



ESG Strategy 2022-2024/25

On the path to sustainability

December 2022



MeDirect ESG approach

MeDirect ESG strategy is based on four strategic pillars with sustainability objectives translated into commitments that support our business goals



MeDirect will continue building a responsible and sustainable organisation based on sound values and ESG principles



MeDirect's ambition is to create an attractive and inclusive organisation promoting diversity and equality that support professional development



MeDirect will endeavour to build a low-carbon business supporting our own and our clients' green transition and climate resilience to reach net zero commitments



MeDirect will further engage in social community initiatives that promote inclusion and development and support future prosperity

On the path to sustainability

MeDirect ESG strategy pillars

Four strategy pillars

Governance

- Sound corporate values
- Responsible and sustainable business
- Institutional approach to ESG

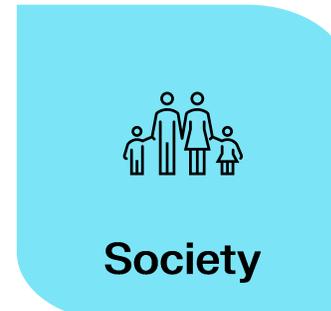


Environment

- Low carbon business
- Eco-friendly products
- Climate risk resilience

Employees

- Attractive workplace
- Diversity, equality and inclusion
- Professional development



