023	2024
Net profit (Economic value retained)	(15,207)	8,661	11,903	(5,894)
Operating income (Direct economic value generated)	56,231	74,663	88,544	85,763
Operating cost (Economic value distributed)	67,788	67,583	73,288	71,469
Out of which: Staff salaries and benefits	22,512	24,296	24,291	26,828
Out of which: Charity and sponsorship expenses*	60	69	74	42
Payments to the state (CIT, VAT, bank tax, BGF fees, Financial Supervision fees)	9,281	9,529	9,685	14,286
Loan loss provisions**	21,915	15,421	14,317	14,942
Financial assets	4,147,952	4,616,055	4,930,445	5,010,536
Retail customers financing (gross home loans)	1,662,193	2,018,019	2,459,121	2,697,849
Corporate customers financing	721,174	657,878	484,349	372,920
Customer liabilities	2,960,865	2,787,600	3,309,063	3,878,702
Number of MeDirect clients	102	108	133	155

NOTE: Most of the financial figures are extracted from the Group Annual Report and Financial Statements. Certain comparative figures disclosed have been revised for the purpose of fairer presentation.

(*) NOTE: Figures based on the amounts from invoices, not cash flow

(**) Balance sheet position specific to the lending portfolio but without including off balance sheet loan commitments

6.1. Community engagement

ESG Strategy focus: MeDirect will continue to be engaged actively in local communities by participating in volunteering and charity initiatives, as defined in pillar 4 of the ESG Strategy.

In line with its ESG Strategy 2022 - 2024/2025 the Group is committed to achieving the following targets:

- Increase number of volunteering hours to two person days
- Increase attendance of Group sponsored volunteering events to a minimum of 75 employees
- Minimum five volunteering initiatives per year tackling matters such as community, environment, *etc.*
- Make regular charitable donations and offer sponsorships to worthy organisations

6.1.1. Volunteering

GRI 413-1

Volunteering is an important part of the Group's corporate social responsibility activities. The Group encourages its employees to participate in volunteer activities. To this end, in 2024, the Group introduced a Volunteering Time Off policy, giving employees two additional paid leave days each year to volunteer for a non-profit organisation, charity or community group of their choice.

Table 58. Employee Engagement

	2021	2022	2023	2024
Number of employees who participated in the activity	37	47	67	42
Number of hours devoted to this activity	8.5	20	206	48

NOTE: Reduction in hours dedicated to volunteering in 2024 due to the cancellation of the beach clean-up due to weather conditions and the lack of participation of MeDirect employees in the Malta Marathon, the run for the Richmond Foundation, the dog walking for MSPCA and the walkathon for MCCF.

Table 59. Principal volunteering activities (2024)

Action name	Hours	Number of employees	When
Malta			
MSPA	4	2	February
Blood Drive	1	6	February
Preparation of laptops for Malta trust Foundation	5	2	March
HopeXchange	1 week	1	November
L'Istrina	1	7	December
Belgium			
Brussels.properte	1	11	September
A sponsored walk for the Cancer Foundation	1	15	October

6.1.2. Charity and sponsorship activity

GRI 413-1

The Group continues to participate in various sponsorship and charitable activities. The Group participates in charitable activities the aim of which is to have a positive impact on society and to support charitable institutions, causes and events as well as local talent in sports and culture.

Employees are also actively engaged in charitable activities via donations deducted from their payroll, fund-raising efforts and voluntary work.

Table 60. Expenses for charity and sponsorship (€ thousand)

	2021	2022	2023	2024
Total out of which	60	69	74	34
Culture	22.5	17.5	19.5	12
Sport	5.0	10.0	5	9
Society	26.5	41.4	49.8	13

NOTE: Figures based on the amounts from invoices, not cash flow

Table 61. Main charity/sponsorship actions (2024)

Malta:	
Sport	
Otters Aquatic Sports Club	Donation to assist a Gozitan water polo club to continue promoting the sport. The Bank also hosted the annual member registration process at the MeDirect Investment Centre in Gozo
Island Car Club	Donation to support the national hill climb championship
Culture	
Astra Theatre	Donation in support of the Theatre to continue producing high quality theatre events whilst being the main sponsor for a production of the musical *West Side Story* (Socjeta Filarmonika La Stella A. D. 1863)
Zfin Malta (National Dance Company)	Donation in support of bringing together the best Maltese dancers with dancers from Europe and beyond
Society	
L-Istrina (Malta Community Chest Fund)	Donation in aid of the Malta Community Chest Fund Foundation.
Inspire	MeDirect Malta employees presented a donation to Inspire to mark World Autism Day, which takes place each year on 2 April.
Puttinu Cares	Donations were collected by MeDirect employees. The funds were raised as part of an initiative by MeDirect to mark World Cancer Day, which falls on 4 February, and to increase awareness of organisations which help those suffering from cancer and their families.

