



# 2022

**MeDirect Group  
Non-Financial Report 2022**

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## Introduction

MeDirect has stepped up its sustainability-focused activities and continued to integrate environmental, social and governance (“ESG”) principles in its day-to-day operations and business lines increasing ESG awareness across the Group.

The Group has developed its first ESG strategy and commenced its implementation. MeDirect’s ESG activities undertaken to-date have received market recognition and helped to further improve its EcoVadis sustainability rating.

This non-financial statement presents MeDirect’s ESG Strategy and lays out key sustainability commitments, policies and rules that are followed within the Group as well as the 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 situated 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, Turkey and The Netherlands.

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 twenty Belgian banks.

Collectively, the Group employs around 335 employees, consisting of around 25 different nationalities and serving more than 108,000 clients holding €4.2 billion of clients financial assets.

#### 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 franchise. In its wealth business, MeDirect’s objective is to disrupt the retail digital investment space and empower its clients to grow their wealth with confidence and autonomy. The centrepiece of this business is MeDirect’s Wealth SuperApp, which offers on a single omni-channel, open architecture platform with a broad range of online investment solutions, superior user experience and attractive pricing, combined with high quality transactional banking capabilities. Through the SuperApp, investors can take advantage of execution only, guided and fully managed wealth solutions. The platform enables investors to access to over 1,750 mutual funds, 480 ETFs, 250 bonds and 3,000 equities traded on 17 global stock exchanges around the world recently. 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 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) mortgages in partnership with the Blauwtrust Groep, which provides servicing, portfolio management and mortgage origination services in the Netherlands, Belgian mortgages in partnership with Allianz Benelux and Maltese residential home loans, which it originates and services directly. The Group recently began investing in Dutch buy-to-let mortgages in partnership with Build Finance, a Dutch servicer and originator.

MeDirect also invests in a diversified international corporate lending portfolio and provides corporate loans to Maltese borrowers on the local market.

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

### 1.3. Business strategy

The Group's transformation business strategy for 2021-2023 is based on attaining the following four key objectives:

- building a world-class WealthTech platform;
- growing its retail franchise focused on affluent customers;
- de-risking and diversifying its balance sheet, with a focus on mortgages; and
- improving the efficiency of its operating model.

The Group long-term goal is to ensure sustainability of revenue resources supported by responsible risk management. Further details on the Group's business strategy can be found in the 2022 MeDirect Group Annual Report & Financial Statements, under the heading "Chairman & Chief Executive Officer's Review".

### 1.4. Shareholding structure and relations

Starting from 2009, the ultimate controlling shareholder has been AnaCap Financial Partners II LP ("AnaCap Fund II"). AnaCap Fund II and its general partner have appointed AnaCap Investment Manager Limited ("AIML") as manager of its investment in MeDirect. AIML is affiliated with, AnaCap Financial Partners LLP, a UK private equity firm focused on investing in the European financial sector. AnaCap appoints a non-executive director of MeDirect Group and MeDirect Malta, ensuring open lines of communication between MeDirect and its controlling shareholder.

MDB Group has listed subordinated debt securities on the 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 Limited is located in Sliema, The Centre., Tigne Point, TPO 001 Malta. The 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
<b>Regulated Group – legal entities</b>					
1	MDB Group Limited ("MeDirect Group")	Parent company	~100% Medifin Finance Limited	Malta	Financial group
2	MeDirect Bank (Malta) plc ("MeDirect Malta")	Main subsidiary	~100% MeDirect Group	Malta	Banking
3	MeDirect Bank SA ("MeDirect Belgium")	Subsidiary	~100% MeDirect Malta	Belgium	Banking
4	Medifin Leasing Limited ("Medifin Leasing")	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
<b>Other entities</b>					
5	MeHomeLoans B.V., in liquidation	A controlled special purpose entity		Netherlands	Set up to be used for new business in the Netherlands (not utilised)
6	Medifin Estates	Partnership	96.7% MeDirect Malta, 3.3% MeDirect Group	Malta	Property leasing partnership

The Group consolidates the orphan entities presented in Table below. MeDirect Group is not 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 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 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 Mortgage business
4	Grand Harbour I B.V. ("GH I"), in liquidation	A controlled special purpose entity		Netherlands	Banking - utilised as part of the Group's funding strategy in respect of the International Syndicate Corporate Lending portfolio

## 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 strategy was approved by the Group Board and ESG Committee.

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 pursuit towards a more sustainable path, 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 measures, such as strengthening its corporate governance framework, 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 framework

With respect to Employees, the Group aims to:

- provide and foster an attractive and productive working environment;
- promote diversity, equality 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 lower-carbon intensive business model;
- offering its clients “greener” and/or more sustainable financial products; and
- adapt 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 society development and its support

A detailed overview as to how the Group aims to deliver on all of the above identified sustainability objectives is provided further below. All these specific strategic objectives are illustrated in the graphic 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 will be measured and disclosed to the market in future annual reports. The ESG Committee and the Board will be responsible for monitoring the implementation of the ESG strategy. Progress in implementation of the strategy will be regularly reported to these two bodies. Some ESG initiatives require changes to internal policies. MeDirect is determined to deliver on its ESG commitments.

The ESG strategy is available on the MeDirect website under the heading Sustainability.

### 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, continuing to build a trusted and distinctive brand in the markets it operates in.

#### 3.1. Group vision, mission and core corporate values

As part of its ESG Strategy, the Group has reaffirmed its 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. It is this holistic vision which lies at the very heart of MeDirect's mission to be a "one-stop shop" for its customers.

##### 3.1.1. 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 are focused on:

- **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 give them the choice in how to manage their money.
- **Innovation** – the Group does not rest on its laurels. We are results-driven and constantly review how to deliver on our vision and improving our 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 equality, diversity and inclusion and promotes care for our environment in all its processes and operations.

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

##### 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 through its clients 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 ambitious is to be a one-stop-shop for its clients' wealth and banking needs. A place where they can manage their money, their way. This means providing our clients with an app they can understand, navigate and trust. We are committed to listening to clients, speaking their language and guiding them appropriately.

### 3.2. Responsible and sustainable business

ESG Strategy focus: MeDirect Group will continue to be focused on developing a responsible and sustainable business to build a trusted and distinctive brand as defined in pillar 1 of the ESG Strategy. A more 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 while maintaining high corporate governance standards and an ethical approach to business.

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

- Maintain high Net Promoter Score at 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 customer acceptance policy)
- Incorporate appropriate human rights clauses screening in 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 MDB Group and of MeDirect Malta operates as a unitary Group Board, except in the case of specific matters and/or decisions clearly falling within the sole remit of a particular Board. The Group Board is responsible for decision-making at the highest level as well as for supervising the activities of the institution, while senior management of the management function manages MeDirect's daily operations in a manner consistent with the business strategy, risk appetite and policies established by the Board. Both Boards are composed of executive directors (exercising the management function) and non-executive directors (performing the supervisory function).

Chart. Group Board structure



Group reserves certain key decisions for approval by the full Board. The Board's among the most significant responsibilities are to set the Group's strategy and its risk appetite, as well as to approve 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. MeDirect Belgium may set its own objectives within the parameters of the Group's strategic objectives and risk appetite.

Certain responsibilities and functions are delegated to standing Group 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 established under the Group's Corporate Governance Framework.

The Group acknowledges that having a diverse Board is an important element that 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 Group's

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 Group Board of Directors and its Committees

No	Name	Function in the Board	Group Board Committee Chair/Member/Permanent Invitee	Belgium Committee Chair/Member/Permanent Invitee	Appointed
1	Michael Bussey	Independent Non-Executive Director	<ul style="list-style-type: none"> <li>Group Board (chair)</li> <li>Group Nomination and Remuneration Committee (chair)</li> <li>Group Board Audit Committee (member)</li> <li>Group Board Risk Committee (permanent invitee)</li> </ul>	<ul style="list-style-type: none"> <li>MeDirect Belgium Board member</li> <li>MeDirect Belgium Board Risk and Compliance Committee (member)</li> <li>MeDirect Belgium Nominations and Remuneration Committee (member)</li> </ul>	20 February 2017
2	John Zarb	Independent Non-Executive Director	<ul style="list-style-type: none"> <li>Group Board (member)</li> <li>Group Board Audit Committee (chair)</li> <li>Group Board Risk Committee (interim chair)</li> <li>Group Nomination and Remuneration Committee (member)</li> </ul>	<ul style="list-style-type: none"> <li>MeDirect Belgium Board member</li> <li>MeDirect Belgium Board Audit Committee – (interim chair)</li> </ul>	12 July 2017 (Group) 17 July 2017 (MeDirect Malta)
3	Jamal Ismayilov	Non-Executive Director (representing the shareholder)	<ul style="list-style-type: none"> <li>Group Board (member)</li> <li>Group Board Risk Committee (member)</li> <li>Group Nominations and Remuneration Committee (member)</li> </ul>	N/A	14 December 2021
4	Arnaud Denis	Executive Director - Chief Executive Officer	Group Board (member)	N/A	15 October 2019
5	Radoslaw Ksiezopolski	Executive Director - Chief Financial Officer	Group Board (member)	N/A	10 October 2019 (Group) 4 October 2019 (MeDirect Malta)

NOTE: The experience of the Board members is described on the MeDirect company website. As of 26 of September 2022 Dina Quraishi was nominated as an independent Non-Executive Director for MeDirect Bank (Malta) plc to become effective upon regulatory approval. In 2023 Philip Campbell English was nominated as Non-Executive Director for MeDirect Bank (Malta) plc to become effective upon regulatory approval.

MeDirect Belgium is a credit institution licensed in Belgium and in view of its size and risk profile, has its own corporate governance responsibilities. Its Board composition, influenced by Belgian law. The Board includes all of the members of the Executive Committee. To facilitate the communication flow between the Group and its subsidiary, certain members of the Group Board are also members of the MeDirect Belgium Board and its Committees.

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

No	Name	Function in the Board	Board Committees Chair/Member/Permanent Invitee	Group Committee Chair/Member/Permanent Invitee	Appointed
1	Marcia De Wachter	Independent Non-Executive Director	<ul style="list-style-type: none"> <li>MeDirect Belgium Board (chair)</li> <li>MeDirect Belgium Nomination and Remuneration Committee (chair)</li> </ul>	<ul style="list-style-type: none"> <li>Group Board (permanent invitee)</li> <li>Group Board Risk Committee (permanent invitee)</li> <li>Group Board Audit Committee (permanent invitee)</li> </ul>	23 September 2020
2	Bart Bronselaer	Independent Non-Executive Director	<ul style="list-style-type: none"> <li>MeDirect Belgium Board Risk and Compliance Committee (chair)</li> <li>MeDirect Belgium Board Audit Committee (member)</li> <li>Board Nominations and Remuneration Committee (member)</li> </ul>	N/A	12 January 2021
3	Tim Rooney	Executive Director - Chief Executive Officer	<ul style="list-style-type: none"> <li>MeDirect Belgium Board (member)</li> </ul>	N/A	20 July 2020
4	Marcel Berkhout	Executive Director - Chief Finance Officer	<ul style="list-style-type: none"> <li>MeDirect Belgium Board (member)</li> </ul>	N/A	27 May 2021
5	Francois Ducuroir	Executive Director - Chief Risk Officer	<ul style="list-style-type: none"> <li>MeDirect Belgium Board (member)</li> <li>MeDirect Belgium Board Risk and Compliance Committee (member)</li> </ul>	N/A	13 August 2021

NOTE: The experience of the Board members is described on the MeDirect company website. As of 27 of October 2022 Frederic Hannequart was nominated as an independent Non-Executive Director for MeDirect Bank S.A./N.V. to become effective upon regulatory approval. In 2023 Alain Moreau was nominated as Chief Executive Officer designate for MeDirect Bank S.A./N.V. to become effective upon regulatory approval. Mike Bussey and John Zarb are also members of MeDirect Belgium Board.

All the members of the Board are fully aware of the organisational structure and their responsibilities including the division of roles and responsibilities between the Executive Directors (EDs) and Non-Executive Directors (NEDs). The Executive Directors are mainly responsible for the day-to-day management of the MeDirect's business, while the Non-Executive Directors are primarily responsible for monitoring and constructively challenging the management's decision-making and scrutinising the implementation of the MeDirect's strategy and objectives. The Group's Chairman is a Non-Executive Director, and therefore the roles of Chairman and Chief Executive Officer are not exercised by the same individual in line with the recommendations issued by 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 mainly 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") and the Group Steering Committee, the main function of which is the coordination of day-to-day activities of the Group and the execution of its strategy. MeDirect Belgium CEO is the Chair of the MeDirect Belgium EXCO.



*Standing, from left.*

Tim Rooney - Chief Executive Officer, MeDirect SA

Jamal Ismayilov - Non-Executive Director, MeDirect Group

Philip Campbell English - Nominated as Non-Executive Director, MeDirect Group (to become effective upon regulatory approval)

Dina Quraishi - Nominated as Independent Non-Executive Director, MeDirect Group (to become effective upon regulatory approval)

Michael A. Bussey - Chair and Non-Executive Director, MeDirect Group

Marcia de Wachter - Chair and Non-Executive Director, MeDirect SA

Alain Moreau - Nominated as Chief Executive Officer designate, MeDirect SA (to become effective upon regulatory approval)

John Zarb - Independent Non-Executive Director, MeDirect Group

*Sitting, from left.*

Radoslaw Ksiezopolski - Group Chief Financial Officer, MeDirect Group

Marija Fenech - Chief Risk Officer, MeDirect Group

Arnaud Denis - Group Chief Executive Officer, MeDirect Group

## Audit Committee

The main focus of the Audit Committee is to oversee and ensure the quality and integrity of the Group's financial reports, subject to the Board's ultimate authority. The Committee is also tasked with:

- 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 plans of the Internal Audit's Function; and
- assessing the effectiveness of Internal Audit, including the adequacy and competence of its staff.

## Board Risk Committee

The Board Risk 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 Risk Committee advises the Board on the Group's risk appetite and strategy taking into account all types of risk, to ensure that they are in line with the Group's business strategy, objectives, corporate culture and values. It assists the Board in overseeing the implementation of the strategies and policies by management.

The Risk 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 has oversight of the Group's compliance and risk management functions, each of which has direct access to the Committee. The Risk Committee is also responsible for oversight of related party transactions.

## Nominations and Remuneration Committee

While 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.

## Executive Committees

The Group Steering Committee ("SteerCo") represents the principal forum for the Executive Directors and senior management of the Group's banking entities, MeDirect Malta and MeDirect Belgium, to discuss the key strategic issues and initiatives, with the aim of ensuring that the strategic objectives of the Group are delivered in accordance with the business plans approved by the Board. In order to assist the Group SteerCo with the execution and implementation of the Group's strategy, local Executive Committees ("local EXCOs") were set up with a specific focus on the jurisdictions in which they operate.

There are two Executive management Committees within the Group for each entity. MeDirect Malta's Executive Committee members are Group Chief Executive Officer (Chair), Group Chief Financial Officer and Malta Chief Risk Officer (Malta), while MeDirect Belgium's Executive Committee members are Belgium Chief Executive Officer (Chair), Belgium Chief Financial Officer and Belgium Chief Risk Officer.

## Nomination process

### GRI 2-10

The Shareholders or the Board of Directors have the authority to replace directors or nominate potential Directors. The Board Nominations and Remuneration Committee shall consider and advise on the approval and appointment or replacement of Board members. Directors shall be appointed for terms of a maximum of six years. Following the expiration of such term, Directors may be re-elected. 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. Directors are typically re-elected during Annual General Meetings.



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(s) of the Board resigns, 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 the Management body collectively. This process is explained in detail in the Group's Suitability Assessment Policy.

The Nominations and Remuneration Committee is the Board Committee delegated with the task of nominating and assessing the suitability of prospective Directors prior to their appointment. Shareholders may also nominate and appoint members of the Board.

All Board appointments are subject to regulatory approval by the European Central Bank, following the completion of an FAP suitability assessment led by the Nominations and Remuneration Committee with support from the Corporate Governance Function.