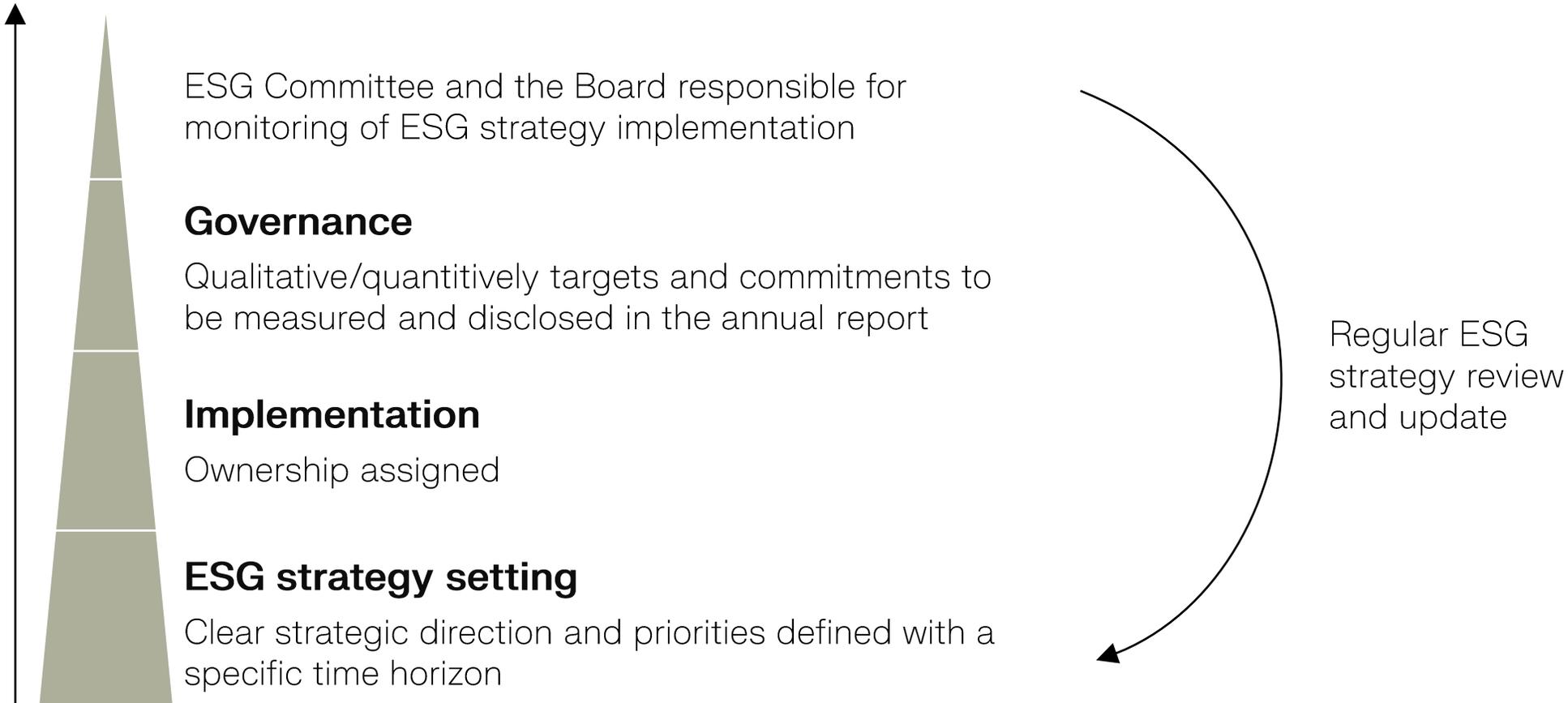
Society

- Community engagement
- Social inclusion
- Society development and support

We will continue to integrate ESG principles into our daily business while increasing ESG awareness across the Group



ESG strategy implementation and monitoring



MeDirect defined the main steps to implement the strategy



Governance

Strategic pillar #1

- Solid values will shape our corporate culture and inspire our employees thus shaping Group's approach to business
- MeDirect will continue to develop a responsible and sustainable business to build a trusted and distinctive brand
- MeDirect will continue integrating ESG in the corporate governance framework striving to further enhance its position in the sustainability ratings

MeDirect core values underpin our corporate principles and business philosophy



Our core values

Autonomy

We encourage our employees to **take ownership** of their work and grow their skills.

We **empower** our customers to navigate the financial world and give them the choice how to manage their money.

Innovation

We do not rest on our laurels. We are **results driven** and constantly review how we go about **delivering** on our vision and **improve** our value proposition.

Transparency

The financial world **isn't simple, but the MeDirect app is**. We get straight to the point when we communicate with our clients and among us.

Responsibility

We advocate for equality, diversity and inclusion and we care for our environment in **all that we do**.

Mission

“Be a one-stop shop for people’s investments and savings: a place where they can manage their money, their way. This means providing our customers with an app they can understand, navigate and trust. This also means making our customers feel included. Listening to them, speaking their language and guiding them forward — so they can make the choices that suit their values and needs.”

MeDirect core values as a foundation of the Group mission

MeDirect focus is on creating a responsible organisation with a sustainable business



Responsible business approach

- Clients' onboarding due-diligence (CDD/KYC)
- Anti-fraud and scams prevention procedures
- Human rights clauses/statements in the new contracts²

Professional customer service

- High service standards
- Transparent & responsible sales
- Client-oriented and trained employees

High customer satisfaction

- Best in class user experience
- User friendly communication
- High NPS and customer retention

Comply with laws, regulations and codes of conduct while maintaining high corporate governance standards



2024/25 Commitments

- Maintain the policy of not onboarding clients from controversial industries and geographical locations (in line with customer acceptance policy)
- Incorporate human rights clauses screening during new contracts signing with the institutional partners and corporate lending clients²



2024/25 Priorities

Maintain high NPS (customer recommendation factor)



min. 30

(vs. current 30)¹

Responsible business approach and professional customer service should reinforce customer satisfaction and create long term business opportunities

ESG embedded in the corporate structure

Organisational approach



3 lines of defence (3LoD)

- Identifying, assessing and managing CER/ESG risks
 - Planning, reviewing, controlling & monitoring activities and audits
- 1 Front-line business
 - 2 Risk & Compliance
 - 3 Internal Audit

Board

- General oversight of ESG & CER agenda
- CER/ESG in collective suitability assessment and board effectiveness review

ESG Committee Role

- Providing advice and support to the Board on ESG matters in order to build a sustainable organisation and reinforce the market position
- Prioritising CER/ESG initiatives and overseeing ESG/CER risks/opportunities

Head of Sustainability

- Main coordination point
- Driving and monitoring of CER/ESG actions



2024/25 Commitments

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



2024/25 Priorities

Increased ESG awareness inside the organisation & ESG agenda implementation



MeDirect will accelerate incorporation of ESG in the main business processes



Credit process

- Clients onboarding & due diligence incl. ESG/CER (e.g. questionnaires, heatmaps, EPC)
- Portfolio screening
- CER/ESG in the credit policies and procedures