Hospice Malta	Donations were collected by MeDirect employees. The funds were raised as part of an initiative by MeDirect to mark World Cancer Day, which falls on 4 February, and to increase awareness of the work done by these two organisations which help those suffering from cancer and their families.
SPCA Gozo	Money collected by MeDirect employees was used to purchase pet food and treats for the cats and dogs being cared for by SPCA Gozo.
Richmond Foundation	Donation to a charity supporting the Richmond Foundation, which supports people experiencing mental health problems and those around them.
University of Malta	In collaboration with FEMA (Faculty of Economics, Management and Accountancy), a donation to the university in the form of a sponsorship of an exam question.
YMCA	A donation plus a gift of blankets from employees to residents at the YMCA.
Emotional Finance Toolkit	A donation to support the launch of a toolkit designed to help teachers and coaches discuss finance with young people, particularly those from disadvantaged backgrounds.
Junior Achievement Malta	A donation to support Malta's first national conference on financial literacy and financial wellbeing.
FEMALE.Community	MeDirect employees collected handbags and essential items for women residing in shelters. The initiative was organised in the build up to International Women's Day on 8 March.
National Blood Transfusion Centre	Melita employees attend the centre on a regular basis to donate blood.
Belgium:	
Society	
Think Pink	Donation for the fight against breast cancer.
Netherlands:	
Sport	
Amsterdam Tennis Club Sloterplas	Donation to assist the Amsterdam Tennis Club Sloterplas to continue promoting sport. The Bank also sponsors a clinic for underprivileged children.
Rugby Club the Pink Panthers	Donation to assist Rugby Club the Pink Panthers to continue promoting sport and especially their youth program. The Bank also sponsors a clinic for improvement of self-confidence organised by the Rugby Club for teens.

This commitment is also considered when entering into marketing agreements. MeDirect Malta was one of the sponsors of Brillanti and the second edition of MasterChef Malta, with the aim of promoting and developing local talents. The sponsorship activities of MeDirect Malta, as disclosed in Principle 12 of the Statement of Compliance with the Principles of Good Corporate Governance, are aimed at promoting the MeDirect's image as a reliable leader of the Maltese banking sector and a trustworthy financial institution that is socially involved, innovative and open to its customers' needs.

In accordance with the Group's Anti-bribery and Corruption policy and procedures, the Group ensures that payments for sponsorships and donations are not used for purposes of bribery. Due diligence is performed on sponsorship and donation recipients, with consideration given to potential relationships with public officials. The purpose and selection criteria of a sponsorship or donation recipient must be documented and approved before any payment is made. Appropriate verification must take place to ensure that the authorised recipient is the person or entity being paid and that there is no pending business decision with the recipient of the sponsorship or donation. Multi-year sponsorship agreements are monitored on an ongoing basis.

The Group restricts or prohibits any form of sponsorship, contribution, donation or event with:

- organisations, foundations or entities that do not meet applicable criteria;
- charities, charitable organisations, non-government organisations or non-profitable organisations that are unregulated or operate in jurisdictions that have significant exposure to terrorist financing; and
- entities that are linked with or operate in a prohibited industry, as defined by the Group's Client acceptance policy.

The Group verifies every partner and beneficiary of the support provided. No negative impact on the Group's image was identified in 2024 in these areas.

6.1.3. Equipment donation

GRI 413-1

MeDirect continues to regularly donate IT and office equipment to NGOs. In 2024, MeDirect donated a number of laptop computers to youths in need to help them to further their studies. Laptops were also donated to Digital For Youth, an NGO that works to bridge the digital divide in Belgium, with a focus on children and young people between 6 and 25.

As part of the Group's ongoing commitment to corporate social responsibility, used laptops were also offered for purchase by staff members. The proceeds from this initiative were donated to Puttinu cares, supporting the charity's efforts in providing care and assistance to the families in need.

6.2. Social inclusion

ESG Strategy focus: MeDirect will support social inclusion through education, accessible banking and cooperation, raising public awareness and building a sustainable society, as defined in pillar 4 of the ESG Strategy.

In line with its ESG Strategy 2022 - 2024/2025 the Group is committed to achieving the following targets:

- Minimum five corporate social responsibility initiatives conducted each year
- Quarterly training for general public, including seniors, from 2023 to reduce financial/digital illiteracy
- Regular training/events to students (programme launched in 2023)
- Revamp of current Internship Programme and implementation of a Graduate Programme
- Employment of a minimum of one disabled person
- Implementation of gender-neutral policies and gender-neutral bathrooms

6.2.1. Social Education

GRI 413-1

MeDirect believes that social education is a very important element in building an inclusive and sustainable society. The Group organised online webinars throughout the year and delivers regular market updates via its website. Some MeDirect employees participated as speakers at various conferences, sharing their knowledge and experiences with the attending public.

The Group organised two promotional campaigns linked to ESG. One campaign promoted Green Home Loans in Malta and the other promoted green funds in Belgium.

In the Netherlands, all customers were able to follow a full investment course as part of their onboarding. This course contains multiple topics including the basics of financial markets, instruments and financial management and contains a coaching session and multiple webinars. This course was offered at no cost to all customers. In the Netherlands, extra effort is made to provide educational content. On the public website of the Netherlands, there are multiple topics that address both investing and saving, including educational videos.

In 2024, MeDirect organised quarterly training on financial literacy for the public, including students and seniors. MeDirect also organised and participated in the following events for the public:

- Two sessions on financial literacy and digital banking with different post-graduate groups, including students who attend GBS and Ascencia.
- One session on investing with Junior Achievement students.
- Participated at the Junior Achievement's Together for Financial Wellbeing Conference.
- Supported the launch of an Emotional Finance Toolkit.
- Launched and ran the 'Ask the Advisor' series which provides tips and insights into managing personal finances.

In 2024 MeDirect, continued its Internship and Graduate Programmes. In total, six interns had the opportunity to work in departments such as Technology, Retail and Corporate. Two of the interns were offered full-time employment post-graduation in 2024, two in 2023, one in 2022 and two in 2021.