The suitability criteria used to assess the suitability of individual Board members include four main criteria as set out below:

- Competence and experience
- Reputation, honesty and integrity
- Independence of mind and conflict of interest
- Time commitment

Apart from the above, other skills are taken into consideration as part of the assessment in the context of the role and responsibilities of the proposed appointment, including authenticity, communication, leadership, strategic acumen, judgment, loyalty, stress resistance, decisiveness and a sense of responsibility.

The Board should be made up of a diverse pool of members with the ultimate aim of achieving a variety of views and experiences to facilitate independent opinions and sound decision-making within the Board. Consideration is given to:

- Education and professional background
- Gender and age and
- Geographical provenance

More details are provided in the 2022 MeDirect Group Annual Report & 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 maintains a regular dialogue with all its stakeholders including active, transparent, and effective communication using various communication channels. The Group identified the following stakeholders that interact with MeDirect:

1. Internal
  - Employees
2. External
  - Customers
  - Investors
  - Supervisor and other regulatory bodies

- Financial market institutions including banking associations
- Business partners and suppliers
- Community (universities, MCAST, charity organisations)
- Media

Table 5. Stakeholders by communication channels

Stakeholder group	Communication channel	Frequency of communication
Employees	Internal communication (Email) Corporate portal 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 Ongoing Semi-annual Ongoing Several times a year As planned in volunteering program 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 Mon-Fri (8-18), Sat (9-13) Ongoing Ongoing Ongoing Ongoing Ongoing
Shareholder	Financial Reports Company announcements Press releases Board seats Face-to-face and online meetings Email, online communication, phone calls	Semi-annual Ongoing Ongoing As planned in the Board agenda Ongoing Ongoing
Bonds investors	Financial Reports Company announcements Press releases Face-to-face and online meetings Email, letters, phone calls	Semi-annual Ongoing Ongoing If required Ongoing
Supervisor and other regulatory bodies (including local regulators MFSA, NBB, AFM/DNB and European Central Bank JST)	Regulatory dialogue Consultations and cooperation in working groups Face-to-face and online meetings Email, letters, phone calls when required	Ongoing If required If required Ongoing
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	Ongoing Ongoing Ongoing

	Cooperation in working groups and project management team Negotiations of contracts	Ongoing If required
Community (universities, MCAST, charity organisations)	Charity and sponsorship activities Cooperation with local NGOs Cooperation with local universities Career Days Meetings with students, student internships Joint social and educational initiatives	Ongoing Ongoing Ongoing 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 in the section titled “Materiality analysis”.



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

The Board considers the following as being the key stakeholders of the Group:

- Customers and employees
- Shareholders
- Supervisors and other regulatory bodies
- Listing authorities

as defined in the Group Corporate Governance Framework.

## Communication with other stakeholders – customers and employees

The CEO and the Company Secretary are responsible for any public announcements and press releases. The Group has a communication plan to address adverse 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, counterparties, financial markets, depositors and the public, as appropriate; and
- 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 the controlling and in conveying its views to the Board. The Non-Executive Directors are able to meet with the controlling shareholder in order to develop a balanced understanding of its views and concerns. The Executive Directors may also engage with the shareholder on matters concerning the strategic direction of the Group. The controlling shareholder has the ability to call special meetings on matters of importance to the Group.

## Communication with the supervisors and other regulatory bodies

The CEO shall lead the Group's representatives in supervisory dialogues. The regulators can also request the participation of members of the Board and key function holders in supervisory dialogues, as required. The CEO is also the primary contact for official regulatory correspondence. In order to ensure proper follow-up on queries received from the regulator, the Group maintains a log of requests for information and official correspondence. . Any official regulatory correspondence is immediately copied to the Board.

## Communication with the listing authorities and public disclosures

MeDirect Malta has issued subordinated debt securities on the MSE. MeDirect therefore complies with the Listing Rules of Malta. It also complies with all other applicable rules and regulations. The Group is required to provide the market with appropriate information in sufficient detail to enable investors to make informed investment decisions. 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 disclosures.

The Board is responsible for approving the annual and interim financial statements of the Group and for determining that the annual report and accounts, taken as a whole, is fairly balanced and understandable, providing the information necessary for shareholders to assess the Group's financial position, performance, business model and strategy.

The Group's 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. High 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 a number of 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:

- Group Corporate Governance Framework
- Group Code of Conduct and Ethics
- Anti-Bribery and Corruption Policy ("ABC Policy")
- Anti-Money Laundering, Countering of Terrorism ("AMLCFT") and Sanctions Policy, Customer Acceptance Policy
- 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

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 while 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 while behaving in a professional and ethical manner at all times.

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 for their review, 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 is structured on the following main pillars:

- products and services - Group employees are required to:
- produce and market products which are easy to understand, with a simple and transparent pricing structure;
- 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 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;
- 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 relationship with all counterparties and/or prospective counterparties. The Group will therefore only agree to do business with counterparties and/or prospective counterparties that respect human

rights. 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 environment-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 encourage 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 finance and/or any other financial crime to the Money-Laundering Reporting Officer ("MLRO") in accordance with the procedures set forth in the Group's AML/CFT Policy. Furthermore, staff members are encouraged to use of the Group's whistleblowing reporting in the event of any suspicion of any behaviour or misconduct warranting a protected disclosure under the policy. In all cases where a staff member observes improper practices, a whistle blower 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 who 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
Number of breaches of the Code of Conduct and Ethics cases identified in the Group during the reporting period	0	0
Number of breaches of the Code of Conduct and Ethics cases communicated to the Board during the reporting period	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 & 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 2022, the Group approved the latest 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 requires 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 (employees means permanent and fixed-term employees, contractors and consultants, including those on assignment or secondment) 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

All strategic activity is required to identify and mitigate any bribery or corruption risk. The ABC Policy and Procedures set these minimum standards, which includes 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 Group 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 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.

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

## Oversight

The ABC policy is overseen by the Board. The Group requires all staff, Board of 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 is not aware of any cases of corruption or bribery in the last two reporting years.

Table 7. Corruption and bribery cases in the Group

	2021	2022
Number of corruption and bribery cases identified in the Group during the reporting period	0	0
Number of corruption and bribery cases communicated to the Board during the reporting period	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 Maltese Protection of the Whistleblower Act 2013 and the Belgian Law on the Reporting of a Suspected Violation of Integrity in a Federal Administrative Authority by a Staff Member 2013.

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 recognizes 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 Policy addresses the enhanced requirements laid out through Protection of the Whistleblower Act 2021 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 in the Group

	2021	2022
Number of whistleblowing cases identified in the Group during the reporting period	0	0
Number of whistleblowing cases communicated to the Board during the reporting period	0	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 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 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 modules with assessments, 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;
- 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 as a whole ensures that there is a Conflicts of Interest Policy in place which it approves, while 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 compliance. 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.

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 an annual basis, a written report is provided to the Executive Committee and the Board of Directors of the Group entities.

During 2022, there were no material conflicts of interest reported or identified. Additionally, any conflicts of interest reported or identified were all appropriately managed.

## Anti-fraud policy

### GRI 2-16

The Group Anti-Fraud Policy constitutes the umbrella of the existing anti-fraud frameworks in MeDirect. It is the responsibility of the Operational Risk function and applies to all staff. It describes the following:

- The various types of fraud to which the Group is exposed given the nature of its business;
- Roles and responsibilities in the prevention of fraud;
- The methodology of Anti-Fraud risk assessment;
- 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 Management Risk Committee 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 responsibility of the Management Risk Committee to approve the resolution of final investigations and to determine potential disciplinary actions in relation to frauds committed by internal staff.

The Group has no risk appetite for internal fraud and a very low risk appetite for external fraud. 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
Number of internal frauds communicated to the Board during the reporting period	0	0
Number of external frauds communicated to the Board during the reporting period	1	2

## Preventing money laundering and financing of terrorism 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 Anti-Money Laundering ("AML") and Combatting Terrorism Financing ("CTF") obligations 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.

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/CTF Policy as well as procedures for this purpose.

The objective of these policies and procedures is to identify and appropriately manage 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;
- 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 third line audit function; and
- Any relevant additional local requirements.

These policies apply to all employees (including temporary employees) in all functions, all units in 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

The Group internal control compliance function is undertaken by Group's Regulatory Compliance Department and the Financial Crime Compliance Department, each of which forms a key component of the Group's second line of defence. The role of the compliance function is to advise the Group's 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, while 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. The Compliance Function assists the Risk Management Function in assessing and monitoring various risks which may arise. Both functions prepare a compliance plan which is approved by the Risk Committee, and which may consider environmental, social and governance ("ESG") and climate-related and environmental risks ("CER") issues, as required. The MLRO reports to the Head of Financial Crime Compliance and has direct access to the members of the Board and the Board Risk Committee.

Applicable rules are described in the Compliance Charter of each regulated entity within the Group and are reviewed on an annual basis.

The Group did not identify any instances of non-compliance with applicable laws or regulations related to the reporting year and did pay any fines imposed by regulators in the reporting year.

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

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

The Internal Audit Function ("IAF") independently provides reasonable assurance to the Group and MeDirect Belgium Boards of Directors and Executive Committees as well as management 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 to Chairs of the relevant Board Audit Committees while maintaining an administrative reporting line to the relevant CEOs.

Being positioned as the third line of defence (LoD), the IAF, through the execution of its, groupwide integrated, multi-annual audit 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 Boards, Audit Committees, or senior management teams 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 of 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 sales and client-oriented and 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 and maintain relationships with customers or business partners from controversial industries and geographical locations.

The Group incorporates human rights clauses into new contracts entered into with contract counterparties and corporate lending clients, as defined in the ESG Strategy

## High service quality

MeDirect's top priority is to provide its customers with professional service and the best experience possible through digital innovation and is continuously 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 will take all steps required to obtain the best possible result 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 including: the characteristics of the customer order; the characteristics of the financial instruments that are subject to an order; 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 Group also monitors its customer satisfaction as described in the section 3.2.5 - Customer Satisfaction, and its aim is to maintain high levels of customer satisfaction as measured by an NPS (customer recommendation factor).

## Complaint handling

### GRI 2-25

MeDirect Malta has established internal procedures and policies regarding complaints in line with relevant regulations such as the Malta Financial Services Authority Banking Rule 22. The main purpose of these policies is to inform customers in a transparent way 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 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 the 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
Number of customer complaints received	235	214
Number of complaints examined/resolved within the 15 days	185	169
% of complaints fully or partially considered in favour of the client	64%	50%

## 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 additionally, MeDirect does not exercise any powers and/or does not behave in a monopolistic fashion. Furthermore, all agreements that MeDirect enters, with its counterparts, suppliers and other third-party service providers, adhere to strict principles of fairness and equity and are not anti-competitive and/or designed to stifle competition in the market. On the contrary, MeDirect Business Strategy aims to generate more competition in financial services through its innovative products and technological capabilities for the benefit of its customers. Moreover, MeDirect was not sanctioned by any competition authority and is currently not subject to any pending and/or threatened litigation and/or claim or action, in relation to any violations or non-observance, of all applicable competition rules and regulation.

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

	2021	2022
Number of identified cases	0	0

### 3.2.4 Market recognition



Three years ago, MeDirect Group started its strategic transformation. Since then, the Group has been recognised in the areas of technology and equality.

MeDirect Malta has won the "Best Use of Technology in Business Transformation" category at the 2021 eBusiness Awards organised by Tech.MT. These awards celebrate successes in technology and promote the most innovative initiatives in the eBusiness community in Malta. These accolades are an endorsement of Maltese success in delivering projects, initiatives, solutions or other achievements in the digital field. The "Best use of Technology in Business Transformation" category rewards innovation, originality, scope, outcome and external impact. The award also recognises any positive contribution the innovation brings towards environmental sustainability.

In December 2020, MeDirect Malta was awarded the Equality Mark certification. Diversity and equality are very important principles across all levels of management including the Board, with approximately 40% of all Group employees being female and employees include nationals of more than 25 countries.

### 3.2.5. Customer satisfaction

Customer satisfaction is crucial to the success of MeDirect's business. 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 customer satisfaction at a minimum of 30 as measured by NPS (customer recommendation factor). 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 weekly basis, enabling the Group and its banking entities to react quickly to clients' expectations and provide high quality service.

Table 13. Group NPS

	H2' 2021	2022
NPS	37	30

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 of associations and organisations

#### GRI 2-28

MeDirect Malta is a member of the Malta Bankers Association ("MBA") and the Malta Stock Exchange ("MSE"). 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 Regulatory Affairs function coordinates with various internal representatives of the Group in the MBA, in which the Group's representative serves as Vice Chair, and Febelfin in order to have a deeper understanding of regulatory developments. The MeDirect Belgium legal function receives general correspondence from different sub-committees of Febelfin. Group representatives also serve on, sub-committees of the MBA, including the Cybersecurity Sub-Committee and the Prevention of Money Laundering Sub-Committee.

## 3.3. Institutional approach to ESG

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

MeDirect will continue 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 Group will continue embedding ESG in the corporate structure to increased 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 2024/2025 the Group is committed to achieving the following targets:

- Minimum one ESG training per year
- ESG/CER integrated in 3 year internal audit cycle plan and yearly compliance plans
- Minimum of 3 independent members in the Board

In 2022, the Group incorporated sustainability into its internal organisational structure as part of the implementation of its ESG agenda.

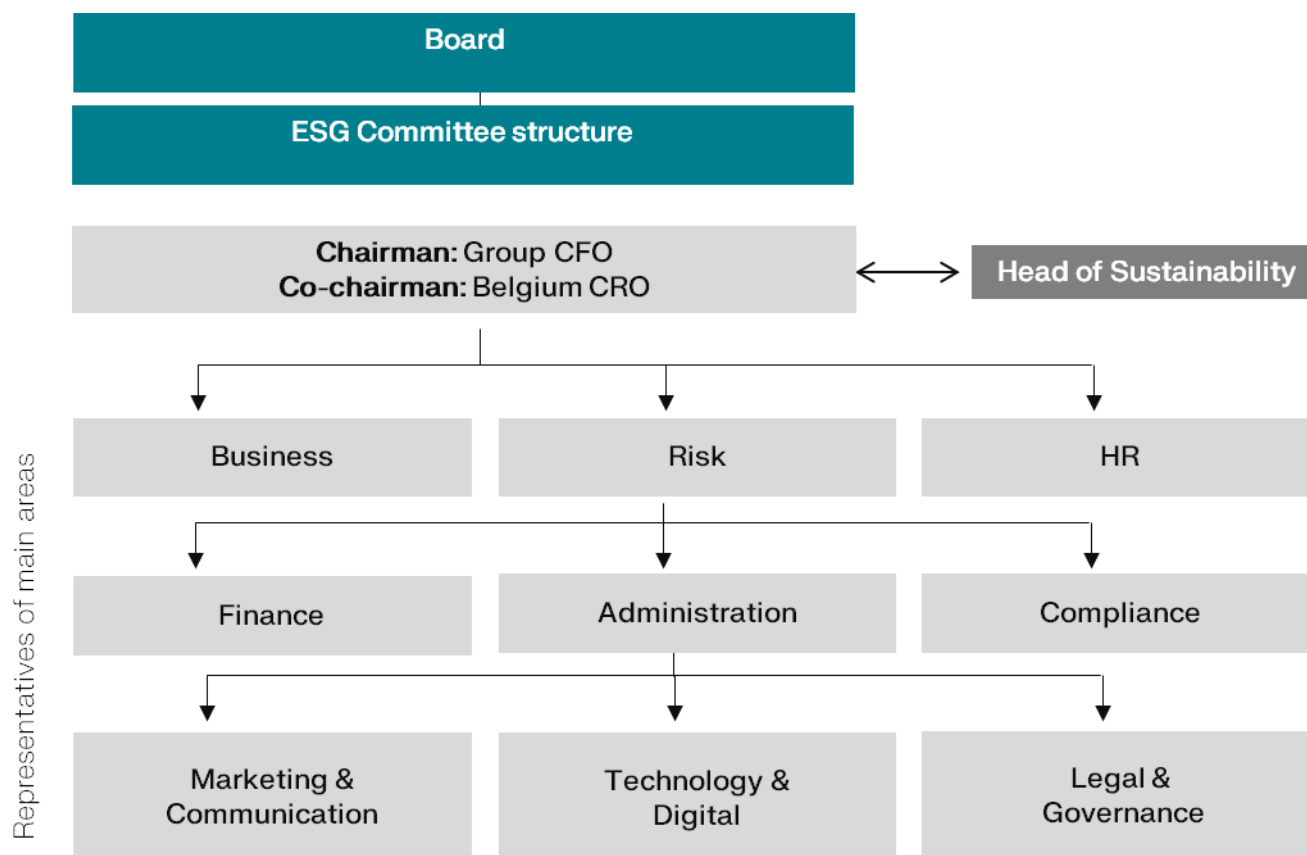
The Group set up an ESG Committee and recruited a Group Head of Sustainability. The main purpose of ESG Committee is to provide advice and support to the Boards and the management of the Group with regard to ESG topics including the implementation of ESG-related initiatives, corporate social responsibility engagement and monitoring of climate and environment-related risks (the "CER") and ESG risks and opportunities. The Committee meets at least quarterly and reviews the status of ESG/CER agenda implementation.