Wealth process

- ESG filters in Wealth platform
- Sustainability preferences in the advisory & portfolio management (suitability test)
- ESG criteria in funds selection

Procurement

- Key suppliers due diligence incl. ESG/CER (questionnaires)
- ESG/CER clauses in the new contracts

ESG/CER in the product/service launch process (PNU)



2024/25 Commitments

- Min. 50% of key suppliers¹ (ca 90% of expenses) with ESG verification by 2024/25 (e.g. questionnaire, vendors' statements)
- Ca 100% 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)²



2024/25 Priorities

Reinforcing ESG/CER awareness among the clients/partners & closing data gaps



Responsible bank incorporating sustainability into its daily business

NOTE: Climate and environmental-related risks (CER); Energy Performance Certificate (EPC), Third Party (TP) funds; Prior notice unit (PNU) responsible for assessing new products as part of the new product approval process

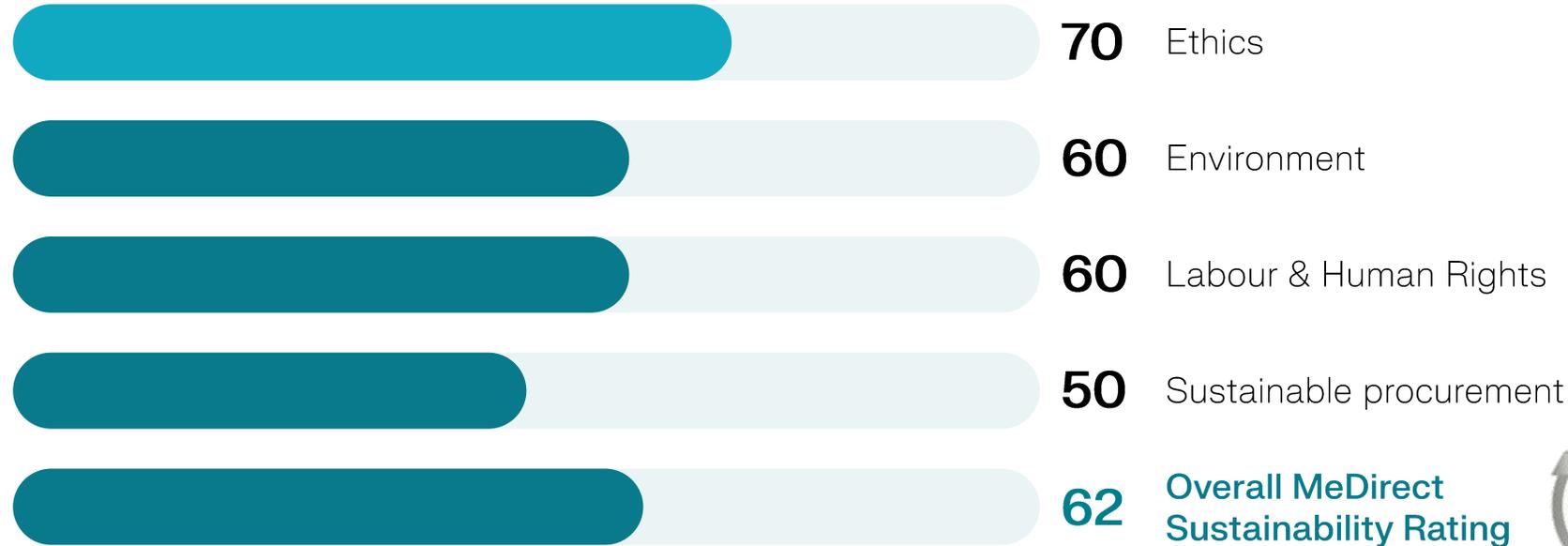
1. Suppliers as described in procurement policy

2. Classification doesn't include professional buy-to-let mortgage business, commitment only for corporate excl. residential mortgages

MeDirect will continue to implement its ESG agenda to further strengthen its sustainability positioning



Solid starting position with potential to develop into one of the top rated companies in sustainability



● Advanced ● Good ● Partial



2024/25 Priorities

Enhancement of MeDirect sustainability rating and non-financial disclosure



ESG external rating confirms our sustainability efforts and market recognition

NOTE: MeDirect score is higher than or equal to the score of 85% of all companies rated by EcoVadis includes 36 th's companies with valid scorecards rated by Ecovadis in the last 12 months. EcoVadis has rated over 85 the companies globally.