Table 62. Students participated in the internships at MeDirect

	2021	2022	2023	2024
Number of students participated in the internships	6	14	23	6

6.2.2. Accessible banking

Easy access to banking is one of the Group's priorities. MeDirect mainly operates via its digital channels and continuously enhances its user-friendly digital solutions, supported by transparent communication (*e.g.*, website, social media).

MeDirect ensures that all premises, across all jurisdictions, are accessible for people with disabilities.

6.2.3. Cooperation with community

MeDirect Malta closely cooperates with local universities. Each year it participates in Careers Week and in the apprenticeship scheme through MCAST. Together with MCAST, MeDirect Malta organises Hackathon – Software Development for students.

6.3. Social development and support

ESG Strategy focus: MeDirect wants to play an important role in developing and supporting society by offering innovative financial solutions, safe banking and social support schemes, as defined in pillar 4 of the ESG Strategy.

In line with its ESG Strategy 2022 - 2024/2025 the Group is committed to achieving the following targets:

- Maintain high exposure to social support schemes for a minimum 50% of the Group's lending

6.3.1. Innovative solutions

Delivering innovative solutions is one of the Group's priorities. MeDirect continues developing its digital wealth platform with a focus on delivering user-friendly solutions for its clients.

During past years, MeDirect continued its technological development, further strengthening its position as a WealthTech-focused group. MeDirect implemented updates to its mobile app and continued to build its Wealth SuperApp.

MeDirect's WealthTech app gives customers control over their finances, offering both banking services and easy access to over 5,000 financial instruments via their mobile device. MeDirect offers an increasing range of trading options, such as day order and cut off dates for orders. The user experience for clients also improved as a result of the new watchlist functionality, facilitating easier monitoring of those equities or instruments which are of interest to the customer.

MeDirect is focused on delivering a better customer experience and on leveraging its investment in technology. In 2024, this allowed for the seamless introduction of Google Pay and Apple Pay services. This development, coming only a few months after the launch of card services, enabled customers to make effortless and contactless payments in stores and online.

The adaptability of MeDirect's platform also facilitated the launch of a new corporate banking platform to serve the needs of the more than 500 businesses in Malta which bank with MeDirect. This omni-channel solution is accessible through both web and mobile interfaces, ensuring flexibility and convenience for users. Businesses can now manage their corporate and personal accounts through a unified journey, eliminating the need for separate tools and processes. This integration not only saves time but also empowers clients with greater control over and visibility of their finances, setting a new benchmark in digital banking solutions.

In 2024, MeDirect continued to deliver innovative and disruptive investment solutions, allowing its clients to build their portfolios with guidance, including detailed insights and reporting tools. MeDirect continued to empower customers to be able to navigate the complexity of the financial world with confidence.

6.3.2. Safe banking

Cybersecurity and data protection are of highest importance to MeDirect and its customers. The Group has invested significantly in ensuring that appropriate ICT and cybersecurity infrastructure is in place to safeguard against ICT and cyber-related threats.

Data Management and Protection

The Group has implemented a Data Protection Policy, prepared in accordance with GDPR and consistent with other applicable national data protection legislation.

In Q4 2024, the Group established separate Data Protection Officers ("DPO") for Belgium, on the one hand and for Malta and Netherlands on the other. Previously, there had been a single Group DPO. The DPOs are responsible for overseeing and monitoring the implementation of the Group's Data Protection Policy and other related policies. The DPOs provide oversight over the Group and its employees in the performance of their obligations under GDPR, raise awareness, provide training for staff and conduct internal checks.

MeDirect collects and processes personal information of its employees, third-party contractors and clients. MeDirect's supervisory authorities for GDPR are the Data Protection Authority in Belgium and the Malta Information and Data Protection Commissioner for Malta and the Netherlands.

The Group Data Retention and Archiving Policy governs all data held by MeDirect. The Group mandates that all system and software providers introduce and follow appropriate data retention practices that align with this policy.

The main purpose of this policy is for the Group:

- To retain important records and documents for future use or reference;
- To dispose of records or documents that are no longer needed in cases where statutory retention periods do not apply and/or have expired;
- To organise records so they can be searched and accessed at a later date; and
- To establish clear roles and responsibilities to execute and maintain such policy.

The Group shall retain records for use in:

- Investigations or analysis of the possibility of illegal activities (these records may be requested by any national competent authority having the authority at law to request such information);
- Training of client facing staff;
- Compliance with law or regulation;
- Quality control and assessment;
- Audit requirements;
- Providing the necessary supporting evidence when instructions are received over voice messages and in situations where there are client/bank disputes; and
- Recording of meetings for training and minute taking purposes.

Table 63. Data on substantiated complaints and fines regarding breaches of customer privacy and data loss

	2021	2022	2023	2024
Number of customers identified leaks, thefts or losses of customer data	0	0	1	0
Complaints received from external parties and supported by the organisation regarding breaches of customer privacy and data loss	0	0	0	0
Complaints received from regulators regarding breaches of customer privacy and data loss	0	0	0	0

Fines imposed by regulators regarding breaches of customer privacy and data loss	0	0	0	0

Note: Following a cyber incident in January 2023, MeDirect refunded one client €192, representing a refund on an unauthorised sale of funds conducted by a fraudster.