The Committee includes key managers of the Group representing the main areas critical to the effective management of ESG and CER issues. The Chair of the Committee is the Group Chief Financial Officer and the Co-Chair of the Committee is the

MeDirect Belgium Chief Risk Officer. The Group Head of Sustainability is the primary coordination point driving the ESG/CER 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 in order to maintain its independent status.

Chart. MeDirect Group ESG Committee



The Board maintains oversight of ESG and CER via regular updates (standing agenda item) that are provided during the routine Board meetings by the Group Head of Sustainability. In addition, the Board approves the main risk policies and the ESG Strategy that incorporates ESG/CER procedures and commitments.

The unitary Group Board structure ensures the oversight by the Group as a whole, helping to ensure consistency on matters affecting the entire Group, such as emerging ESG risks. By setting the ESG agenda at the parent level, the Group Board is able to ensure a common ESG strategic framework which can be deployed and implemented across the Group. 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.

A key matter reserved to the Group Board is the approval of the Group's Risk Management Framework. This ensures that consideration of ESG-related risks are considered at the Board level and helps the Group determine the best way to measure, mitigate and prevent these risks, as part of the Group's risk strategy and risk appetite.

Moreover, the Group integrated ESG and CER principles across all three lines of defence, as described in the section 3.3.2 - ESG in the Three lines of defence.



### 3.3.2. ESG in the three lines of defence

#### GRI 2-12, GRI 2-13

The Group integrated ESG and CER 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 (IAF)

The processes covers:

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

The front-line business teams (first line of defence) apply all MeDirect procedures and policies related to ESG and CER. Business functions incorporate ESG and CER in the various stages of business processes including, amongst others, the credit process.

Risk functions (second line of defence) are responsible for developing and tracking a dashboard of relevant CER and ESG risk indicators within the existing risk reporting frameworks of the Group, with continuous enhancement over time. Risk functions have integrated CER and ESG risk (both financial and non-financial) in their risk identification process. By doing this, the Group comprehensively analyses the ways in which CER and ESG risk may affect different areas of the Group.

The Compliance function (second line of defence) prepares a Compliance Plan which is approved by the Risk Committee that takes into account ESG and CER risks as appropriate. 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 regulation.

The IAF (third line of defence) executes 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 processes, the IAF hence also examines the activities and performance of independent control functions (including, Risk Management and Compliance), ongoing projects and relevant third-party outsourcing and other business arrangements. IAF can therefore, on a periodic basis, provide confirmation that ESG principles have been and CER risks have been addressed appropriately. ESG and CER matters are addressed either generally, across the Group, or in specific audit reviews. IAF observations, conclusions and audit reports are periodically collated and made available to the Group Head of Sustainability, the ESG Committee as well as the Board and Board and Management Committees. This information complements the reports provided by the first and second line of defence.

### 3.3.3. Developing ESG Competences

#### GRI 2-17

The Group has started to develop ESG/CER competencies inside the organisation through organising ESG/CER trainings for the Board and its employees. The Board also participated in the ESG/CER training. Moreover, internal training was conducted on ESG and ECB CER Guide for the Senior Managers.

### 3.3.4. ESG in labour management

#### Sustainability in the Board members evaluation assessment

##### GRI 2-18, GRI 2-17

The evaluation process is described in section 4.1.4 - Board members evaluation assessment. The most recent internal collective suitability assessment and Board effectiveness review were carried out during Q4 2022 and took sustainability and ESG into consideration. The outcome of this exercise will help to address any training needs that Board members may have in sustainability and ESG.

#### Sustainability objectives in the remuneration

Starting from 2022, the Group has incorporated into its remuneration policy sustainability objectives in determining variable remuneration, and the Group has defined ESG/CER performance objectives for all senior managers to motivate Senior Managers to participate actively in the ESG transformation and to support ESG strategy implementation.

More details you will find in the section 4.1.3 - Performance Management.

### 3.3.5. ESG in the main business processes

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

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

- Minimum 50% of key suppliers (ca 90% of expenses) with ESG verification by 2024/25 (e.g. questionnaire, vendors' statements)
- 100% of corporate lending clients with ESG/CER verification by 2024/25 (e.g. questionnaire distribution, review of annual reports, corporate websites, media news flow where available)

#### ESG in the main business processes – Credit process

MeDirect as a responsible financial institution considers ESG factors including CER in the credit process. The Group has incorporated appropriate ESG and CER provisions in its policies and procedures where possible given the business model.

During the onboarding due diligence (CDD/KYC) 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. 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 also implemented an exclusion list specifying activities that the Group will not finance as a result of potentially negative effects on the environment. The Group's also limited its exposure to the sectors contributing significantly to climate change to a maximum of 6% of total Group assets.

MeDirect launched eco-friendly loans home loans for retail clients in Malta and Belgium. In the retail credit process the Group requests an EPC certificate.

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

#### ESG in the main business processes – Wealth process

The Group offers clients in Malta and Belgium a wide suite of investment products. During 2022, MeDirect Malta launched a sustainability filter allowing its clients to filter light and dark green mutual funds and ETFs.

The Group offers discretionary portfolio management services in Belgium and Malta and financial advisory services in Malta. These services fall within the scope of the EU Regulation 2019/2088 ("SFDR") which came into force on 10 March 2021 and

Directive 2014/65/EU on Markets in Financial Instruments ("MiFID II") which came into force on 2 August, 2022 and EU Regulation 2020/852 ("Taxonomy") as described in the Group Sustainability Investment Policy, implemented in 2022.

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

The SFDR requires manufacturers to classify funds sold by them in one of three categories. Fund manufacturers and investment managers are required to disclose information related to sustainability on their websites and pre-contractual and periodic disclosures.

The Group recently revamped its discretionary portfolio management production 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 selected and 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 client and of the highest standards and which 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 Malta and MeDirect Belgium have integrated the sustainability preferences of their clients into the suitability assessments carried out prior to the provision of financial advisory and portfolio management services, as described in the Group Sustainability Investment Policy.

Incorporating sustainability preferences (including ESG objectives), into advisory and portfolio management services will assist in building ESG awareness and in the longer-term should lead to redirecting capital into more sustainable investments.

As a result of lack of readily available data, transparent methodologies and best market practices for principal adverse impact ("PAI") reporting requirements, MeDirect does not incorporate ESG PAIs into its advisory and discretionary management services.

MeDirect may review its processes to incorporate sustainability and PAI factors into its investment decisions and recommendations when higher quality data related to sustainability and PAIs are more readily available.

For further details please refer to the chapter "Environment - pillar 3 of ESG Strategy", in the section "Eco-friendly products". Moreover, the Group disclosed on its corporate website its statement on SFDR matters.

## **ESG in the main business processes - Procurement**

Responsible procurement requires the active management of relationships with suppliers and business partners with the aim of selecting vendors that operate with the highest corporate standards.

MeDirect includes ESG criteria in selection criteria when the expected value of the contract equals or exceeds €1 million as defined in MeDirect Group procurement policy. Relationships with key vendors are reviewed every three years, including in relation to ESG matters.

The Group tries to integrate sustainability into the procurement process, and suppliers with ethical and environmentally friendly operations are favored.

MeDirect is continually improving its ESG/CER screening through questionnaires or vendors' statements verification and ESG/CER clauses in the new contracts.

## **ESG in the main business processes – Product and services launch**

The Head of Sustainability is a member of the Prior Notice Unit ("PNU"). The PNU is responsible for assessing new products as part of the new product approval process.

### 3.3.6. Sustainability rating

ESG Strategy focus: MeDirect Group will continue to implement its ESG agenda to further increase its sustainability disclosure. In line with its ESG Strategy 2024/2025 the Group is committed to achieving the following targets:

- Enhancement of MeDirect sustainability rating and non-financial disclosure

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

In the last two years the Group participated in sustainability assessments conducted by EcoVadis, one of the most trusted providers of business sustainability ratings. This year, the Group significantly improved its sustainability rating, moving from bronze to silver, providing clear evidence of the Group's success in implementing its ESG strategy. MeDirect's score as in the top 15 percent of all companies rated by EcoVadis and in the top 21 per cent of companies within the banking industry that the banking group operates in.

The EcoVadis assessment evaluates 21 sustainability criteria across four core themes: environment, labour and human rights, ethics and sustainable procurement. In the 2022 assessment, MeDirect recorded substantial improvement in all rated areas.

## 4. Employees - Pillar 2 of ESG Strategy

GRI 2-7, GRI 2-8,



The Group's employees are its most important assets and helping them to develop is crucial to the achievement of the Group's organisational goals. Senior management focuses not only on the effective management 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 a part of human resources management which reinforces competences in the organisation and raises future leaders.

As at the end of 2022 MeDirect employed a total of 335 employees across all locations. Most of the employees (75%) are located in Malta, 18% in Belgium, 4% in Turkey and 3% in UK. Almost 90% of the employees work under full-time contracts. Women comprise approximately 39% of total employees and 61% being men.

### Headcount

GRI 401-1, GRI 401-2

In this section, the Group presents the main data on MeDirect Group headcount. Most of the numbers are presented as at the end of reporting period. The numbers are presented both in in head count and full-time equivalent (FTE).

Table 14. MeDirect Group (headcount)

	2021	2022
Total number of Non-Executive Directors	7	7
Total number of Executive Directors	6	5
Total number of other Group employees	323	330

NOTE: The numbers included number of Non-Executive and Executive Directors from the Group and Malta/Belgium Boards; Two of non-executive directors are subject to regulatory approval.

	2021	2022
Total number of employees (FTE)	329	322



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

	The Group	Malta Bank	Belgium Bank*	UK Office	Turkey Office
Total number of employees (headcount)	335	266	59	10	0
Share in the Group employment (headcount)		79%	18%	3%	4%
Total number of employees (FTE)*	322	253	59	10	0
Share in the Group employment (FTE)		79%	18%	3%	0%
Employment agreement – full-time	300	234	58	8	0
Employment agreement – part-time	1	1	0	0	0
Employment agreement – converted into FTEs**	21	18	1	2	0
Contracts other than an employment agreement***	27	13	0	1	13

(\*) 2 employees are on a fixed term contract, the rest on the 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: Numbers presented in the table do not include Non-Executive Directors. The Group does not have non-guaranteed hours employees. The Group doesn't have non-guaranteed hours employees.

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

	Women	Men	Total
Total number of employees (headcount)	129	206	335
Share in MeDirect Group (%)	39%	61%	
Total number of employees (FTE)	128	194	322
Employment agreement – full-time	107	206	313
Employment agreement – part-time	1	0	1
Employment agreement – converted into FTEs	21	0	21
Contracts other than an employment agreement	3	24	27



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

Table 17. Labour turnover index (headcount)

	Women	Men	Total
Number of voluntary departures (including retirements) during the reporting period	35	47	82
Number of involuntary terminations*	2	11	13
Total	37	58	95
Employee turnover (total)**	39%	61%	28.7%
Voluntary staff turnover rate	27.13%	22.82%	24.5%
Forced staff turnover rate	1.55%	5.34%	3.9%

(\*) 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: Numbers presented in the table numbers do not include Non-Executive Directors.

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

	The Group	Malta Bank	Belgium Bank*	UK Office	Turkey Office
Total	28.7%	24.9%	49.2%	29.0%	7.7%
under 30	36.0%	28.4%	100.0%	0.0%	0.0%
between 30 - 50	25.3%	22.8%	35.0%	42.9%	14.3%
over 50	32.1%	31.6%	42.9%	0.0%	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. Numbers presented in the table numbers do not include Non-Executive Directors.

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

	Women	Men	Total
under 30	16	16	32
between 30 - 50	14	36	50
over 50	3	3	6

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

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

	The Group	Malta Bank	Belgium Bank	UK Office	Turkey Office
Total number of employees	88	59	29	0	0

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

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

	Women	Men	Total
under 30	17	14	31
between 30 - 50	18	37	55
over 50	2	7	9

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

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

	The Group	Malta Bank	Belgium Bank	UK Office	Turkey Office
Total number of employees	95	29	63	3	0

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

## 4.1. Attractive workplace

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

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

- Further improvement of employee job satisfaction with a minimum of 80%
- All top management having specific and relevant ESG/CER objectives



The Group conducts an annual employee engagement survey, and the results are discussed with all employees at townhalls. The Human Resources department also conducts entry interviews with new joiners and at least one annual meeting with every employee. 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

The Group Remuneration Policy establishes a framework for defining role descriptions, measuring performance, adjusting compensation to take into account risk measures. The policy was developed in conjunction with the Group's principal shareholder and the NRCs. Nomination and Remuneration Committees of the Group and MeDirect Belgium ("NRCs"). Group's Remuneration Policy should 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 related 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 includes 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 comprises the base salary and in some cases a pay allowance of a fixed nature such as extra hours or public holiday allowances as detailed in their employment conditions. Fixed remuneration also includes benefits that take into account market practice and include the provision of medical insurance and life assurance to all employees across the Group. More details are available in the section 4.12 - 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 is subject to oversight by the Nominations and Remuneration Committee. Starting in 2021, the Group

has incorporated individual sustainability objectives into its remuneration policy for all senior managers including local EXCOs members. The sustainability objectives are employee specific linked to the performance and are 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.

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 & 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 best practice. All employment contracts and working practices are subject to local laws and regulations.

#### **Insurance and Medical Care**

The Group is covered by an appropriate insurance plan that insures the health and safety of its employees, clients and visitors including but not limited to employer's liability insurance and public liability insurance. All Group Employees are 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.
- A 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).

In Malta, the insurance covers many services including family doctor visits, routine check-ups: all employees, eye tests, while in the UK cover includes business health select, therapies, mental health, extra care, dentist and optician cashback option, extra cancer cover, travel cover and employee assistance programme. Insurance cover provided in Belgium is similar to that in Malta, but also includes hospitalisation coverage.

In cooperation with a medical care company, the Group organises additional initiatives to improve the health of its employees. Throughout 2021, and as done in previous years, all Group employees were entitled to special discounts throughout the month of October and November in view of raising awareness on cancer prevention, detection, and treatment. Employees were also entitled to a part-refund for any tests booked during these months.

Employee medical conditions are treated with utmost importance and maintains details of the medical conditions (in line with GDPR guidelines) affecting the employees whilst identifying suitable interventions and assistance as first aid to help the Employees in cases of emergency. Employee allergies, food intolerance, and dietary requirements are also recorded with the aim of reducing the risk related to the use of any type of allergens which could lead to an allergic reaction; ensuring that the food provided within the workplace, or during company events, is prepared and served making sure it is safe for all consumers, including those who may have food allergies and/or intolerances; and to ensure that the food provided within the workplace, or during company's events, will satisfy any specific dietary requirements employees may have.