Employees

Strategic pillar #2

- MeDirect ambition is to create an unique corporate culture and an attractive workplace with high employee satisfaction
- MeDirect's multi-cultural organisation will continue to promote diversity, equality and inclusion as core principles
- Professional development of our employees will closely follow the changing business environment and remain an important element of our Group success story

MeDirect priority is to be an attractive employer with supportive working conditions and dialog-oriented culture



Maintain ESG/CER objectives in remuneration scheme

- Included in the remuneration policy (variable component)
- Individual objectives established pursuant to the ESG initiatives

- Multi-cultural and collaborative environment
- Attractive remuneration
- Performance-linked bonus
- Employee benefits (e.g. staff home loans scheme)
- Medical care
- Flexible forms of employment
- Remote / hybrid working
- Promotion of well-being (External Foundation)
- Dialog (Townhall meetings)



2024/25 Commitments

All top management with specific and relevant ESG/CER objectives



2024/25 Priorities

Further improvement in employee job satisfaction



min. 80%

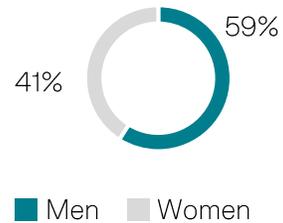
(vs. 67.5% in 2022)¹

MeDirect nurtures an international team with respect for human diversity, equality and inclusivity



Diversity

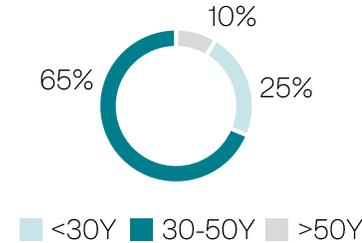
Gender



Nationality



Age

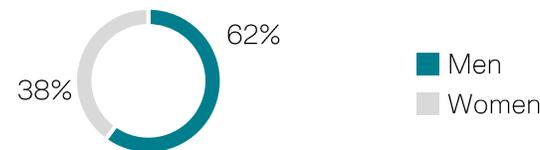


Equality

Women/Men in leadership



Women/Men in succession



2024/25 Commitments

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



2024/25 Priorities

Maintain a balanced gender representation in leadership & succession



Policies on diversity, discrimination and harassment are rooted in Group's principles

MeDirect will facilitate career opportunities and professional growth to remain an attractive employer



Attract talent

- Interns, graduate programs
- Participating in career events at universities
- Promoting MDB as an attractive employer

Develop employees

- Trainings and professional development²
- Mentoring and coaching
- Code of conduct and ethics policy

Retain employees

- Inspire loyalty and satisfaction
- Engage people (e.g. Townhalls, volunteering, conferences)
- Succession scheme

Employees are the most important MeDirect assets and the Group will continue building an empowered team