Information and communication technology and security

The ICT and Security Risk Management Framework ("ICT RMF") documents MeDirect's approach to monitoring and mitigating its ICT risks. The ICT RMF falls under the Group's overall Risk Management Framework and set outs the functions of the ICT Security Programme as adopted by the Group for ICT risk management. The framework is also designed to provide an overview of how ICT and security risk management is embedded in the Group's strategic planning and management decisions. The ICT RMF was documented taking into consideration supervisory requirements, namely the EBA Guidelines on ICT and security risk management (EBA/GL/2019/04) and the Digital Operational Resilience Act.

The Group implemented a suite of ICT security policies, standards and procedures that establish amongst other things security standards and controls which prevent unauthorised access to organisational assets such as hardware, networks and data.

The Group IT security policies and standards includes the following main areas:

- ICT & Security Risk Management Framework;
- Information security policy;
- Network security policy;
- Server security policy;
- Vulnerability management policy;
- Workstation security policy;
- Database security policy;
- IT Asset and Reuse Disposal policy;
- Cryptographic controls and Key management policy;
- Audit logging policy; and
- Account management standard.

The Group also implemented an Incident management procedure and a cyber security and major incident management procedure, the purpose of which is to describe the process to be used for escalation, containment and recording of incidents. These procedures include the flows to be followed when managing incidents affecting operations and payment services, cyber security incidents and incidents relating to data protection.

Safety and healthy premises

The Group is aware of its responsibility to protect the health and safety of employees and visitors and is specifically obliged to:

- provide a safe and healthy working environment and safe premises and facilities and working conditions for its employees and visitors;
- create, so far as is reasonably practicable, a working environment for employees where potential work-related issues are avoided, minimised or mitigated through good management practices, effective human resources policies and staff development;
- ensure that all employees are aware of their health and safety responsibilities;
- ensure that employees have access to appropriate training and development to enable them to fulfil their responsibilities;
- maintain an effective system for communicating and consulting on health and safety matters and securing the cooperation of employees in adhering to all applicable Occupational Health and Safety policies and procedures;
- have arrangements to plan, implement, monitor, and review measures to address health and safety risks arising from the Group's activities; and

- strive to improve the Group's health and safety performance, measuring its progress against agreed performance standards.

The Group's Occupational Health and Safety policy sets out the basic regulations on the safety and health of employees and visitors, in line with applicable environmental, occupational health and safety laws and regulations.

The Board of Directors and senior management seek and expect the full cooperation and support of the Group community to ensure that the policy is followed.

6.3.3. Support schemes

The Group participates in social support schemes organised by local authorities. The Group has a substantial portfolio of mortgage loans, benefitting from the Dutch NHG programme. Under this programme, mortgage loans are guaranteed by the Dutch Homeownership Guarantee Fund, which protects borrowers (acting in good faith) from any residual debt after a foreclosure following a default on their mortgage loan. The programme aims to stimulate homeownership in the Netherlands.

In previous years, MeDirect Malta participated in a programme organised by the Malta Development Bank to assist companies adversely affected by the Covid-19 pandemic.

In early 2023, MeDirect became the second Maltese bank to participate in the New Hope Guarantee Scheme launched by the Housing Authority of Malta. This scheme is designed to help people who would qualify for a home loan, except for their inability to obtain a life insurance policy due to health or disability issues. The scheme enables them to secure the necessary financing to be able to acquire a property. Under the scheme, the Maltese Government, acting through the Housing Authority, acts as guarantor covering a maximum loan of €250,000 for the purchase of a property that is used as the beneficiary's primary residence. In 2024 MeDirect continued its participation in the New Hope Guarantee Scheme.

Table 64. Social support schemes (% of Group lending)

	2021	2022	2023	2024
Share of social support schemes as percentage of Group lending	69%	68%	67%	73%

Note: No facilities have been issued to date under the New Hope Guarantee Scheme

7. Information about the report

7.1. Report description

GRI 2-2, GRI 2-3, GRI 2-14

MeDirect prepared this report in accordance with the Global Reporting Initiative (GRI) Standard methodology effective for reports or other materials published on or after 1 January 2023. This Standard is issued by the Global Sustainability Standards Board (GSSB). The Report is prepared together with MeDirect Group Annual Report & Financial Statements.

The Group also mapped the UN Sustainable Development Goals (SDGs) indicated in the MeDirect ESG Strategy, as described in the section 7.4. SDG index of this report and the TCFD guidelines, as described in the section 7.5 - TCFD climate reporting guidelines of this report.

This report covers the activities of all MeDirect entities during the period from 1 January 2024 to 31 December 2024, unless a different period is indicated in the text. MeDirect reports on an annual basis. The ESG content of the report was prepared internally with the participation of the Group's management team.

The Group prepares this statement on a voluntary basis as its not subject to the Non-financial Reporting Directive ("NFRD"). This report has been prepared in anticipation of the Group's upcoming regulatory reporting requirements under the Corporate Sustainability reporting directive ("CSRD"). Therefore, in the coming years, this report will be updated to comply with the reporting requirements in accordance with the CSRD and associated European Sustainability Reporting Standards.

GRI 2-4

The previous non-financial information was published in 2024 and covered reference year 2023. This report does not contain any significant restatements of the disclosures published in the 2023 MeDirect consolidated annual report in the non-financial information section. The Group indicates the other restatements of past reported figures in footnotes or table notes.

GRI 2-5, GRI 2-14

The Group's financial results for 2024 were audited by an independent external audit firm. The non-financial data has not been subject to external review assurance. The MeDirect Annual Report and Financial Statements and non-financial information for 2024 were reviewed by the Group Audit Committee and subsequently approved by the Group Board before disclosure.