#### **Parental leave**

In Malta, employees, may be granted unpaid parental leave on the birth, adoption, fostering or legal custody of a child to take care of the child for a period of four months until the child has attained the age of eight years, in accordance with local legislation. Parental leave may be availed of in established periods of one month each unless agreed otherwise 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 extend unpaid parental leave if the full four months are availed of exactly after the eighteen-week maternity leave period, to have a total of one year of leave (maternity and parental).



In Belgium, both parents can take parental leave for each child who meets the age requirements (child 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.

Table 23. Group numbers linked to parental leave

	Women	Men	Total
Total number of employees that were entitled to parental leave (head count)	33	47	80
Total number of employees that took parental leave (head count)	4	0	4
Total number of employees that returned to work in the reporting period after parental leave ended (head count)	3	0	3
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)	3	0	3
Return to work and retention rates of employees that took parental leave (head count)	60%	0	60%

### 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 employees)

### 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)

### Vacation leave

As defined in local regulations MeDirect employees are entitled to vacation leave as follows: 28 days in Malta, 30 days in Belgium (20 legal leave days, 8 days of compensation days, 1 day seniority leave and 1 day regional leave) 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 (such as ESG). Managers and employees discuss departmental objectives and how the employee can contribute towards meeting the stated objectives achieved. New employees will set their objectives two weeks after their start date together with their line manager.

Starting in 2022, the Group incorporated into its remuneration policy sustainability objectives in determining variable remuneration. The Group has defined ESG/CER performance objectives for all senior managers in order to motivate key managers to participate actively in ESG transformation and ESG strategy implementation. Sustainability objectives are employee specific and are designed to discourage excessive risk taking in relation to sustainability risks.

#### B. Mid-year appraisal

During this process, employees discuss with their manager progress made and actions for development, rating progress achieved by the employee to date.

#### 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 Nominations and Remuneration Committee 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:

- Collective Suitability Assessment (CSA focusing on the collective experience of the Board in with the context of the main characteristics of the Group's current business model, governance, risk, compliance and audit with reference to the Joint ESMA and EBA Guidelines, and
- Board Effectiveness Review (BER) assessing the functioning of the Board and Board Committees. The Board members are requested to complete a questionnaire on the Board's performance and that of its committees. The outcome of the assessments is presented to the Nominations and Remuneration Committee and the Board.

The most recent internal CSA and BER of the Group Board were carried out during Q4 of 2022. Every three years an external party independently carries out the CSA and BER. An action plan may be prepared to address any identified weaknesses or shortcomings. The last external independent evaluation took place during the financial year ended 31 December 2020.

The assessed topics are updated annually to take into account the most recent regulatory requirements and market events like climate and environment-related risks, transition, macroeconomic and geopolitical risks and experience related to e.g. information technology, cyber & security associated with digitalisation and sustainability and the implications of CER.

#### 4.1.5. Supportive working conditions

##### Health and Safety in the working environment

The Group aims to maintain a healthy office environment by ensuring best practices and promoting a productivity and safety.

The Group also tries to ensure the physical security of the premises and that security measures meet applicable security policies and 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. Any non-compliance cases are reported to HR department.

##### Emotional and mental wellbeing of employees



The Group aims to ensure the emotional and mental wellbeing of its employees and to recognise, assess and manage potential risks. Since 2019, the Group has participated in a staff and organisation support programme offered by the Richmond Foundation. The Foundation promotes employee mental and emotional well-being and support through personal one-to-one and ad hoc counselling sessions. In addition, the Group organises various training sessions and workshops throughout the year and frequently promotes mental health awareness to employees through mailshots 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 diseases. As part of this assessment, any remedial actions to reduce health and safety risks are identified and implemented.

The Group follows days of absence of its employees. In 2022 we identified around 3 days of ordinary sick leave per employee. In 2022 MeDirect employees worked on average 220-222 days depending on the location excluding public holidays and vacation leave entitlement.

#### 4.1.6. Employee job satisfaction

MeDirect assesses employees' job satisfaction as it is aware that satisfied employees stay longer within the organisation and perform better.

Employee job satisfaction is measured by the Group by means of an engagement survey conducted annually, defined as an average from 4 categories assessed by the employees participated in the survey: 1) effective communication, 2) work-life balance, 3) career progression and 4) respect. Results are discussed during Townhalls and shared with all employees. The Group's priority is to reach employees' job satisfaction score of a minimum of 80% as defined in ESG Strategy 2022-2024/2025. In 2022 the employee job satisfaction reached 67.5% with a response rate around 67%.

Table 24. MeDirect Group employees' job satisfaction

	2021	2022
Employees job satisfaction	62.5%	67.5%

NOTE: Employees job satisfaction includes 4 indicated in this section areas assessed by employees

## 4.2. Diversity, equality and inclusion

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

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

- Maintain Board gender diversity at 20% minimum representation
- Ensure Leadership gender diversity at 40% minimum representation (vs. 32% in 2021)
- Maintain gender neutral recruitment process
- Ensure gender diversity in the succession program for managerial positions at minimum 40% representation (vs. 38% in 2021)

### 4.2.1. Diversity and equality

The Diversity Policy was adopted with the aim of improving diversity at MeDirect. The Board of Directors reviews diversity objectives annually. The Human Resources department conducts an annual assessment of pay equity at all levels.

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

- Reviewing the strategy on a regular basis;
- Considering best practice in diversity;
- Overseeing the implementation of the strategy across the Group;
- Discussing and addressing with management any emerging 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 ensures that it has an inclusive workplace where every individual can succeed and ensures the Group's employees have equal opportunities to manage their careers and achieve success. In 2022 the Group had employees from over 25+ nationalities, with 61% of the workforce being male and 39% of the workforce being female. MeDirect Malta was awarded the Equality Mark in December 2020 for a period of 2 years with certification expiring in 2022 with renewal currently underway.

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

	Female	Male
under 30	52%	48%
between 30 - 50	37%	64%
over 50	19%	81%
Total	39%	61%

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

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

	Female	Male
Management Bodies		
Non-Executive Directors	29%	71%
Executive Directors and EXCO	0%	100%
MeDirect Group employees		
Heads	24%	76%

Senior Managers	18%	82%
Managers	40%	60%
Senior Officers	50%	50%
Officers	46%	54%

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

	Malta Bank	Belgium Bank*	UK Office	Turkey Office
Share in MeDirect Group of employees in each region (headcount)	75%	18%	3%	4%

The Diversity Policy, in accordance with Group internal processes, was adopted by the Nominations and Remuneration Committee and approved by the Board.

#### 4.2.2. Discrimination and harassment

##### GRI 2-25, GRI 406-1

The Group acknowledges that any form of discrimination and harassment is an intolerable violation of the dignity of workers and has 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 tolerated, whether committed by or against an employee, client, supplier or visitor. Furthermore, any form of discrimination and harassment will not only be prohibited, but actively tracked and eliminated. The highest attention and confidentiality will be given to discrimination and harassment issues.

All staff members are required to safeguard and maintain the guidelines set forth in the policy, which aims to ensure that all staff members and clients are treated with respect and dignity. The dignity of all employees must be respected, and Group management and staff are required to abstain from offensive or harmful behaviour.

The Group believes that preventing discrimination and harassment is paramount in achieving good management. The Group also recognises the resulting negative impact any form of harassment may have on one's emotional and/or physical wellbeing and consequently their job performance.

MeDirect 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. The Group believes that diversity amongst staff members with their varying perspectives, talents and contributions, enriches our interactions with our clients, our work life, and the communities in which they live and work.

The Group implemented Anti-Discrimination and Harassment policies and procedures in most of the countries it operates.

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 courses of action will then be indicated to the victim, depending on the severity of the case. When the harasser is the Line Manager, advice should be sought from the next higher authority. It is the duty of employees to maintain the workplace free of discrimination and harassment. Should discrimination or harassment take place, any staff member, even if they are not the victim, is duty bound to bring this to the attention of management.

Where informal methods fail, or serious sexual harassment occurs, staff members are advised to lodge a formal complaint by approaching the Chief People Officer and/or the Head – Legal in confidence. When a formal complaint is lodged, both parties may seek assistance from any person of their choice.

Proven discrimination and harassment by a staff member constitutes 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 themselves be liable to disciplinary and/or criminal proceedings.

Table 28. Discrimination and harassment cases in the Group

	2021	2022
Number of discrimination and harassment cases identified in the Group during the reporting period	0	0
Number of discrimination and harassment cases communicated to the Board during the reporting period	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 success story as defined in pillar 4 of the ESG Strategy.

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

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

The Group's employees are its greatest assets and helping them to develop is crucial to the achievement of the Group's organisational goals. The Group is therefore committed to continuous training and development of its employees. The Group creates educational opportunities and provides access to various forms of training, these include virtual training, classroom training, on the job training, face to face training, coaching and e-learning modules. The development and growth of employees is one of the main objectives that management puts forth on an annual basis.

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. Trainings and development

##### GRI 404-2

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

A training plan for 2022 was created by the Administration department. In 2022, special focus was put into implementing training necessary for the development of MeDirect employees. The Group spent 0.6% of HR payroll and 0.35% of other administrative expenses for trainings. Around 75% of the Group employees participated in the trainings.



The Group also focuses on the development of employees and 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
- Mental health professionals are available for consultation with employees as required.



Table 29 . Average of training hours by gender

By gender	2021	2022
Female	13	10
Male	7	8
<b>Overall average</b>	<b>10</b>	<b>9</b>

Table 30 . Average of training hours by function

By seniority	2021	2022
Executive Directors – EXCO	18	5
Heads	10	7
Senior Managers	10	9
Managers	14	8
Senior Officers	10	8
Officers	6	10
<b>Overall average</b>	<b>10</b>	<b>9</b>

Table 31 . Average of training hours by age

By age group	2021	2022
under 30	8	9
between 30 - 50	11	9
over 50	5	5
<b>Overall average</b>	<b>10</b>	<b>9</b>

In line with internal and external regulations the following training was assigned to all employees, all recommendations done by the Risk and Compliance teams:

Table 32. Mandatory trainings

Regulatory policies	Mandatory policies
<ul style="list-style-type: none"> <li>• Anti-bribery and corruption policy and procedure</li> <li>• Anti-money laundering and sanctions policy and procedure</li> <li>• Conflict of interest policy</li> <li>• Market abuse policy</li> <li>• Code of conduct and ethics</li> <li>• Personal account dealing</li> <li>• Whistleblowing policy</li> </ul>	<ul style="list-style-type: none"> <li>• Anti-fraud policy</li> <li>• Crypto currency policy</li> <li>• Customer acceptance policy</li> <li>• Information security policy</li> <li>• Information classification policy and guidelines</li> <li>• ICT risk management framework</li> <li>• Relationship at work policy</li> <li>• Risk management framework</li> <li>• Incident management procedure</li> <li>• Jurisdiction risk procedure</li> <li>• Data protection policy</li> <li>• Group target market policy</li> <li>• Reputational risk framework</li> </ul>

E-Learning modules – Compliance	E-Learning modules - Risk related
<ul style="list-style-type: none"> <li>• Whistleblowing refresher tutorial</li> <li>• Economic sanctions refresher</li> <li>• Anti-bribery and corruption</li> <li>• Anti-money laundering</li> <li>• Market abuse regulation</li> <li>• Conflict of interest refresher tutorial</li> </ul>	<ul style="list-style-type: none"> <li>• Fraud prevention</li> <li>• IT security</li> <li>• General Data Protection Regulation (“GDPR”)</li> </ul>



**GRI 403-5**

The Group provides occupational health and safety training to the employees, although there is no legal obligation to do so. In 2022 MeDirect Malta provided such a training to 5 employees. Trained employees received Health & Safety certificates.

Table 33 . Health and safety trainings

	Malta	Belgium	United Kingdom
Number of employees participated in the occupational health and safety trainings in the reporting year	5	1	2

**GRI 205-2**

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

Table 34. Group employees that read the anti-corruption policy and procedures and received annual e-learning training

	Malta	Belgium	United Kingdom
Percentage of Group workers that the organisation's anti-corruption policies and procedures have been communicated	100%	100%	100%
Heads	100%	100%	100%
Senior Managers	100%	100%	100%
Managers	100%	100%	100%
Senior Officers	100%	100%	100%
Officers	100%	100%	100%

**4.3.2. Recruitment**

MeDirect aims to hire the best available talent while 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 prospective employees meet with a minimum of four different Group employees.

A referral scheme is also in place whereby employees who refer potential candidates open provisions receive a bonus.

Table 35. Recruitment time

	Malta	Belgium	United Kingdom
Average time to recruit	71 days	90 days	n/a
Average time to hire	98 days	135 days	n/a

**4.3.3. Succession planning**

The objective of succession planning is to ensure that leadership and key employee changes 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 considers the following timelines:

- 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 now and in the future.

#### 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 go through the mid-year and/or end of year assessment process does not apply to employees who have not completed their mandatory probationary period.

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)

	Female	Male
Management Bodies		
Non-Executive Directors	0%	0%
Executive Directors and EXCO	100%	100%
MeDirect Group employees		
Heads	100%	96%
Senior Managers	100%	96%
Managers	90%	85%
Senior Officers	93%	80%
Officers	81%	80%

NOTE: Non-executive directors do not go through a review similar to what employees does. Instead the CSA and BER is carried out for Non-Executive and Executive Directors

## 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. MeDirect cares about the environment and the impact of Group operation on the environment. The Group has an impact on environment through its operations as well as through credit and investment portfolios. As part of the ESG strategy, MeDirect is committed to continually reducing or limiting the impact of its operations on the environmental factors. The Group is actively working on transitioning to a low-carbon business and is aiming to achieve climate targets.

### 5.1. Low carbon business

ESG Strategy focus: MeDirect Group defined in pillar 3 of the ESG Strategy 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 2024/2025 the Group is committed to achieving the following targets in the short-, medium- and long-term horizon:

Short term (1-3 years):

- Primarily digital business mode
- Decarbonisation and green transformation targets
- Measure own (Scope 1 and 2) and financed portfolio emissions (Scope 3)
- 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/clients communication), gradually replace vehicles to low-carbon one and monitoring of materials consumption

Long term (5-10 years):

- Become a carbon neutral operation (Scope 1 and 2)
- Reduce own carbon footprint and introduce 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 the corporate clients directly involved in the defined sectors/activities that might be associated with the potentially negative impacts on the environment as defined in the ESG Strategy (exclusion list).
- The Group will limit its financing to sectors highly contributing to climate change to maximum 6% of the Group assets.

### 5.1.1. Own operation

#### Premises



MeDirect has been transforming its business model to a low-carbon emission model mainly operating through digital channels, but also made some progress in lowering emissions in its offices and work commuting. MeDirect has only two physical branches in Malta and Gonzo and offices in Brussels (BE), Utrecht (NL), Istanbul (TR) and London (UK).

33easy digital ways of handling everyday banking operations not only improve operational efficiency but also reduce environmental impact by limiting the amount of people who needed to travel to the office.

The Group's head office and its branches 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 uses recycled paper in photocopiers and printers.

Most of the offices are certified as follow:

- 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 drop in year on year consumption.
- The Netherlands – the building is labelled A++ (Eneco Business B.V. certificate). This means that 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 our offices are situated 100% of electricity is obtained from renewable sources (Good energy - 100% certified renewable electricity from Good Energy)
- Turkey - There is no option to choose green energy, fixed consumption energy

#### Waste

MeDirect removed most waste bins from the desks, all waste now is segregated and recycled in our locations. The Group aims where possible to promote paperless operations and recycling of all waste.

Table 37. Waste stream breakdown

	2021	2022
Media (cell phones, hard drives, network/phones devices) pcs.	453	23
Printer cartridges (toners/drum)	9	10
Floppy disks, streamer tapes, VHS tapes pcs.	Not used by the Group	Not used by the Group
Paper records sent for destruction and recycled	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, printers, servers, USB memory sticks, hard drives, solid state drives, backup tapes. The policy applies to Group employees and third-party service providers managing IT assets owned by the Group. We used authorized companies ensuring that all our IT assets are being disposed of in a confidential, secure and environmentally friendly manner.