2024/25 Priorities

Increase number of training/development hours per employee



+25%

(vs. 10 hours in 2021)¹

1. Average number of training hours per employee excluding e-learning & policy training

2. Including offering inter-departmental training



Environment

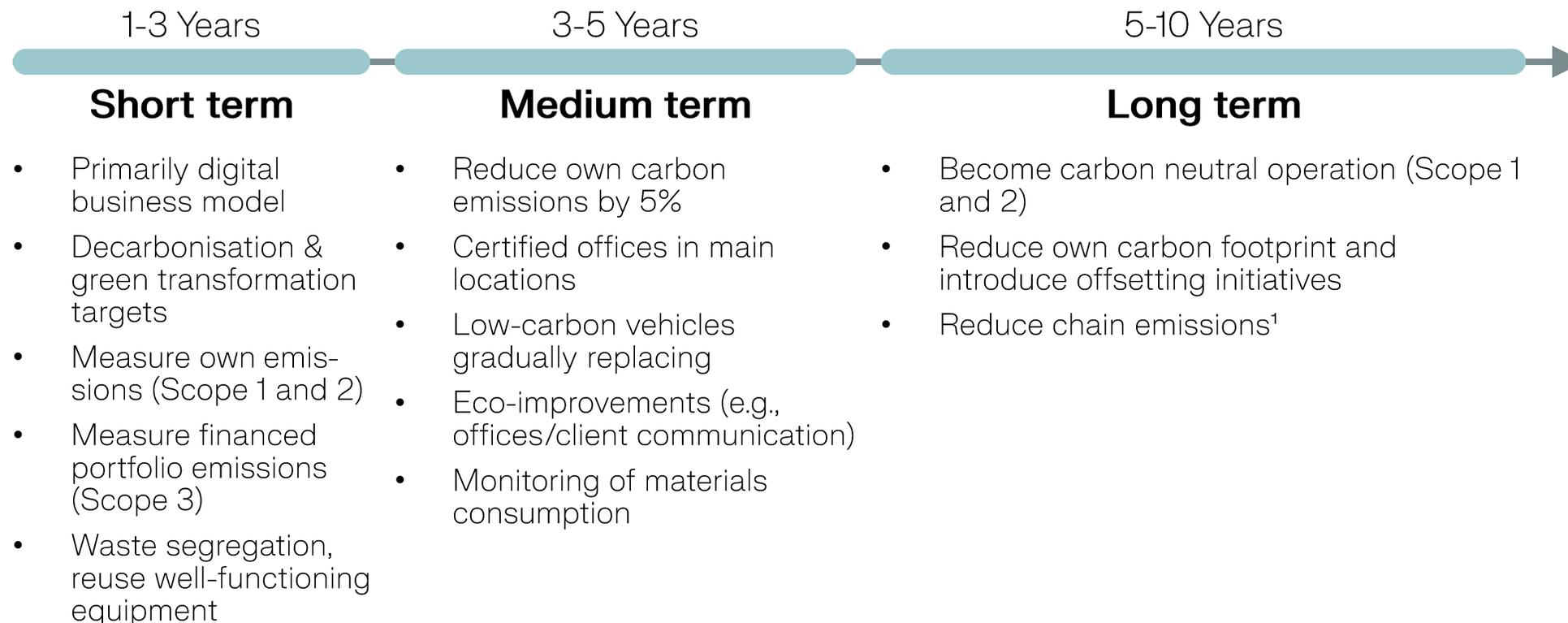
Strategic pillar #3

- MeDirect defined the roadmap to reach net zero and outlined main targets and milestones leading to development of a low carbon business
- MeDirect will continue offering eco-friendly products supporting ours and our clients' green transition in alignment with our business profile and de-risking strategy in corporate lending
- MeDirect will further integrate climate risks into the risk management framework and business processes developing a more resilient business model

MeDirect will transition its low carbon business model towards climate neutrality

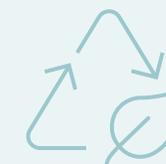


Commitments



2050 Priorities

Climate neutral Group in line with the Paris Agreement goal¹



The Group defined its milestones to reach net zero commitments

1. Including own and financed corporate portfolio emissions

MeDirect's prudent approach towards environmentally sensitive sectors will support transition to low carbon



2024/25 Commitments

MeDirect will continue not finance corporate clients directly involved in the following sectors (exclusion list)¹:

- 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



2024/25 Priorities

Contributing to achievement of regulatory decarbonisation objectives



Exclusion list activities might be associated with the potentially negative impacts on the environment including greenhouse gas emissions, biodiversity loss and water scarcity

1. Excluding selective projects that support green transformation of these industries. Exclusion list was already implemented by the Group.

MeDirect will limit its financing to sectors highly contributing to climate change to support decarbonisation



2024/25 Commitments

Exposure to the sectors highly contributing to climate change¹ (% share of Group assets)

Industry	NACE	% of Group assets
Agriculture, forestry, and fishing	A1-A2	0.01%
Mining and Quarrying	B5-B9	0.0%
Manufacturing	C10-C33	1.4%
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%
Wholesale and retail trade; repair or motor vehicles and motorcycles	G45-G47	0.7%
Transportation and storage	H49-H53	0.2%
Accommodation and food service activities	I55-I56	0.5%
Real estate activities	L68	1.0%
		4.6%



2024/25 Priorities

Exposure to the sectors highly contributing to climate change¹



Max. 6%

of Group assets

Re-aligning our portfolio by limiting exposure to sectors highly contributing to climate change fits into Group business strategy