The aim of this report is to give MeDirect stakeholders a balanced overview of the Group's ESG Strategy implementation and non-financial information, including the Group's principal policies and procedures, ESG strategic initiatives and data to strengthen communication with all the Group stakeholders and to ensure transparency.

7.2. Materiality analysis

GRI 3-1, GRI 3-2, GRI 2-29

MeDirect monitors evolving ESG trends to incorporate any changes into the Group's non-financial disclosure in accordance with market and stakeholders' expectations. During 2022, MeDirect conducted a multi-step materiality analysis of ESG topics. To identify the main ESG topics to be included in the non-financial statement, MeDirect conducted a stakeholder engagement survey amongst MeDirect's top managers representing the main business areas and some of the Group's other stakeholders, including MeDirect's controlling shareholder, selected business partners and media representatives. The survey included four types of topics defined in the following sections: governance, employees, environment and social matters. In the process, MeDirect followed the double materiality principle. This means that when determining the materiality of ESG topics, MeDirect considers multiple factors from two perspectives:

1) the effects of ESG, including governance, employees, environment and social matters, on the organisation's financial value (outside-in); and

2) the impact of Group activity linked to ESG matters on the environment/climate and/or society/economy (inside-out).

The materiality process included:

- Selection of ESG topics taking into consideration internal initiatives, market trends and regulatory guidelines
- Prioritisation of the topics together with relevant units and definition of the list of the topics to be included in the Stakeholders Engagement Survey as presented in the table below
- Conducting an ESG engagement stakeholders survey amongst internal and external stakeholders
- Summarising the results of the survey
- Defining a final list of material topics from the perspectives of MeDirect's mission, business and ESG strategy

The results of the 2022 double materiality analysis are reflected in the 2022-2025 ESG strategy, strategic business decisions and highlighted throughout this report.

As a result of the survey, the Group identified 11 priority topics for the MeDirect ESG reporting.

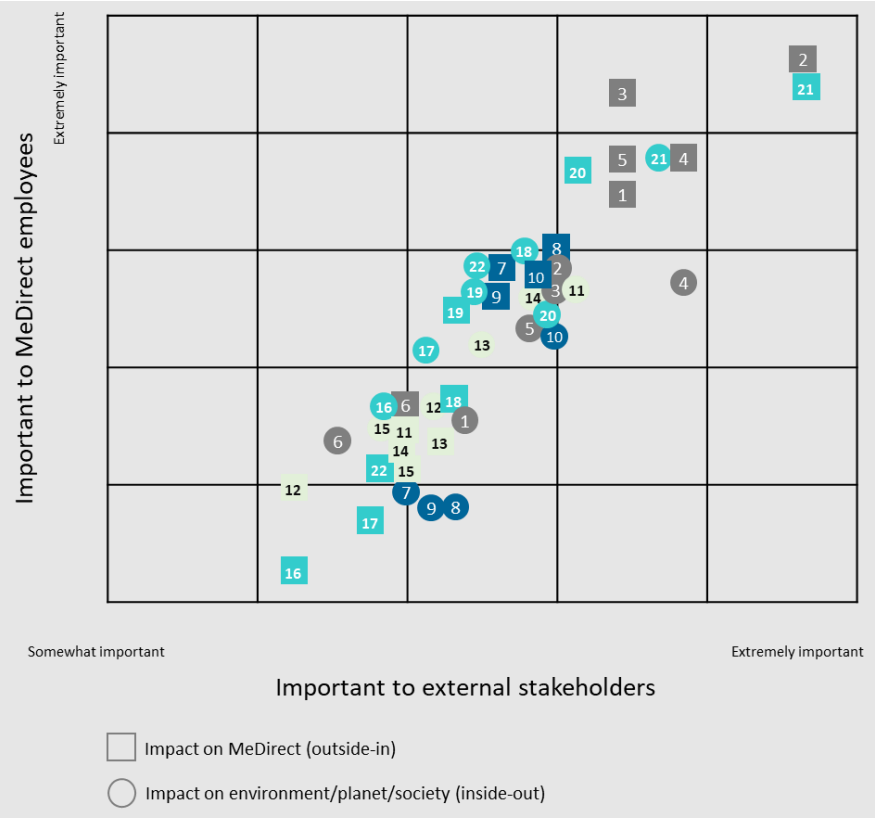
Table 65. Topics included in the Stakeholders Engagement Survey