## Car fleet

The MeDirect car fleet is limited as the Group operates mainly in a digital environment. The Group has increased its electric and hybrid car fleet while encouraging the employees to use eco-friendly cars.

Table 38. Type of cars used by the Group

Type of cars	2021	2022
Cars – Electric	5	5
Cars – Hybrid	9	11
Cars – other	17	18
Total	31	34

NOTE: MeDirect Belgium Bank mainly leases the cars for 60 months

MeDirect promotes the use of low emission travel options like public transport or carpooling. As a result for example, 66% of Dutch staff travel by bike and 33% via public transport (train), 100% of London staff travel by public transport and the Malta office has only 4 cars (2 electric). Traveling to offices abroad is limited to a minimum, as the Group use 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

	The Group	Malta Bank	Belgium Bank	UK Office	Turkey Office
Total number of business cell phones	127	95	30	1	0

## Consumption of resources

Due to the nature of MeDirect's business the Group's direct impact on the natural 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
Resources consumption – Power	MWh	277	264
Resources consumption – Water	m3	1103	799
Resources consumption – Petrol	tonnes	6	11
Resources consumption – Diesel	tonnes	10	13
Resources consumption - Natural gas	KWh	9754	5720
Resources consumption – Paper	kg	373	610

NOTE: MeDirect used following approach to estimate resources consumption in its offices in 2022: 1) Malta/Gonzo offices - data based on the invoices, 2) Belgium office - power/petrol/diesel data based on the invoices while 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 2021 and allocated only the percentage linked to MeDirect Bank Belgium office space usage 3) UK office - the Group assumed a 30% reduction of resources consumption due to office space reduction in October 2022, 4) NL office - the Group estimated internally as the office is small (4 HCs), and the rental fee includes pay an all-in fee 5) Turkey offices - the Group estimated internally as the office is small (6 HCs), and the rental fee includes payment of an all-in fee

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

	Unit	2021	2022
A4 paper	ream	150	244
A3 paper	ream	1	1
Business cards	Set of 100	54	75
Envelopes of different types	Set of 50	180	1350
Roll up paper rolls	pcs.	None	None
Binders	kg	None	None
Printer cartridges (toners/drum)	pcs.	37	29
Batteries of any capacity	pack of 12	2	2

NOTE: The numbers for envelopes consumption in 2022 were significantly higher mainly due to the rebranding and a bulk order of 50,000 envelopes that are using for the insertion of statements.

Table 42. Data on Banks' Statements

	2021	2022
Percentage of electronic statements send to retail customers	95%	94%
Percentage of paper statements send to retail customers	5%	6%
Number of paper statements send to retail customers pcs.	19,055	24,460

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

## Green Gas emissions

The Group does not measure its own (Scope 1 and 2) and financed portfolio (Scope 3) emissions due to lack of internal knowledge, but in the ESG Strategy it committed to start measuring its emissions within the next 1 to 3 years.

MeDirect internally calculated its carbon footprint at data centres (Malta and Belgium) in 2021 reached 104.6 tonnes. MeDirect consolidated and containerized its technology infrastructure at a Data centre level in 2021 and was able to reduce its carbon footprint to reduce the carbon footprint by 41.48 tonnes per year.

### 5.1.2. Financed portfolio

MeDirect is aware that financing environmentally sensitive sectors could have an impact on the environment and MeDirect reputation and financial standing therefore decided to take some steps to limit its exposure to the sectors highly contributing to the climate change and not to finance sectors that might be associated with the potentially negative impacts on the environment. Moreover, as a part of its ESG Strategy MeDirect has committed to start measuring its financed portfolio emissions (Scope 3) within the next 1 to 3 years.

The Group's exposure to the sectors highly contributing to climate change represents 4.8% of total Group assets (changed by 2% year on year net) as presented in the table below. The Group committed in its ESG Strategy that the exposure will not exceed 6% of the Group assets by 2024/2025.

Table 43. Total exposure to the sectors highly contributing to the climate change (% of the Group assets)

	Balance sheet exposure (€ million)	% of the Group assets
Balance sheet exposure to the sector highly contributing to the climate change	224	4.8%

The Group does not have direct exposure to coal mining, electricity, gas, steam, air conditioning supply and water supply due to our low-risk appetite in these sectors.

Table 44. Group exposure to the sectors highly contributing to the climate change breakdown by NACE code (% of the Group assets)

Industry	NACE	2021	2022
Agriculture, forestry and fishing	A1-A2	<0.1%	<0.1%
Mining and quarrying	B5-B9	0%	0%
Manufacturing	C10-C33	1.4%	1.1%
Electricity, gas, steam and air conditioning supply	D35	0%	0%
Water supply; sewerage, waste management and remediation activities	E36-E39	0%	0%
Construction	F40-F43	0.8%	0.9%
Wholesale and retail trade; repair of motor vehicles and motorcycles	G45-G47	0.7%	0.4%
Transportation and storage	H49-H53	0.2%	0.2%
Accommodation and food service activities	I55-I56	0.5%	0.3%
Real estate activities	L68	1.0%	1.9%
<b>Total</b>		<b>4.6%</b>	<b>4.8%</b>

The above data that represents the net balance sheet exposure to various industries as part of the Group's international syndicate corporate lending portfolio, the corporate lending portfolio in Malta and clients corporate bonds.

The Group is cognisant of the fact that its corporate borrowers are active in sectors which may be associated with potential impacts on the environment, including greenhouse gas emissions, biodiversity loss and water scarcity. For this reason the Group doesn't finance corporate clients directly involved in the following sectors (exclusion list) as defined in the ESG Strategy:

- Thermal coal power generation (excluding equipment and services)
- Arctic offshore oil and gas exploration and production (excluding equipment and services)
- Construction and management of new nuclear power plants
- High-level nuclear power plants waste processing, transportation or storage activities
- Mining, exploration, upgrading or trading of oil tar sands
- Mining, trading or processing of asbestos, uranium or thermal coal
- Directly and knowingly contributing to non-sustainable deforestation
- Operations that knowingly generate a negative impact on areas such as the UNESCO World Heritage Sites and wetlands registered by the Ramsar Convention
- Manufacturing of components specifically for the production of chemical and biological weapons; and
- Beaching of ships

## 5.2. Eco-friendly products

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

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

- minimum 5% share of eco-friendly home loans in the mortgages sales offered in Malta and Belgium by 2024/2025
- minimum 45% share of green mutual fund & ETFs offered by MeDirect Group by 2024/2025
- minimum 10% share of its fixed income Treasury book invested in green bonds by 2024/2025



### 5.2.1. Eco-friendly loans



MeDirect launched its home loans product in Malta and in Belgium at the beginning of 2021 and 2022 respectively. During 2022, the Group began offering eco-friendly loans home loans in Malta (April 2022) and Belgium (December 2022) to promote energy-efficient homes which support decarbonisation of buildings 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 the MeDirect's Green Home Loan product in Malta and Allianz MeHomeLoans Green Loan product in Belgium. Moreover for each property that is financed by MeDirect Malta, an Energy Performance certificate ("EPC") is requested in line with internal regulation.

Table 45. Eco-friendly home loans

	2021	2022
Share of eco-friendly home loans in the new sales offered in Malta	n/a	<1%

The Group has 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. HollandWoont collects an EPC from the borrowers.

Mortgage loans were also launched in Belgium at the start of 2022 in partnership with a third-party originator and servicer. Eco-data is also gathered about energy consumption (EPC certificates). MeDirect Malta launched eco-friendly loans with preferential terms for properties with a low level of energy consumption.

### 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 their investments' environmental, social and governance risks as well as impact on society and the planet. This regulation classifies funds into three categories meaning Article 6, Article 8 ("Light green") and Article 9 ("Dark green") based on the sustainability objective.

Light green funds promote environmental and/or social characteristics and may invest in sustainable investments while dark green funds have sustainable investment as their main objective.

Although MeDirect does not actively promote these funds, its offering includes a wide selection of mutual funds and exchange-traded funds ("ETFs") that are classified by the respective fund houses (data collated by Morningstar) as Light Green and Dark Green products under the SFDR regime as presented in the table below. Approximately 95% of mutual funds and around 23% of ETFs that the Group distributes includes sustainability in the investments. 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
Number of mutual funds offered by the Organisation under art. 8 SFDR (light green funds)	702	1,493
Number of mutual funds offered by the Organisation under art. 9 SFDR (dark green funds)	123	193
Number of ETFs offered by the Organisation under art. 8 SFDR (light green funds)	56	119
Number of ETFs offered by the Organisation under art. 9 SFDR (dark green funds)	17	19

Table 47 . Green funds

	2021	2022
Share of green funds offered by the Organisation under art. 8/9 SFDR (light and dark green funds)	39%	77%

Through its investment services, the Group already holds substantial invested amounts in these funds as presented in the table below. MeDirect exposure to green funds is 61% of the funds 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
Market value of mutual funds under custody/management by the Organisation under art. 8 SFDR (light green funds)	€ million	492,2	483,5
Market value of mutual funds under custody/management by the Organisation under art. 9 SFDR (dark green funds)	€ million	61,1	38,3
Market value of ETFs under custody/management by the Organisation under art. 8 SFDR (light green funds)	€ million	9,1	13,5
Market value of ETFs under custody/management by the Organisation under art. 9 SFDR (dark green funds)	€ million	1,7	2,5

Starting from Q2 of 2022 customers of MeDirect Malta, have been able to filter sustainable (light green and dark green) mutual funds and ETFs on MeDirect Malta's trading platform.

The Group also offers a range of model portfolios for its wealth management clients, including the Sustainable MeGreen Model portfolio that is offered through MeDirect Belgium. Sustainable MeGreen is structured in partnership with NN Investment Partners. All funds offered in the MeGreen Model Portfolio are publicly available funds managed by NN Investment Partners. All funds within this portfolio have a sustainable investment objective as described in article 9 of the SFDR. MeDirect Belgium is the distributor of the funds, that are offered in at an execution only base. The sustainability objective and methodology, the selection criteria and exclusion criteria are applied and managed by NN Investment Partners, the manufacturer of the funds included in the Sustainable MeGreen Model Portfolios.

Table 49. Exposure to MeGreen portfolios

Green funds	Unit	2021	2022
Market value of MeGreen portfolios in the Organisation (Asset under custody)	€ million	12,5	15
Number of MeGreen portfolios in the Organisation	Pcs.	1,064	1,710

The MeGreen model portfolio has been promoted through a specific campaign in partnership with the NGO B Woods since 2022: MeDirect Belgium and B woods plant three trees for each subscribed portfolio during the promotion.

### 5.2.3. Green bonds

The Group has been actively investing in green bonds and aims to increase its green bonds holdings of this security within the banking portfolio. The amount of the fixed income invested in green bonds certified according to a potential EU Green Bond Standard increased from € 37 million to € 70.52 million (10.4%) during 2022.

### 5.3. Climate risk resilience

ESG Strategy focus: MeDirect Group 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 2024/2025 the Group is committed to achieving the following targets:

- Continue monitoring of CER KPIs and undertaking necessary mitigating actions where necessary
- Start screening of MeDirect large corporate credit portfolio to identify EU taxonomy aligned/eligible assets

Recent climate changes can influence clients and business partners of financial institutions as well as investment portfolios which can impact the resilience of the company's business models. Moreover, the business activity of financial institutions can have an impact on the climate and the environment.

The Group has started to integrate climate-related and environmental risks in its Risk Management Framework in order to track current and emerging CER related risks to be able to analyse its impact on MeDirect Group. Moreover, climate risk was embedded in the Group ESG Strategy 2024/2025.

A number of policies and procedures have also been updated, in particular Credit Frameworks and the Stress Testing Framework to ensure CER is properly identified, managed, monitored, and mitigated. Policies and ESG Strategy were approved by the Board or respective Committees, in line with the Group's Policy Standard.

CER is directly overseen by the ESG Committee as indicated in the Group's Corporate Governance Framework as described in section 3.3.1 "ESG in the organisational structure" of this report. To manage properly CER, the ESG Committee consists of top managers managing main business areas including amongst others finance (Group/MT CFO, BE CFO, Procurement manager), risk (Group/MT CRO, BE CRO), compliance and business functions. The Group CFO is the chairman of the committee and Belgium CRO is the co-chairman.

The Board oversee CER via regular updates (standing agenda item) that are given during the routine Board meetings by the Group Head of Sustainability. In addition, the Board approves principal risk policies and the ESG Strategy that incorporated CER procedures and commitments, while CER materiality assessment is validated by the Board.

The Risk Management Framework outlines the allocation of responsibilities related to CER across the three lines of defence as described in the section 3.3.2. "ESG in the three lines of defence" of this report. The front-line business applies all internal policies and procedures related to CER and incorporate CER in the various stages of the business processes including credit process. Risk functions are responsible for developing and tracking a dashboard of relevant CER within the existing risk reporting frameworks of the Group, with continuous enhancement over time. The Compliance function prepares a compliance plan that is approved by the Risk Committee and may consider CER if required. The Compliance Function operates independently from the business units, albeit advising and assisting the business units and other internal functions to ensure that operations are in line with policies, procedures and regulation. The Internal Audit Functions (IAF) periodically executes an audit provide (global or targeted) assurance on the integration and proper implementation of CER risks across the governance, internal control, operational and business processes of the Group.

The Group also recruited a Head of Sustainability that is the primary coordination point driving ESG/CER agenda and engaging with the MeDirect Boards and interacting with the Group's business, support and control functions.

In 2022, the Group conducted an initial CER materiality assessment to analyse the main CER that may affect its strategy, business model, asset portfolios, funding sources, treasury and hedging, wealth management services and business operating centres.

The assessment covered on and off-balance sheet assets and contingencies, covering physical risks (Floods/Fluvial, Sea Level Risk, Drought/Ext. 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). We used climate heatmaps, researches and maps. The assessment was conducted on a proportional and risk-based approach, using available sources and data. The materiality assessment was led by the risk function in collaboration with the various business units. The initial assessment was presented to the ESG Committee in 2022, however this assessment is currently under review and is planned to be again validated in the early 2023 by the Group Board. The Group will update the materiality assessment on the annual basis.

The materiality assessment concluded that the overall strategic Group's exposure to CER is limited given the Group's business

profile and its strategy, notwithstanding which the Group will continue to monitor and reassess the evolution of CER regularly and update its assessments accordingly.

The assessment indicated that the assets could potentially be affected by CER 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 securities collateral value, wealth management services through market sentiment (fund classes) and operational centres through operational risk (higher energy requirements, physical risk of destruction or failure). The Group however deems the residual risk to be low, in particular in the short to medium term.

During the assessment, the Group identified higher long-term inherent physical risk related to Floods/Fluvial and Sea Level in its Dutch and Belgian mortgage portfolios, whilst higher risk to Drought/Extreme heat or water stress in its Maltese corporate portfolio. The Group however deems the residual risk to be low, particularly in the short to medium term.

For transition risk, the Group identified higher risk in its residential mortgage portfolios driven by stranded assets risk and in its Maltese corporate portfolio driven by new policy/regulation. Short-term risk related to physical, or transition climate risk remains low, however the Group implemented a number of initiatives 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 mainly operates 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 (4.8% of the group assets), while the Group has just started offering eco-friendly home loans so the exposure is marginal.

As a result of the assessment, the Group has defined a list of KPIs to measure, monitor and report CER faced by the Group and its core portfolios on a quarterly basis. KPIs include:

- Mortgage Portfolio Flood Risk – % of Netherlands/Belgium mortgage portfolio exposure in higher flood risk areas
- Mortgage Portfolio Sea Hazard Risk – % 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

Moreover, the Group defined in its ESG Strategy a list of its medium-term commitments as below:

- Exclusion list of environmentally sensitive sectors (no financing)
- Max. 6% of Group assets the exposure to the sectors highly contributing to climate change by 2024/25
- Minimum 5% share of eco-friendly home loans in the mortgages sales offered in Malta and Belgium by 2024/2025
- Minimum 45% share of green mutual fund & ETFs offered by MeDirect Group by 2024/2025
- Minimum 10% share of fixed income invested in green bonds in MeDirect Treasury book
- Carbon neutral operation (5-10Y) by 2032
- Climate neutral Group (own & corpo emissions) by 2050
- Reduce own carbon emissions by -5% vs. 2022 by 2026 (3-5Y)

The Group assesses and monitors the exposure to higher flood risk areas and higher sea hazard risk areas of its residential real estate portfolios, in particular in Belgium and the Netherlands as these countries are the most exposed to these risks in the long-term due to their geographical location. Malta/Gozo have been identified as those areas with a minor flood risk according to NUTs region (as defined below), 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. This approach allows differentiation between those regions at higher, medium, low and minor risk of flooding, for example due to differences in altitude.