1. Excluding selective projects that support green transformation of these industries. Classification doesn't include professional buy-to-let mortgage business, commitment only for corporate excl. residential mortgages

MeDirect will participate in green transformation by offering and investing in eco-friendly products



Eco-friendly home loans

Eco-friendly loans



- Product available for residential real-estates with green EPC certificate (market specific energy requirements) for Maltese and Belgium clients
- Offer includes preferential terms (e.g. lower credit margin)

Green funds



- Green funds distributed by MeDirect with sustainability characteristics
- Green filter available on MeDirect open fund architecture with light and dark green funds

Light green funds (art. 8 SFDR)

Funds that promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices. May invest in sustainable investments but don't have sustainable investing as a core objective.

Dark green funds (art. 9 SFDR)

Financial products that have sustainable investment as their core objective and an index has been designated as a reference benchmark.

Home loans

Preferential terms



Borrower can take for instance a higher mortgage amount than standard, provided the additional amount is used to take energy savings measures (NHG) or high energy labels

Green bonds



Bonds certified according to a potential EU Green Bond Standard



2024/25 Priorities

Share of eco-friendly home loans in sales¹



Min. 5%

Share of green mutual fund & ETFs offered by MeDirect



Min. 45%
(vs. 39% in 2021)

Share of fixed income Treasury book invested in green bonds



Min. 10%
(vs. 5% in 2021)

CER to be an integral element of MeDirect risk framework strengthening the resilience of our business model



Materiality Assessment

- Indicate material climate risks/opportunities impacting business environment¹
- Define necessary mitigating actions

Lending process

- Clients onboarding and due diligence incl. ESG/CER (e.g. questionnaires, heatmaps, EPC)
- Pricing, products
- ESG/CER clauses/statements³
- Portfolio screening
- Limits/targets



2024/25 Commitments

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



2024/25 Priorities

Build a climate resilient model



Stress Tests & Models

- Conduct internal climate stress tests²
- Financial planning

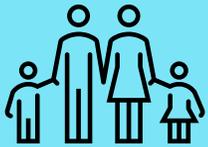
Business continuity & reputation

- Monitor/Mitigate impact of CER on Bank's reputation
- Monitor/Mitigate impact of physical CER on Bank's operations (e.g. premises/data centres), liquidity)

Dedicated policies and procedures to properly manage and oversee climate risks

NOTE: Climate and environmental-related risks (CER); Energy Performance Certificate (EPC),

1. Short, medium and long term horizon; 2. Once credit models available; 3. Includes corporate contracts where such a clauses are feasible to implement from legal/regulatory/commercial perspective



Society

Strategic pillar #4

- MeDirect plans to be actively engaged in the local communities by participating in volunteering and charity initiatives
- MeDirect will support social inclusion through education, accessible banking and cooperation, raising public awareness and building a sustainable society
- MeDirect wants to play an important role in developing and supporting the society by offering innovative financial solutions, safe banking and social support schemes

Contributing to social well-being is part of MeDirect's corporate social responsibility



Volunteering

- Dedicate to volunteering activities (e.g. financial education, clean-ups)
- Days off for employees participating in volunteering actions

Charity & Sponsorship

- Support local talents in sports/culture and charitable institutions
- Funds donations and collections

Equipment Donation

- IT/office equipment
- Donations to NGOs



2024/25 Commitments

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



2024/25 Priorities

Increase engagement in local community activities & support



MeDirect will promote social inclusion, driving equal opportunities and removing barriers



Social Education

- Free online sessions (e.g. wealth talks), online market updates and speakers at conferences
- Campaigns linked to ESG (e.g. Megreen BE, Green Home Loans)

Accessible banking

- Transparent digital solutions and communication (e.g. website, social media)
- Facilities to people with disabilities in MDB locations

Cooperation with community

- Hackathon – Software Development students (e.g. MCAST)
- Cooperation with local universities



2024/25 Commitments

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



2024/25 Priorities

Building inclusive and sustainable society



MeDirect will continue providing solutions that support social and business development



Innovative solutions

- Deliver user-friendly wealth-tech digital solutions to make lives easier
- Cooperation with innovative partners

Safe banking

- Cybersecurity and data protection
- Promoting best practices in digital banking