Governance		
1	Financial performance	Sustainability of revenue resources supported by responsible risk management
2	Compliance with regulations	Compliance with external laws and internal policies/procedures
3	Bank solidity	Being a trusted bank with high corporate governance and standards
4	Business Ethics	Maintaining a responsible and ethical approach to the business (*e.g.*, fair and transparent products, sales, client communication, marketing) with anti-corruption procedures taking into consideration environmental and social impact
5	Customer service quality	Delivering professional customer service to ensure high levels of customer satisfaction and recommendations
6	Non-financial Group disclosure	Disclosure of non-financial information related to corporate governance, employees, environment, and social aspects; *i.e.,* in the Group annual report and on the Group website
Employee		
7	Development and competences	Provision of career opportunities and professional growth to attract, develop and retain the best employees
8	Employees working conditions	Provision of attractive working conditions; *e.g.*, attractive remuneration, performance linked-bonus, medical care, employee benefits, flexible forms of employment, remote/hybrid working, dialogue, promotion of well-being
9	Employees satisfaction	Ensuring high employee satisfaction
10	Diversity and equal opportunities	Endeavouring to ensure employees' diversity, equality of opportunity and inclusivity, including ensuring no gender discrimination
Environment		
11	Eco-friendly products	Availability of services/products to address environmental issues; *e.g.*, green home loans with preferential terms (lower interest rates for energy efficient homes with low EPC house scoring), green funds (fund managers incorporating environmental, social and governance factors into decision-making process), supporting green transformation
12	Measure greenhouse gas emissions	Measuring and monitoring of greenhouse gas emissions related to Group operations (*e.g.,* premises, offices, cars, data centres) and its financed/lending portfolio
13	Limit operational impact on the environment	Mitigation of MeDirect's operational impact on the environment through implementation of environmentally friendly solutions such as certified offices, low-carbon vehicles (*e.g.*, electric, hybrid), eco-improvements in offices/clients communication (*e.g.,* LED lamps, occupancy sensors, digital monthly account statements), impact offsetting initiatives, digital solutions supporting decarbonisation (*e.g.,* reduction of greenhouse gas emissions contributing to global warming)
14	Limit financed portfolio impact on environment	Mitigation of indirect greenhouse gas emissions from the finance/lending portfolio through limiting exposure to environmentally sensitive sectors or high carbon emission sectors and supporting green/transformation projects that promote decarbonisation (*e.g.,* reduction of greenhouse gas emissions contributing to global warming)

15	Climate and environmental risk	Identification of material climate and environmental risks (*e.g.*, extreme weather events, new climate regulations, stranding assets, Co2 emissions prices), monitoring, measuring of potential impact and mitigation of this risk
Social		
16	Volunteering	Engagement of MeDirect employees in volunteering actions supporting planet and society; *e.g.*, beach clean-up, helping animals, planting trees, blood donation
17	Charity and Sponsorship	Engagement in local community activities and support; *e.g.*, support local talents in sports/culture, donations to and collections for charitable institutions and funds
18	Social inclusion	Driving equal opportunities and removing barriers; *e.g.*, through financial education, accessible banking, cooperation with community
19	Innovation	Delivering innovative financial solutions that support social and business development
20	Digitalisation and automation	Delivering digital solutions and automation to make lives easier (*e.g.*, easy-to-use products/services, saving time, better financial decisions)
21	Cyber and data security	Protection of internet-connected systems such as hardware, software, and data from cyberattacks and protection of customers' data and privacy to ensure safe banking
22	Social support schemes	Participation in the social support schemes for retail or corporate lending clients set up by the governments with guarantees

The results of the Stakeholders' Engagement Survey are presented in the chart below.

Chart. Stakeholders' Engagement Survey results (materiality matrix)



As a result of the double materiality analysis including stakeholders' engagement survey and internal consultations with top managers, the following key ESG reporting topics were identified:

- Compliance with regulation
- Cyber and data security
- Business ethics
- Bank solidity
- Customer service quality
- Digitalisation and automation
- Financial performance
- Employee working conditions
- Diversity and equal opportunities
- Employee development and competences
- Social inclusion

In 2025, the Group plans to carry out a new double materiality assessment in accordance with EFRAG Guidelines to prepare for the compilation of the sustainability report in accordance with CSRD.

7.3. GRI index

Table 66. List of GRI Standards indicators

Indicator Code	GRI Standard	Indicator name	Chapter link	Section
General Disclosures				
1. The organisation and its reporting practices				
GRI 2-1	GRI 2. General Disclosures 2021	Organisational details	1.MeDirect Group structure and business model	MeDirect Group structure and business model
GRI 2-2	GRI 2. General Disclosures 2021	Entities included in the organisation's sustainability reporting	7.Information about the report	Report description
GRI 2-3	GRI 2. General Disclosures 2021	Reporting period, frequency and contact point	7.Information about the report	Report description Contact details
GRI 2-4	GRI 2. General Disclosures	Restatements of information	7.Information about the report	Report description
GRI 2-5	GRI 2. General Disclosures 2021	External assurance	7.Information about the report	Report description
2. Activities and workers				
GRI 2-6	GRI 2. General Disclosures 2021	Activities, value chain and other business relationships	1.MeDirect Group structure and business model	MeDirect Group structure and business model
GRI 2-7	GRI 2. General Disclosures 2021	Employees	4.Employees - pillar 2 of ESG Strategy	Headcount
GRI 2-8	GRI 2. General Disclosures 2021	Workers who are not employees	4.Employees - pillar 2 of ESG Strategy	Headcount
3. Governance				