The Group's exposure to these portfolios represents almost € 2 billion (42% of the Group 2022 assets) as presented below.

Table 50. Exposure to Netherlands and Belgium mortgage portfolios

	Balance sheet exposure (€ million)	% of the Group assets
Dutch mortgage portfolio exposure	1,818	39%
Belgium mortgage portfolio exposure	132	3%

A relatively low proportion of the Group's Dutch mortgage portfolio is exposed to higher flood risk (3.5%) and none of the Belgian portfolio (0%) while 17.7% of the Group's Dutch portfolio and 13.9% of the Belgium mortgages portfolio is exposed to higher sea hazard risk area.

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

	2021	2022
% of Belgium mortgage portfolio exposure in higher flood risk areas	0%	0%
% of Dutch mortgage portfolio exposure in higher flood risk areas	4%	3.5%
% of Belgium mortgage portfolio exposure in higher sea hazard risk areas	18.2%	13.9%
% of Dutch mortgage portfolio exposure in higher sea hazard risk areas	17%	17.7%

Generally, this physical risk in the Dutch mortgage portfolio property is mitigated through property insurance or National Mortgage Guarantee (NHG) protection. In Belgium, the Group will soon implement a contractual obligation for clients to purchase insurance. Property insurance in Belgium automatically covers flood risk. Most of the Group's Belgian mortgages benefit from property insurance.

The Group also tracks segmentation of energy label (EPC) of all mortgage portfolios. The properties with bad EPC scoring are more exposed to higher energy requirements and CRE/RRE prices movements which might lead to deterioration of collateral value (residual asset values) due to stranding risk in the long term. Market expectations are that buildings will be adapted to address to climate change to guarantee a safe and comfortable environment for occupants with limited availability of energy. Some existing buildings might not meet these criteria and could be at a risk that energy prices will be too expensive to maintain these properties efficiently without additional investment. All mortgage portfolios are exposed to these types of risks as average mortgage long duration is long (up to 35 years).

Materiality assessment also indicated that the Malta mortgage portfolio is also exposed to higher physical risk driven by extreme heat/drought that might affect asset values or clients' disposable income. The residual risk is deemed to be low however, considering the size of the portfolio (1.5% of the Group's assets) and the low exposure to mortgages with bad EPC scoring (ca 8mln €, 6% of Malta mortgage exposure to E/F EPC scoring and 6% without ECP scoring).

Table 52. Exposure to Malta mortgage lending

	Balance sheet exposure (€ million)	% of the Group assets
Malta mortgage lending portfolio exposure	68	1.5%

MeDirect Malta determined that approximately 9% of its mortgage loan exposures with a yearly energy requirement below 45 kWh/m<sup>2</sup> while the majority of loans (79%) are with ratings B to D (yearly energy requirement between 45 and 210 kWh/m<sup>2</sup>). Only 6% of Malta home loans has low energy ratings (E-G) and 6% with unknown energy rating.

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

EPC label	Yearly energy requirement	2021	2022
A	Yearly energy requirement below 45 kWh/m <sup>2</sup>	9%	9%
B	Yearly energy requirement above 45 kWh/m <sup>2</sup> and below 95 kWh/m <sup>2</sup>	28%	32%



C	Yearly energy requirement above 95 kWh/m <sup>2</sup> and below 150 kWh/m <sup>2</sup>	22%	34%
D	Yearly energy requirement above 150 kWh/m <sup>2</sup> and below 210 kWh/m <sup>2</sup>	10%	13%
E	Yearly energy requirement above 210 kWh/m <sup>2</sup> and below 275 kWh/m <sup>2</sup>	0%	4%
F	Yearly energy requirement above 275 kWh/m <sup>2</sup> and below 345 kWh/m <sup>2</sup>	0%	2%
G	Yearly energy requirement above 345 kWh/m <sup>2</sup>	0%	0%
Unknown	Unknown	31%	6%

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

An analysis of the energy performance of the Dutch mortgage portfolio identified approximately 14% of mortgage loan exposures with rating A (yearly energy requirement below 160 kWh/m<sup>2</sup>) while the majority of loans (54%) are with ratings B to D (yearly energy requirement between 150 and 290 kWh/m<sup>2</sup>). Approximately 23% of Dutch home loans has low energy ratings (E-G) and 9% with unknown energy rating.

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

EPC label	Yearly energy requirement	2021	2022
A	Yearly energy requirement below 160 kWh/m <sup>2</sup>	14%	14%
B	Yearly energy requirement above 160 kWh/m <sup>2</sup> and below 190 kWh/m <sup>2</sup>	11%	11%
C	Yearly energy requirement above 190 kWh/m <sup>2</sup> and below 250 kWh/m <sup>2</sup>	32%	31%
D	Yearly energy requirement above 250 kWh/m <sup>2</sup> and below 290 kWh/m <sup>2</sup>	12%	12%
E	Yearly energy requirement above 290 kWh/m <sup>2</sup> and below 335 kWh/m <sup>2</sup>	9%	9%
F	Yearly energy requirement above 335 kWh/m <sup>2</sup> and below 380 kWh/m <sup>2</sup>	8%	8%
G	Yearly energy requirement above 380 kWh/m <sup>2</sup>	7%	6%
Unknown	Unknown	6%	9%

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

An analysis of the energy performance of the Belgian mortgage portfolio identified approximately 7% of mortgage loan exposures with rating A while the majority of loans (22%) are with ratings F. Approximately 34% of Belgium home loans has low energy ratings (E-F) and 15% with unknown energy rating.

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

EPC label	Yearly energy requirement	2021	2022
A	Yearly energy requirement below 100 kWh/m <sup>2</sup>	n/a	7%
B	Yearly energy requirement above 100 kWh/m <sup>2</sup> and below 200 kWh/m <sup>2</sup>	n/a	17%
C	Yearly energy requirement above 200 kWh/m <sup>2</sup> and below 300 kWh/m <sup>2</sup>	n/a	15%
D	Yearly energy requirement above 300 kWh/m <sup>2</sup> and below 400 kWh/m <sup>2</sup>	n/a	12%
E	Yearly energy requirement above 400 kWh/m <sup>2</sup> and below 500 kWh/m <sup>2</sup>	n/a	12%
F	Yearly energy requirement above 500 kWh/m <sup>2</sup>	n/a	22%
Unknown	Unknown	n/a	15%

In order to promote energy efficient properties and mitigate climate risk of our balance sheet, in 2022, the Group has started to offer green home loans to its Maltese and Belgian clients while the borrowers (NHG) in the Netherlands can get preferential

terms if the borrowed amount is used to take energy savings measures or high energy labels as described in section 5.2.1. “Eco-friendly loans”. In its ESG strategy, the Group committed to reach a minimum 5% share of eco-friendly home loans in new sales offered in Malta and Belgium by 2024/2025.

The materiality assessment indicated that the Maltese construction and real estate sectors are exposed to higher long-term Policy & Regulations transition risk due to potential transition to more stringent construction standards and use of materials/techniques that will put at risk smaller and less capable real estate developers. and physical risk related to drought / extreme heat and water stress. This risk is mitigated by the limited exposure (2.5% of the Group’s assets) and low-medium term maturity of these portfolios. Moreover, the Group monitors exposure to these sectors as corporate construction and real estate sectors are qualified as the sectors highly contributing to the climate change as described in the section 5.1.2 Financed portfolio of this report.

Table 56. Exposure to Malta corporate lending

	Balance sheet exposure (€ million)	% of the Group assets
Malta corporate lending portfolio exposure	128	2.7%
Out of which: exposure to construction sector	40	0.9%
Out of which: exposure to real estate	74	1.6%

The Group also assesses and monitors its exposure to those sectors highly contributing to climate change based on NACE sectors classification. The exposure could potentially have an impact on the Group’s long term business model and ability of the clients to refinance such a loans by clients. Clients active in these sectors might need to invest to abide with new regulatory requirements, higher cost of CO2 emissions, clients or investors reputational pressure, technological changes or market competition. As described in section 5.1.2 “Financed portfolio”, the Group limits its exposure to these sectors to 6% of its total assets and will continue not to finance certain environmentally sensitive sectors by 2024/2025.

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 Moody’s approach. For corporate Malta lending portfolio, an internal NACE heatmap based on an expert approach is used. Moreover, the Group has adopted an ESG questionnaire within its loan origination process for all corporate lending clients in Malta and post-transaction for its International corporate lending portfolio as an initial data-collecting process for corporate lending clients. The clients’ onboarding process as described in the Group’s Client acceptance policy restricts and prohibits the onboarding of a banking relationship with certain types of clients and/or the entering into certain types of transactions, for example: business involved in the production or trade in radio-active materials and/or arms of mass destruction, business involved or operating in the extraction of previous metals or raw materials. Also, CER factors are analysed during annual corporate portfolio reviews and screening.

CER risk related to the Group’s lending portfolios is mitigated by the short-medium duration of its loans (<5 year term), relatively low exposure to sectors highly contributing to climate change (4.8% of the Group assets) and the Group’s ICL de-risking strategy which is the most exposed to CER.

The Group is not active in green or transitional project financing due to the scale of international corporate lending de-risking strategy.

With regards to reputational and litigation risk that may arise from controversial activities of the Group’s corporate clients, MeDirect’s credit procedures require tracking of the news flow (including CER) relating to prospective corporate borrowers using external data providers information (e.g. Debtwire, Bloomberg, Google alerts). During the annual review process credit analysts also review publicly available information on the covered portfolio, 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 the sectors highly contributing to climate change (max. 6% of the Group assets) and promoting eco-friendly home loans.

The Group also measures and monitors the range of green products offered to its clients in the Wealth Management Investment Processes and implemented green filter on Maltese 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 the suitability assessments carried out prior to the provision of financial advisory and portfolio management services to be able to match the



sustainability preferences of the clients with respective products in the future as described in the section 3.3.3. ESG in the main business processes of this report.

The Group has started actively investing in green bonds to increase the holdings of this security within the banking book as described in the section 5.2.3. Green bonds of this report.

The Group gradually increased the scope of its CER data collection, where to be able to assess each borrower's exposure to environmental factors and the impact on climate change as well as fulfil regulatory reporting obligations.

Liquidity risk linked to CER is relatively low as the Group has a diversified and stable funding base. Reputational risk that may arise from the business activity of MeDirect linked to CER (impact on climate/environment) is limited to indirect impact through business activity of its clients. The direct impact is relatively low. The potential risk related to refinancing the wholesale funding secured by assets like Dutch NHG portfolio mitigated by NHG guarantee.

Climate risk in the treasury or hedging portfolios is limited to susceptible sovereign or counterparty risk. The exposure is short to medium term horizon and concentrated in relatively lower transition or physical risk countries or counterparties. MeDirect analyse CER market risk related to increased macroeconomic risk related to severe weather conditions or transition to net zero economy policies that might lead to downgrading of sovereign ratings on Group assets impacting balance sheet evaluation of these securities or depreciation of assets valuation.

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

The operational centres in Malta could be exposed to higher physical risks, predominantly arising from extreme temperatures; coastal hazards; and water stress as water supply in Malta is largely from desalinisation plants that might be temporarily not available. 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 represents minor flood risk according to EU NUTs flood regions. MeDirect Belgium operational centre is exposed to low overall physical risk, mainly arising from river flooding from extreme weather events. MeDirect Belgium Bank has its headquarters in Belgium, as well as a contact centre and data centre. These operational centres are located in low flood risk areas according to EU NUTs flood regions. Data is synchronised/copied to both data centres, including a copy on at the Data Warehouse which is stored on Microsoft Azure Cloud Services (Netherlands and Ireland). MeDirect has also three supporting offices in the UK (London), Netherlands (Utrecht) and Turkey (Istanbul), the CER in these locations is minimised as the 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.

All staff are issued with 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, as a result 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, Staff also WFH regularly.
- Implemented Business Continuity Plans and Disaster Recovery Plan covering, among others, natural disasters.
- Primary Data centre secured by geo-redundant data centres and cloud services to restore the data in case of climate events (diversify the locations)
- Insurance covers infrastructure damages 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 occurrence of the event of adverse physical and transition risks occurring. Further assessments of the impacts of CER into BCP and incident response planning will be included within the annual refreshing of these frameworks.

CER has been also assessed in both the normative and economic perspectives of the ICAAP. The Group has in fact incorporated climate-related scenarios into its stress testing processes which encompass both physical and transition risk over various time horizons. The Group continues to evolve its stress testing processes and enhancing existing ones to be able to conduct adequate and plausible Climate Risk Stress Tests to make informed decisions.

In 2022, the Group participated in the ECB Climate thematic review including ECB stress tests and CER questionnaires to meet supervisory requirements and track regulatory expectations.

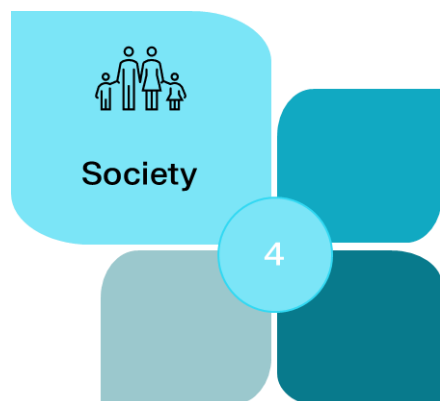
The Group has started to incorporate ESG/CER in its procurement process as described in the section 3.3.5. ESG in the main

business processes of this report to assess and limit reputational risk arising from controversial activities the Group's business partners.

The regulatory affairs function monitors regulatory changes, including CER legislation.

## 6. Society - Pillar 4 of ESG Strategy

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



MeDirect Group contributes to the economic and social development of the countries in which it operates through its financial activity, participation in the governmental support schemes, its role as an employer and taxpayer, by delivering digital solutions to its clients and through community engagement. MeDirect is the third biggest bank in Malta and market disruptor in Belgium and Netherlands. The Group offers to its clients high-quality financial services as well as financing and liquidity products. MeDirect is not only focused on generating sustainable revenue and responsible risk management but also on social development and support. Our intention is to promote the digital banking among our clients through delivering high quality innovative solutions ensuring safe banking.

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

ths	2021	2022
Net profit (Economic value retained)	(15,207)	8,708
Operating income (Direct economic value generated)	56,231	74,751
Operating cost (Economic value distributed)	67,788	67,624
Out of which: Staff salaries and benefits	22,512	24,296
Out of which: Charity and sponsorship expenses	60	69
Payments to the state (CIT, VAT, bank tax, BGF fees, Financial Supervision fees)	1,324	460
Loan loss provisions*	21,915	15,421
Financial assets	4,214,124	4,639,194
Retail customers financing (gross home loans)	1,662,193	<b>2,018,019</b>
Corporate customers financing	721,174	657,880
Customer liabilities	2,960,865	2,787,600
Number of MeDirect clients	102	108

NOTE: All the financial numbers are presented in the MeDirect Group Annual Report & Financial Statements (financial statement)

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

## 6.1. Community engagement

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

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

- Increase number of Group sponsored volunteering events to 2 person days (vs. 9 hours in 2021)
- Increase attendance of Group sponsored volunteering events to minimum 75 employees (vs. 37 in 2021)
- Minimum 5 volunteering initiatives per year tackling various pillars such as community, environment etc
- Maintain regular participation in charitable donations and sponsorships

### 6.1.1. Volunteering

#### GRI 413-1



Volunteering is an integral part of the Group's corporate social responsibility activities. The Group tries to engage its employees in the volunteering actions. Last year MeDirect Malta participated in the three actions supporting the environment and local community.