Support schemes

- Participation in social support schemes with authorities' guarantees (e.g. MDB assistance, Housing Authority, NHG)



2024/25 Commitments

Maintain high exposure to social support schemes min. 50% of Group lending (in 2021 ca 69%)



2024/25 Priorities

Enhance social prosperity



Strategic pillars are translated into ESG targets

Governance

- Enhance MeDirect sustainability rating by 2024/25 >62 pt in 2021
- Maintain high NPS (customer recommendation factor) by 2024/25 Min. 30 (vs. 30 current)
- Independent members on the Board Min. 3
- ESG training per year Min. 1
- Corporate clients with ESG/CER verification by 2024/25 -100%
- Key suppliers with ESG verification by 2024/25 Min. 50%
- No onboarding of clients from controversial industries and geographical locations To be continued
- Human rights clauses in the new contracts as defined By 2024/25
- ESG/CER integrated in 3Y audit cycle plan By 2024/25
- ESG/CER integrated in yearly compliance plan By 2024/25

Environment

- Defined exclusion list of environ. sensitive sectors To be maintained
- Exposure to the sectors highly contributing to climate change by 2024/25 Max. 6% of Group assets
- Share of eco-friendly home loans in sales by 2024/25¹ Min. 5%
- Share of green funds offered by MeDirect by 2024/25 Min. 45% (vs. 39% in 2021)
- Share of fixed income invested in green bonds in MeDirect Treasury book Min. 10% (vs. 5% in 2021)
- Carbon neutral operation (5-10Y) By 2032
- Climate neutral Group (own & corpo emissions) By 2050
- Reduce own carbon emissions by 2026 (3-5Y) -5% vs. 2022

Employees

- Improvement of employee satisfaction by 2024/25 Min. 80% vs. 67.5% in 2022
- Top managers with ESG/CER objectives -100%
- Maintain Board gender diversity Min. 20% represent.
- Leadership gender diversity by 2024/25 Min. 40% gender rep. (vs. 32% in 2021)
- Balanced gender rep. in succession schemes (managerial positions) by 2024/25 Min. 40% gender rep. (vs. 38% in 2021)
- Number of training/development hours per employee by 2024/25 + 25% vs. 10 hours in 2021

Society

- Increase number of volunteering hours by 2024/25 Min. 2 person days vs 9 hours in 2021
- Increase number of volunteers by 2024/25 Min. 75 FTE vs 37 in 2021
- Volunteering initiatives per year Min. 5
- CSR initiatives per year Min. 5
- Quarterly training for seniors Min. 4 per year
- Students Internships and Graduate Programme Available each year
- Regular training/events to students Available each year
- Maintain regular participation in contributions to charity / sponsorship by 2024/25 vs 60 ths in 2021
- Maintain high exposure to social support schemes² Min. 50% of Group lending

1. Share in the new sales of home loans offered in Malta and Belgium

2. EG. MeDirect assistance, Housing Authority, NHG

me direct

Annex



MeDirect will strengthen its green offer in Wealth app

Green mutual funds & ETFs, pcs.

Number of mutual funds offered by the Organisation under art. 8 SFDR (light green funds)	702
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Number of mutual funds offered by the Organisation under art. 9 SFDR (dark green funds)	123
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Number of ETFs offered by the Organisation under art. 8 SFDR (light green funds)	56
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Number of ETFs offered by the Organisation under art. 9 SFDR (dark green funds)	17
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Green mutual funds & ETFs, € million

Market value of mutual funds under custody/management by the Organisation under art. 8 SFDR (light green funds)	492.2
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Market value of mutual funds under custody/management by the Organisation under art. 9 SFDR (dark green funds)	61.6
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Market value of ETFs under custody/management by the Organisation under art. 8 SFDR (light green funds)	9.1
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Market value of ETFs under custody/management by the Organisation under art. 9 SFDR (dark green funds)	1.7
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Green mutual funds

52% of the funds

Green ETFs exposure

10% of ETFs

Green mutual funds

ca 61% of the funds

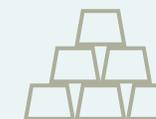
Green ETFs exposure

ca 11% of ETFs



2024/25 Priorities

Share of green mutual fund & ETFs offered by MeDirect



Min. 45%

(vs. 39% in 2021)

Contact details



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