GRI 2-9	GRI 2. General Disclosures 2021	Governance structure and composition	3.2. Responsible and sustainable business	Corporate Governance
GRI 2-10	GRI 2. General Disclosures 2021	Nomination and selection of the highest governance body	3.2. Responsible and sustainable business	Corporate Governance
GRI 2-11	GRI 2. General Disclosures 2021	Chair of the highest governance body	3.2. Responsible and sustainable business	Corporate Governance
GRI 2-12	GRI 2. General Disclosures 2021	Role of the highest governance body in overseeing the management of impacts	3.3. Institutional approach to ESG	ESG in the organisational structure and in Three lines of defence
GRI 2-13	GRI 2. General Disclosures 2021	Delegation of responsibility for managing impacts	3.3. Institutional approach to ESG	ESG in the organisational structure and in Three lines of defence
GRI 2-14	GRI 2. General Disclosures 2021	Role of the highest governance body in sustainability reporting	7.1.Report description	Report description
GRI 2-15	GRI 2. General Disclosures 2021	Conflicts of interest	3.2.3. High corporate governance standards	Conflict of interest
GRI 2-16	GRI 2. General Disclosures 2021	Communication of critical concerns	3.2.3. High corporate governance standards	Preventing corruption and bribery, anti-fraud policy
GRI 2-17	GRI 2. General Disclosures 2021	Collective knowledge of the highest governance body	3.3.3. Developing ESG Competences 3.3.4. ESG in labour management	Developing ESG Competences Sustainability in the Board members evaluation assessment
GRI 2-18	GRI 2. General Disclosures 2021	Evaluation of the performance of the highest governance body	3.3.4. ESG in labour management 4.1.4. Board members evaluation assessment	Sustainability in the Board members evaluation assessment Board members evaluation assessment
GRI 2-19	GRI 2. General Disclosures 2021	Remuneration policies	4.1.1. Remuneration	Remuneration
GRI 2-20	GRI 2. General Disclosures 2021	Process to determine remuneration	4.1.1. Remuneration	Remuneration

GRI 2-21	GRI 2. General Disclosures 2021	Annual total compensation ratio	MeDirect employees' compensation data is considered as sensitive and is treated by the Group as highly confidential. The disclosure of such data could negatively affect MeDirect due to the business profile and scale of the organisation.	
4. Strategy and practices				
GRI 2-22	GRI 2. General Disclosures 2021	Statement on sustainable development strategy	2022 MeDirect Group Annual Report & Financial Statements (Directors' Report) 2.MeDirect Group ESG strategy	ESG ESG Strategy
GRI 2-23	GRI 2. General Disclosures 2021	Policy commitments	2. MeDirect Group ESG strategy	MeDirect Group ESG strategy
GRI 2-24	GRI 2. General Disclosures 2021	Embedding policy commitments	2. MeDirect Group ESG strategy 3.3. Institutional approach to ESG	MeDirect Group ESG strategy Institutional approach to ESG
GRI 2-25	GRI 2. General Disclosures 2021	Processes to remediate negative impacts	3.2.3. High corporate governance standards 4.2.2. Discrimination and harassment	Code of conduct and ethics Complaints handling Discrimination and harassment
GRI 2-26	GRI 2. General Disclosures 2021	Mechanisms for seeking advice and raising concerns	3.2.3. High corporate governance standards	Whistleblowing
GRI 2-27	GRI 2. General Disclosures 2021	Compliance with laws and regulations	3.2.3. High corporate governance standards	Compliance and Internal Audit
GRI 2-28	GRI 2. General Disclosures 2021	Membership associations	3.2.6. Membership of associations and organisations	Membership of associations and organisations
5. Stakeholder engagement				
GRI 2-29	GRI 2. General Disclosures 2021	Approach to stakeholder engagement	3.2.2. Communication with major stakeholders 7.2.Materiality analysis	Communication with major stakeholders Materiality analysis
GRI 2-30	GRI 2. General Disclosures 2021	Collective bargaining agreements	4.1.1. Remuneration	Remuneration
Material Topics				

GRI 3-1	GRI 2. General Disclosures 2021	Process to determine material topics	7.2. Materiality analysis	Materiality analysis
GRI 3-2	GRI 2. General Disclosures 2021	List of material topics	7.2. Materiality analysis	Materiality analysis
Material topic: Compliance with regulations				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	3.2.3. High corporate governance standards 3.2. Responsible and sustainable business	High corporate governance standards Compliance and Internal Audit
Material topic: Cyber and data security				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	6.3.2. Safe banking	Data Management and Protection Information & communication technology ("ICT") and security
GRI 418-1	GRI 418. Customer Privacy 2016	Substantiated complaints concerning breaches of customer privacy and losses of customer data	6.3.2. Safe banking	Data Management and Protection
Material topic: Business Ethics				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	3.2.3. High corporate governance standards	Code of conduct and ethics
GRI 205-1	GRI 205. Anti-corruption 2016	Operations assessed for risks related to corruption	3.2.3. High corporate governance standards	Preventing corruption and bribery
GRI 205-2	GRI 205. Anti-corruption 2016	Communication and training about anti-corruption policies and procedures	4.3.1. Trainings and development	Trainings and development
GRI 205-3	GRI 205. Anti-corruption 2016	Confirmed incidents of corruption and actions taken	3.2.3. High corporate governance standards	Preventing corruption and bribery
GRI 206-1	GRI 206: Anti-competitive Behaviour 2016	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	3.2.3. High corporate governance standards	Principles of free competition
Material topic: Bank solidity				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	3.2.3. High corporate governance standards	High corporate governance standards