Table 58. Employees Engagement

ths	2021	2022
Number of employees participated in the action	37	47
Number of hours devoted to this action	8.5	20

Table 59. Main volunteering actions

Action name	Hours	Number of employees	When
Malta			
Beach clean up	3	8	23 April 2022
President's fun run	2	9	11 December 2022
L-Istrina	2	6	26 December 2022
Belgium			
Red Cross Donation to Ukraine (€550) or its refugees (things) done by employees			May 2022
Pink Ribbon walk and contribution to Cancer Fund by employees (€570)	The entire month employees could participate	10	May 2022
City clean-up	5	12	29 September 2022
Planting trees with Bwoods	8	2	7 January 2023

### 6.1.2. Charity and sponsorship activity

#### GRI 413-1

The Group continued to participate in a various sponsorship and charitable activities, combining business objectives with initiatives for all stakeholder groups. In accordance with its mission, the Group conducts activities the aim of which is to have a positive impact on society and to support local talent in sports, culture, and charitable institutions, causes and events. MeDirect's commitment to these initiatives is established through the various sponsorships and donation agreements that support a wide variety of community organisations.



Employees are also actively engaged in charitable activities via donations deducted from their payroll, fund-raising efforts, and voluntary work. Some of the organisations that benefitted from these activities during 2022 were Hospice Malta, Puttinu Cares, Smiling with Jerome, Island Sanctuary, CLAWS Malta, The Marigold Foundation and Foodbank Lifeline Foundation.

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

ths	2021	2022
Total	60	69
out of which		
Culture	22.5	17.5
Sport	5.0	10.0
Society	26.5	41.4

Table 61. Main charity/sponsorship actions

Malta:	
Culture	
Astra Theatre	Donation in support of the Theatre to continue producing high quality theatre events whilst being the main sponsor for the 'The Sound of Music' musical (Socjeta Filarmonika La Stella A. D. 1863)
Malta Philharmonic Orchestra (music)	Donation in support of bringing together the best of Maltese talent and musicians from Europe and beyond.
Zfin Malta (National Dance Company)	Donation in support of bringing together the best of Maltese talent and dancers from Europe and beyond
Sport	
Otters Water Polo Club/Aquatic club	Donation to assist the Gozitan Waterpolo Club to continue promoting sport - the Bank also hosted the annual registration process at the MeDirect investment centre in Gozo
Island Car Club	Donation in support of 2022 Island Car Club National Hillclimb Championship and sponsorship for Rally X 2022 with the aim of to continuing to promoting sporting events
Society	
World Blood Day	Donated freebies, mainly drawstring bags as a token of appreciation to those who voluntarily donated blood

Project Maleth II	Donation in support in of the Maltese space bioscience project to investigate the effects of spaceflight and microgravity on diabetic foot ulcer skin tissue samples together with the microbiome
Children's dreams	Fulfilled 5 dreams by donating vouchers to every child coming from families facing social and financial difficulty
L-Istrina (Malta Community Chest Fund)	Donation in aid of the Malta Community Chest Fund Foundation.
Help for Ukraine	Donation in support to Ukraine during the war
<b>Belgium:</b>	
<b>Society</b>	
Planting trees with Bwoods	Donation to Bwoods to plant 1,400 trees as a result of MeGreen campaign. Bwoods helps the reforestation in Belgium through an organisation that is 100% run by volunteers. The actual work of planting the trees via volunteers also has a social dimension. Bwoods also integrates people that are serving light criminal penalties and lets them work on a project that is focussed on contributing to society in a positive way.
Pink Ribbon walk	The Bank covered the cost of the subscription and participated in the event to raise awareness of breast cancer

This commitment is also extended through marketing agreements are being considered. MeDirect Malta was one of the sponsors of the first edition of The Voice Kids and one of the sponsors of the second edition of Malta Got Talent promoting and developing local talents in their development. MeDirect Belgium was one of the sponsors of the "Rallye Boursier": an educational investment competition organised by the newspaper L'Echo.

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, a trustworthy financial institution, socially involved, innovative and open to its customers' needs.

In accordance with the Group's Anti-bribery and corruption policy and procedure in force, the Group, ensures that payments for sponsorships and donations are not used for purposes of bribery. Due diligence must be performed on sponsorship and donation recipients, with consideration given to potential affiliation 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 entity being paid and that there is no pending business decision with the recipient of the sponsorship or donation payment. Multi-year sponsorship agreements must be monitored on an ongoing basis.

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

- sponsorship agreements, or charitable contributions with organisations, foundations or entities that do not meet the applicable criteria;
- charities, charitable organisations, non-government organisations, non-profitable organisations that are unregulated or operating in jurisdictions that have significant exposure to terrorist financing; and
- entities that are linked 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 2022 in these areas.

### 6.1.3. Equipment donation

#### GRI 413-1

MeDirect donates IT and office equipment to NGOs. This year, after the refurbishment of MeDirect's Malta offices, it donated a considerable amount of office furniture to the Red Cross. MeDirect also donated a considerable number of laptop computers, as well as some monitors to the Malta Trust Foundation. The aim of this foundation is to provide laptops, monitors and other electronic equipment to underprivileged children who need them to further their studies. MeDirect also committed to donate a further 23 laptops to this foundation in 2023.



## 6.2. Social inclusion

ESG Strategy focus: MeDirect Group 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 2024/2025 the Group is committed to achieving the following targets:

- Minimum 5 CSR initiatives conducted each year
- Quarterly training for seniors from 2023 to eliminate financial/digital illiteracy
- Regular training/events to students (programme to be launched)
- Revamp of current Internship Programme and implementation of a Graduate Programme

### 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 experience 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 Belgium, MeDirect organised four webinars to discuss various finance topics in 2022. They covered topics such as the economic and market outlook, the main long-term trends in investment, portfolio diversification and sustainable investment. The aim was to improve the financial knowledge of MeDirect's clients and potential. These webinars were conducted by renown economists who frequently appear in the media- with the support of fund houses. In each webinar, participants had the opportunity to interact with the speakers and MeDirect representative during a Q&A session. Between 500 and 1,000 people attended each of these webinars.

In Malta, MeDirect organised five medirectalks, with the last event being held in person as well as online. All talks, which were done in collaboration with renowned fund houses and asset managers, were aimed at providing information on the markets in general as well as particular investment opportunities. Two webinars focused on geopolitical tensions, and others discussed themes such as natural resources, high-yield bonds and different economic sectors.

MeDirect Belgium was also the sponsor of the "Rallye Boursier": an educational investment competition organised by the newspaper L'Echo. Participants manage a notional financial portfolio during three months and try to achieve the best possible performance. This creates an opportunity for participants to understand the basics of financial markets and instruments and how to make smart investments. More than 28 000 people registered for the 2022-2023 edition.

MeDirect Belgium offers the Sustainable MeGreen model portfolio as an investment plan comprising responsible and diversified mutual funds\* managed by NN Investment Partners, an expert in the application of ESG criteria for over 20 years. Beyond financial returns, these funds aim to reduce CO2 emissions. To raise awareness and consideration for its sustainable investments, MeDirect Belgium organised in Q2 2022 a unique campaign linked to planting a tree for every subscribed portfolio in partnership with Bwoods.

MeDirect Malta started offering Green Home Loans during 2022. The aim of this product, that gives customers a preferential rate of interest, is to finance energy efficient homes and raise awareness related to energy consumption in order to contribute toward a greener world. Clients can learn what steps they can take to have a more sustainable home, which is then reflected by the Energy Performance Certificate (EPC) score.

In total, 14 interns had the opportunity to work in departments such as Technology, Retail and Corporate. One of the interns was offered full-time employment post-graduation in 2022 and two in 2021.

In coming years, MeDirect plans to organise quarterly training for seniors to eliminate financial or digital illiteracy. MeDirect also plans regular training and events for students, a revamping of the current Internship Programme and implementation of a Graduate Programme.



Table 62. Students participated in the internships in MeDirect Group

	2021	2022
Number of students participated in the internships	6	14

### 6.2.2. Accessible banking

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

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

### 6.2.3. Cooperation with community

MeDirect Malta closely cooperate 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. Society development and support

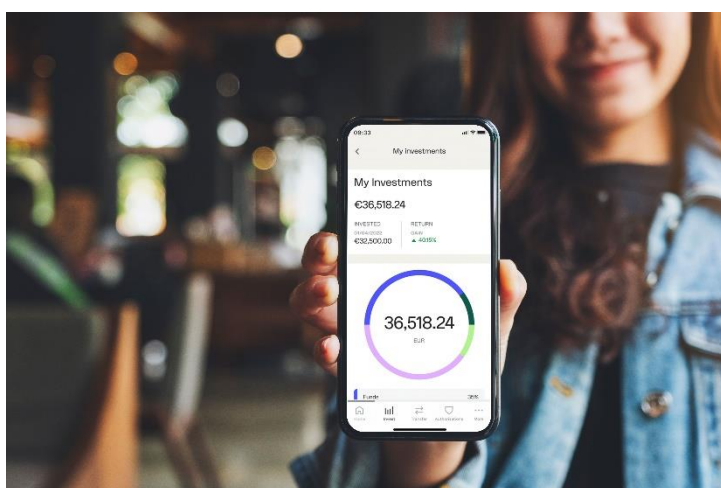
ESG Strategy focus: MeDirect Group wants to play an important role in developing and supporting the society by offering innovative financial solutions, safe banking and social support schemes as defined in pillar 4 of the ESG Strategy.

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

- Maintain high exposure to social support schemes for a minimum 50% of Group lending (in 2021 ca 69%)

### 6.3.1. Innovative solutions

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



Last year, MeDirect continued its technological development, further strengthening its position as a WealthTech group. MeDirect implemented updates to its mobile app and continued its works on creating a Wealth SuperApp, followed by revised branding. At the end of 2022, the Group launched its MeManaged service. For Malta, this is a market first - offering retail banking clients the opportunity to access a discretionary portfolio management service entirely through digital channels. The implementation started in Malta and was extended to Belgium.

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. 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, enabling easier monitoring of those equities or instruments which are of interest to the customer.

MeDirect is fully focused on delivering a better customer experience and on leveraging its investment in technology. The new branding of MeDirect not only changed the look and feel of MeDirect but also highlighted simplified customer journeys, designed to ensure that the experience of being a MeDirect customer matches the promises of its branding.

The launch of MeManaged in partnership with Black Rock, one of the world's largest fund managers, gives clients access to some of the world's best investing expertise and technology in pursuit of their financial goals.

In 2023, MeDirect will continue to deliver exciting and disruptive investment solutions, allowing its clients to build their portfolios with guidance through detailed insights and reporting tools. MeDirect will continue to empower customers to be able to navigate the complexity of the financial world with confidence. MeDirect will also be launching debit cards. This represents another significant step toward servicing the daily banking needs of our customers.

MeDirect's efforts to give customers control over their finances continue unabated. MeDirect will continue democratising access to high quality wealth services for affluent and mass affluent customers through its technological capabilities.

### 6.3.2. Safe banking

Cybersecurity and data protection are of paramount importance to the Group's business continuity and operation and the Group has invested significantly in ensuring that the appropriate Information & communication technology ("ICT") and cybersecurity infrastructure are in place to safeguard against and ICT or cyber-related threats.

## Data Management and Protection

The Group established a Data Protection Policy, prepared in accordance with the EU General Data Protection Regulation ("GDPR") and consistent with other applicable national data protection legislation.

The Group Data Protection Officer ("DPO") is responsible for overseeing and monitoring the implementation of the Group's Data Protection Policy and other related policies. The DPO provides oversight over the Group and all its employees in the performance of their obligations vis-à-vis GDPR, raise awareness and training for staff, and conduct internal checks.

MeDirect collects and processes personal information of its employees, third party contractors and clients. For the purposes of GDPR, MeDirect's Supervisory Authority is the Information and Data Protection Commissioner in Malta.

The 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 which 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 an 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 regulations;
- 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
Number of customers identified leaks, thefts or losses of customer data	0	0
Complaints received from external parties and supported by the organisation regarding breaches of customer privacy and data loss	0	0
Complaints received from regulators regarding breaches of customer privacy and data loss	0	0
Fines imposed by regulators regarding breaches of customer privacy and data loss	0	0

## Information and communication technology and security

The ICT and Security Risk Management Framework ("ICT RMF") documents MeDirect 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 within the Group's strategic planning and management decisions. The ICT RMF has been documented taking into consideration supervisory requirements, namely the EBA Guidelines on ICT and security risk management (EBA/GL/2019/04).

The Group has implemented a set of ICT security policies, standards and procedures that establish inter alia security standards, controls, and prevents 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 has also defined an Incident management procedure and a Cyber security and significant incident management procedure, the purpose of which is to describe the process to be used for escalation, containment and recording incidents. These procedures include the flows to be followed when managing incidents affecting operations and payment services, cyber security incidents and incidents impacting data protection.

## Safety and healthy premises

The Group is aware of its responsibility to protect the health and safety of all its stakeholders, and is specifically obliged to:

- provide, , a safe and healthy working environment, and safe premises and facilities and working conditions for its employees, clients and visitors;
- create, as far as is reasonably practicable, a working environment for employees where potential work-related stressors 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 and know what is expected of them;

- ensure that employees have access to appropriate training and development to enable them to completely fulfil their responsibilities;
- maintain an effective system for communicating and consulting on health and safety matters, and securing the co-operation 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 inherently arising from the Group's activities; and
- strive to improve the Group's health and safety performance continuously, 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, clients 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 co-operation and support of the entire Group community to ensure that the policy is followed at all times.

### 6.3.3. Support schemes

The Group is active in participating in social support schemes organised by local authorities. The Group has a substantial exposure to the Dutch National Mortgage Guarantee program (Nationale Hypotheek Garantie, or NHG). Under this program, mortgage loans are guaranteed by the Dutch Homeownership Guarantee Fund, which protects borrowers from any residual debt after a foreclosure following a default on their mortgage loan. In Malta, MeDirect Malta participated in a programme organised by the Malta Development Bank to assist companies adversely impacted 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 the inability to obtain a life insurance policy due to health or disability issues 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 which is used as the beneficiary's primary residence.

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

	2021	2022
Share of social support schemes as percentage of Group lending	69%	68%

## 7. Information about the report

### 7.1. Report description

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

MeDirect Group 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). This is the first Group report based on GRI Standards. The Report is prepared together with MeDirect Group Annual Report & Financial Statements.

The Group has 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 TCFD guidelines as described in the section 7.5 - TCFD climate reporting guidelines of this report.

This report covers the activities of all MeDirect Group entities in the period from 1 January 2022 to 31 December 2022, unless a different period is otherwise indicated in the text. MeDirect Group 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).

#### GRI 2-4

The previous non-financial information was published in 2022 and covered 2021. This report does not contain any significant restatements of disclosures published in the 2021 MeDirect consolidated annual report in the non-financial information section. Moreover, the Group indicates the restatements of past reported figures in footnotes. Non-financial information for 2021 was published in the previous annual report was not based on the GRI standard.

#### GRI 2-5, GRI 2-14

The Group's financial results for 2022 have been audited by an independent audit firm. The non-financial data have not been audited by an auditor and this report has not been subject to external assurance. The MeDirect Group Annual Report & Financial Statements and non-financial information for 2022 were reviewed and approved by the 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 main Group's 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 the market's and its stakeholders' expectations. This year, 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 impact on the MeDirect Group business including implications on the organisation's financial value of ESG including governance, employees, environment and social topics (outside-in); and
- 2) the impact of MeDirect Group activity linked to these ESG topics on the environment/climate and/or society/economy (inside-out).

The materiality process included:

- Selection of ESG topics taking under consideration internal initiatives, market trends and regulatory guidelines
- Prioritisation of the topics together with relevant units and define the list of the topics to be included in the Stakeholders Engagement Survey as presented in the table below
- Conduct ESG engagement stakeholders survey among internal and external stakeholders
- Summarise the results of the survey
- Define final list of material topics from the MeDirect mission, business and ESG strategy perspective

The results of the 2022 materiality analysis are reflected in the 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 for the period from 1 January 2022 to 31 December 2022.

Table 65. Topics included in the Stakeholders Engagement Survey

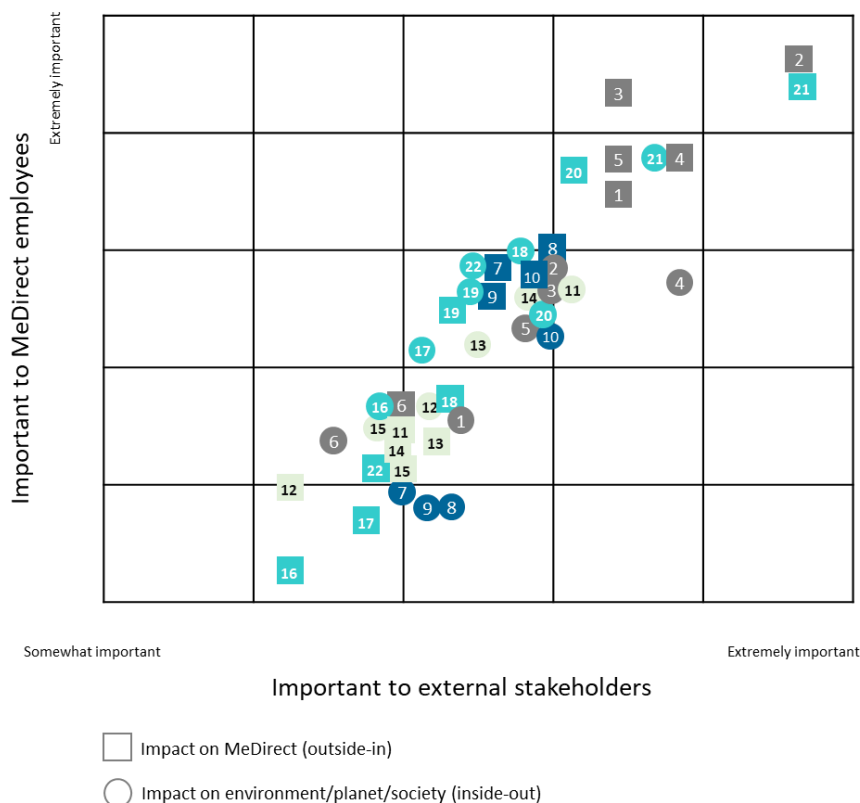
Governance		
1	Financial performance	Sustainability of revenue resources supported by responsible risk management
2	Compliance with regulations	Compliance with external laws and internal policies/procedures
3	Bank solidity	Being a trusted bank with high corporate governance, standards
4	Business Ethics	Maintaining a responsible and ethical approach to the business (e.g. fair and transparent products, sales, clients communication, marketing) with anti-corruption procedures taking under consideration also environmental and social impact
5	Customer service quality	Delivering professional customer service to ensure high customer satisfaction and recommendation level
6	Non-financial Group disclosure	Disclosure of non-financial information related to corporate governance, employees, environment and social aspects i.a. 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, dialog, promotion of well-being
9	Employees satisfaction	Ensuring high employees satisfaction
10	Diversity and equal opportunities	Respect for employees diversity, equality and inclusivity including gender anti-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 green gas emissions	Measuring and monitoring of green gas emissions related to MeDirect Group operations (eg. promises, offices, cars, data centres) and its financed/lending portfolio
13	Limit own operation impact on environment	Mitigation of MeDirect's own operational impact on environment through implementation of environmentally friendly solutions e.g. certified offices, low-carbon vehicles (eg. electric, hybrid), eco-improvements in offices/clients communication (LED lamps, occupancy sensors, digital monthly account statements), impact offsetting initiatives, digital solutions supporting decarbonisation (reduce green gas emissions contributing to global warming)
14	Limit financed portfolio impact on environment	Mitigation of indirect green gas emissions from the finance/lending portfolio through limiting exposure to e.g. environmentally sensitive sectors, high carbon emission sectors or supporting of green/transformation projects that promote decarbonisation (reduce green 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
<b>Social</b>		
16	Volunteering	Engagement of MeDirect Group employees in volunteering actions supporting planet and society e.g. beach clean-up, animals help, planting trees, blood donation
17	Charity & Sponsorship	Engagement in local community activities & 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 through e.g. financial education, accessible banking, cooperation with community, volunteering, charity & sponsorship
19	Innovation	Delivering innovative financial solutions that support social and business development
20	Digitalisation and automatisisation	Delivering digital solutions and automatisisation to make lives easier (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 regulations
- Cyber and data security
- Business Ethics
- Bank solidity
- Customer service quality
- Digitalisation and automatisisation
- Financial performance
- Employees working conditions
- Diversity and equal opportunities
- Employees development and competences
- Social inclusion

### 7.3. GRI index

Table 66. List of GRI Standards indicators

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

**3. Governance**

GRI 2-9	GRI 2. General Disclosures 2021	Governance structure and composition	<a href="#">3.2. Responsible and sustainable business</a>	Corporate Governance
GRI 2-10	GRI 2. General Disclosures 2021	Nomination and selection of the highest governance body	<a href="#">3.2. Responsible and sustainable business</a>	Corporate Governance
GRI 2-11	GRI 2. General Disclosures 2021	Chair of the highest governance body	<a href="#">3.2. Responsible and sustainable business</a>	Corporate Governance
GRI 2-12	GRI 2. General Disclosures 2021	Role of the highest governance body in overseeing the management of impacts	<a href="#">3.3. Institutional approach to ESG</a>	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	<a href="#">3.3. Institutional approach to ESG</a>	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	<a href="#">7.1. Report description</a>	Report description
GRI 2-15	GRI 2. General Disclosures 2021	Conflicts of interest	<a href="#">3.2.3. High corporate governance standards</a>	Conflict of interest
GRI 2-16	GRI 2. General Disclosures 2021	Communication of critical concerns	<a href="#">3.2.3. High corporate governance standards</a>	Preventing corruption and bribery, anti-fraud policy
GRI 2-17	GRI 2. General Disclosures 2021	Collective knowledge of the highest governance body	<a href="#">3.3.3. Developing ESG Competences</a> <a href="#">3.3.4. ESG in labour management</a>	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	<a href="#">3.3.4. ESG in labour management</a> <a href="#">4.1.4. Board members evaluation assessment</a>	Sustainability in the Board members evaluation assessment Board members evaluation assessment
GRI 2-19	GRI 2. General Disclosures 2021	Remuneration policies	<a href="#">4.1.1. Remuneration</a>	Remuneration
GRI 2-20	GRI 2.	Process to determine remuneration	<a href="#">4.1.1. Remuneration</a>	Remuneration

	General Disclosures 2021			
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.	
<b>4. Strategy and practices</b>				
GRI 2-22	GRI 2. General Disclosures 2021	Statement on sustainable development strategy	2022 MeDirect Group Annual Report & Financial Statements (Directors' Report) <a href="#">2. MeDirect Group ESG strategy</a>	ESG  ESG Strategy
GRI 2-23	GRI 2. General Disclosures 2021	Policy commitments	<a href="#">2. MeDirect Group ESG strategy</a>	MeDirect Group ESG strategy
GRI 2-24	GRI 2. General Disclosures 2021	Embedding policy commitments	<a href="#">2. MeDirect Group ESG strategy</a> <a href="#">3.3. Institutional approach to ESG</a>	MeDirect Group ESG strategy Institutional approach to ESG
GRI 2-25	GRI 2. General Disclosures 2021	Processes to remediate negative impacts	<a href="#">3.2.3. High corporate governance standards</a>  <a href="#">4.2.2. Discrimination and harassment</a>	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	<a href="#">3.2.3. High corporate governance standards</a>	Whistleblowing
GRI 2-27	GRI 2. General Disclosures 2021	Compliance with laws and regulations	<a href="#">3.2.3. High corporate governance standards</a>	Compliance and Internal Audit
GRI 2-28	GRI 2. General Disclosures 2021	Membership associations	<a href="#">3.2.6. Membership of associations and organisations</a>	Membership of associations and organisations
<b>5. Stakeholder engagement</b>				
GRI 2-29	GRI 2. General Disclosures 2021	Approach to stakeholder engagement	<a href="#">3.2.2. Communication with major stakeholders</a> <a href="#">7.2. Materiality analysis</a>	Communication with major stakeholders  Materiality analysis
GRI 2-30	GRI 2. General Disclosures 2021	Collective bargaining agreements	<a href="#">4.1.1. Remuneration</a>	Remuneration

Material Topics				
GRI 3-1	GRI 2. General Disclosures 2021	Process to determine material topics	<a href="#">7.2. Materiality analysis</a>	Materiality analysis
GRI 3-2	GRI 2. General Disclosures 2021	List of material topics	<a href="#">7.2. Materiality analysis</a>	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)	<a href="#">3.2.3. High corporate governance standards</a> <a href="#">3.2. Responsible and sustainable business</a>	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)	<a href="#">6.3.2. Safe banking</a>	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	<a href="#">6.3.2. Safe banking</a>	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)	<a href="#">3.2.3. High corporate governance standards</a>	Code of conduct and ethics
GRI 205-1	GRI 205. Anti-corruption 2016	Operations assessed for risks related to corruption	<a href="#">3.2.3. High corporate governance standards</a>	Preventing corruption and bribery
GRI 205-2	GRI 205. Anti-corruption 2016	Communication and training about anti-corruption policies and procedures	<a href="#">4.3.1. Trainings and development</a>	Trainings and development
GRI 205-3	GRI 205. Anti-corruption 2016	Confirmed incidents of corruption and actions taken	<a href="#">3.2.3. High corporate governance standards</a>	Preventing corruption and bribery
GRI 206-1	GRI 206: Anti-competitive Behavior 2016	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<a href="#">3.2.3. High corporate governance standards</a>	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)	<a href="#">3.2.3. High corporate governance standards</a> <a href="#">3.2. Responsible and sustainable business</a>	High corporate governance standards Responsible and sustainable business
<b>Material topic: Customer service quality</b>				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	<a href="#">3.2.3. High corporate governance standards</a>	High service quality
GRI 201-1	GRI 201. Economic Performance 2016	Direct economic value generated and distribute	<a href="#">6.Society - pillar 4 of ESG Strategy</a>	Table. MeDirect Group performance and economic contribution
<b>Material topic: Digitalisation and automatisisation</b>				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	<a href="#">6.3.1. Innovative solutions</a>	Innovative solutions
<b>Material topic: Financial performance</b>				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	<a href="#">1.3. Business strategy</a>	Business Strategy and 2022 MeDirect Group Annual Report & Financial Statements (financial part)
<b>Material topic: Employees working conditions</b>				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	<a href="#">4.1. Attractive workplace</a>	Attractive workplace
GRI 401-1	GRI 401. Employment 2016	New employee hires and employee	<a href="#">4.Employees - pillar 2 of ESG Strategy</a>	Headcount
GRI 401-2	GRI 401. Employment 2016	Benefits provided to full-time employees that are not provided to temporary or parttime employees	<a href="#">4.1.2.Benefits</a>	Benefits
GRI 401-3	GRI 401. Employment 2016	Parental leave	<a href="#">4.1.2.Benefits</a>	Benefits
GRI 403-5	GRI 403. Occupational Health and Safety 2018	Worker training on occupational health and safety	<a href="#">4.3.1. Trainings and development</a>	Trainings
GRI 403-6	GRI 403. Occupational Health and Safety 2018	Promotion of worker health	<a href="#">9</a> <a href="#">4.1.2.Benefits</a>	Supportive working conditions Benefits
<b>Material topic: Diversity and equal opportunities</b>				



GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	<a href="#">4.2. Diversity, equality and inclusion</a>	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)	<a href="#">4.2.1. Diversity and equality and Employees - pillar 2 of ESG Strategy</a>	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	<a href="#">4.2.2. Discrimination and harassment</a>	Discrimination and harassment
<b>Material topic: Employees development and competences</b>				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	<a href="#">4.3. Professional development</a>	Professional development
GRI 404-1	GRI 404. Training and Education 2016	Average hours of training per year per employee	<a href="#">4.3.1. Trainings and development</a>	Trainings
GRI 404-2	GRI 404. Training and Education 2016	Programs for upgrading employee skills and transition assistance programs	<a href="#">4.3.1. Trainings and development</a>	Trainings
GRI 404-3	GRI 404. Training and Education 2016	Percentage of employees receiving regular performance and career development reviews	<a href="#">4.3.4. Employees assessment</a>	Employees assessment
<b>Material topic: Social inclusion</b>				
GRI 3-3	GRI 2. General Disclosures 2021	Management of material topics (identified as material in the topic materiality matrix)	<a href="#">6.2. Social inclusion</a> <a href="#">6.1. Community engagement</a>	Social inclusion Community engagement
GRI 413-1	GRI 413: Local Communities 2016	Operations with local community engagement, impact assessments, and development programs	<a href="#">6.1. Community engagement</a>	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	<a href="#">4.1.2. Benefits</a> <a href="#">4.1.5. Supportive</a>	Benefits Supportive working conditions

			<a href="#">working conditions</a>  <a href="#">6.3.2. Safe banking</a>  <a href="#">6.3.3. Support schemes</a>	Safety and healthy premises  Support schemes
4	Quality education	Ensuring development of our employees and promote social education on the market	<a href="#">4.3.1. Trainings and development</a> <a href="#">6.2.1. Social Education</a> <a href="#">6.1. Community engagement</a>	Trainings and development Social education
5	Gender equality	Promoting gender diversity and equality with set up minimum representation priorities at Board and leadership level while maintaining gender neutral recruitment process and gender diversity in the succession program for managerial positions	<a href="#">4.2. Diversity, equality and inclusion</a>	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	<a href="#">4. Employees - pillar 2 of ESG Strategy</a>	Attractive workplace, professional development, diversity/equality/inclusion
9	Industry, innovation and infrastructure	Delivering innovative financial solutions and safe banking	<a href="#">6.3.1. Innovative solutions</a>  <a href="#">6.3.2. Safe banking</a>	Innovative solutions  Safe banking
10	Reduce inequalities	Reducing income inequality within and among countries	<a href="#">4.2. Diversity, equality and inclusion</a>  <a href="#">6.2. Social inclusion</a>  <a href="#">6.3. Society development and support</a>	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.	<a href="#">6. Society - pillar 4 of ESG Strategy</a>	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 and promote transition into low carbon economy	<a href="#">5.3. Climate risk resilience</a>	Climate risk resilience
16	Peace, justice and strong institutions	Focusing on developing a responsible and sustainable business to build a trusted and distinctive brand	<a href="#">3.2. Responsible and sustainable business</a>	Responsible and sustainable business

## 7.5. TCFD climate reporting guidelines

Table 68. TCFD guidelines

Area	Disclosure	Chapter link	Section
<b>Governance</b>	Disclose the organisation's governance around climate-related risks and opportunities.	<a href="#">3.3.1. ESG in the organisational structure</a>	ESG in the organisational structure
		<a href="#">3.3.2. ESG in the three lines of defence</a>	ESG in the three lines of defence
	Describe management's role in assessing and managing climate-related risks and opportunities.	<a href="#">3.3.1. ESG in the organisational structure</a>	ESG in the organisational structure
		<a href="#">3.3.2. ESG in the three lines of defence</a>	ESG in the three lines of defence
<b>Strategy</b>	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	<a href="#">5.3. Climate risk resilience</a>	Climate risk resilience
<b>Risk Management</b>	Disclose how the organisation identifies, assesses, and manages climate-related risks.	<a href="#">5.3. Climate risk resilience</a>	Climate risk resilience
<b>Metrics and Targets</b>	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	<a href="#">5.3. Climate risk resilience</a>	Climate risk resilience

## 7.6. Contact details

### GRI 2-3

Any questions related to this Report should be addressed to the following contact persons:

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