			3.2. Responsible and sustainable business	Responsible and sustainable business
Material topic: Customer service quality				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	3.2.3. High corporate governance standards	High service quality
GRI 201-1	GRI 201. Economic Performance 2016	Direct economic value generated and distribute	6.Society - pillar 4 of ESG Strategy	Table. MeDirect Group performance and economic contribution
Material topic: Digitalisation and automatisation				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	6.3.1. Innovative solutions	Innovative solutions
Material topic: Financial performance				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	1.3. Business strategy	Business Strategy and 2022 MeDirect Group Annual Report & Financial Statements (financial part)
Material topic: Employees working conditions				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	4.1. Attractive workplace	Attractive workplace
GRI 401-1	GRI 401. Employment 2016	New employee hires and employee	4.Employees - pillar 2 of ESG Strategy	Headcount
GRI 401-2	GRI 401. Employment 2016	Benefits provided to full-time employees that are not provided to temporary or parttime employees	4.1.2.Benefits	Benefits
GRI 401-3	GRI 401. Employment 2016	Parental leave	4.1.2.Benefits	Benefits
GRI 403-5	GRI 403. Occupational Health and Safety 2018	Worker training on occupational health and safety	4.3.1. Trainings and development	Trainings
GRI 403-6	GRI 403. Occupational Health and Safety 2018	Promotion of worker health	9 4.1.2.Benefits	Supportive working conditions Benefits
Material topic: Diversity and equal opportunities				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	4.2. Diversity, equality and inclusion	Diversity, equality and inclusion

GRI 405-1	GRI 405. Diversity and Equal Opportunity 2016	Diversity of governance bodies and employees (Composition of supervisory bodies and staff by gender, age, minority and other indicators of diversity)	4.2.1. Diversity and equality and Employees - pillar 2 of ESG Strategy	Diversity, Headcount
GRI 405-2	GRI 405. Diversity and Equal Opportunity 2016	Ratio of basic salary and remuneration of women to men	MeDirect employees' compensation data is considered as sensitive and is treated by the Group as highly confidential. The disclosure of such data could negatively affect MeDirect due to the business profile and scale of the organisation.	
406-1	GRI 406: Non-discrimination 2016	Incidents of discrimination and corrective actions taken	4.2.2. Discrimination and harassment	Discrimination and harassment
Material topic: Employees development and competences				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	4.3. Professional development	Professional development
GRI 404-1	GRI 404. Training and Education 2016	Average hours of training per year per employee	4.3.1. Trainings and development	Trainings
GRI 404-2	GRI 404. Training and Education 2016	Programs for upgrading employee skills and transition assistance programs	4.3.1. Trainings and development	Trainings
GRI 404-3	GRI 404. Training and Education 2016	Percentage of employees receiving regular performance and career development reviews	4.3.4. Employees assessment	Employees assessment
Material topic: Social inclusion				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	6.2. Social inclusion 6.1. Community engagement	Social inclusion Community engagement
GRI 413-1	GRI 413: Local Communities 2016	Operations with local community engagement, impact assessments, and development programs	6.1. Community engagement	Community engagement

7.4. SDG index

Table 67. The list of SDGs included in the MeDirect ESG Strategy

SDG No	SDG Name	Name	Chapter link	Section
3	Good health and well-being	Ensuring healthy lives and promote well-being among our employees and clients	4.1.2. Benefits 4.1.5. Supportive working conditions	Benefits Supportive working conditions Safety and healthy premises

			6.3.2. Safe banking 6.3.3. Support schemes	Support schemes
4	Quality education	Ensuring development of our employees and promote social education on the market	4.3.1. Trainings and development 6.2.1. Social Education 6.1. Community engagement	Trainings and development Social education
5	Gender equality	Promoting gender diversity and equality with set up minimum representation priorities at Board and leadership level whilst maintaining gender neutral recruitment process and gender diversity in the succession program for managerial positions	4.2. Diversity, equality and inclusion	Diversity and equality Discrimination and harassment
8	Decent work and economic growth	Ensuring effective management of people reinforced by attractive working and constant employee development	4. Employees - pillar 2 of ESG Strategy	Attractive workplace, professional development, diversity/equality/inclusion
9	Industry, innovation and infrastructure	Delivering innovative financial solutions and safe banking	6.3.1. Innovative solutions 6.3.2. Safe banking	Innovative solutions Safe banking
10	Reduce inequalities	Reducing income inequality within and among countries	4.2. Diversity, equality and inclusion 6.2. Social inclusion 6.3. Society development and support	Diversity, equality and inclusion Social inclusion Society development and support
11	Sustainable cities and communities	Supporting development of the cities through delivering to its retail (home loans) and corporate clients financing. Engaged in the local communities by participating in volunteering and charity initiatives.	6.Society - pillar 4 of ESG Strategy	Society - pillar 4 of ESG Strategy
13	Climate action	Integrating climate risks into its risk management framework and business processes developing a more resilient business model	5.3. Climate risk resilience	Climate risk resilience

		and promote transition into low carbon economy		
16	Peace, justice and strong institutions	Focusing on developing a responsible and sustainable business to build a trusted and distinctive brand	3.2. Responsible and sustainable business	Responsible and sustainable business

7.5. TCFD climate reporting guidelines

Table 68. TCFD guidelines

Area	Disclosure	Chapter link	Section
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	3.3.1. ESG in the organisational structure 3.3.2. ESG in the three lines of defence	ESG in the organisational structure ESG in the three lines of defence
	Describe management's role in assessing and managing climate-related risks and opportunities.	3.3.1. ESG in the organisational structure 3.3.2. ESG in the three lines of defence	ESG in the organisational structure ESG in the three lines of defence
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	5.3. Climate risk resilience	Climate risk resilience
Risk Management	Disclose how the organisation identifies, assesses, and manages climate-related risks.	5.3. Climate risk resilience	Climate risk resilience
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	5.3. Climate risk resilience 5.1.2. Financed portfolio	Climate risk resilience

7.6. Contact details

GRI 2-3

Contact point related to this Report is as follows:

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