

2024

ESG Report





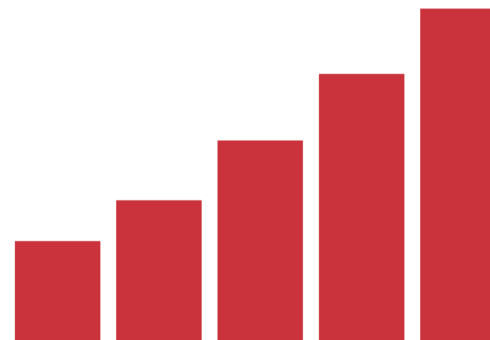
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Who are we

MFG is a 100% Bulgarian group of companies whose mission is to **provide easy access to finance for everyone regardless of their current social and financial status.**

Some of the companies in the group have been operating on the Bulgarian market since 2005. MFG is active in seven countries: **Bulgaria, Romania, Ukraine, Poland, Northern Macedonia, Spain, and Croatia**, and plans **large-scale geo-expansion** in key international markets such as **Germany, Mexico, USA and India.**

MFG is a **responsible employer of over 8,300 people** in more than 450 offices in the countries in which it operates. We base our relationships with our talents, partners and clients on our values **humanity, innovation and responsibility.**

MFG's main focus is to offer **fintech and insuretech products for individuals and small and medium businesses.** The companies in the group have over 16 active registrations and licenses to perform various regulated activities - lending, credit intermediation, postal money transfers, payment services, electronic money issuance, and more recently general insurance, which are issued by the relevant supervisory authorities.

The group's portfolio includes companies and brands such as **Easy Credit, White Card (Biala Karta) & AXI Card, Viva Credit, Fintrade, ACOD, the P2P lending platform iuvo, the BNPL NewPay, the investment company MFG Invest**, which had a successful IPO in 2022 and is traded on the BEAM market of the Bulgarian Stock Exchange, **the insurance company Instinct**, etc.



Values

To **develop**, to **add value**, to **create** and to **work together** for a **better "tomorrow"** for our customers, for our colleagues, for our partners and friends, for our children, for a better and harmonious world. This is **our promise and responsibility** to ourselves as well as to the world in which we live. In this journey, we rely on values such as:



HUMANITY

WE WORK OPENLY IN AN ENVIRONMENT OF TRUST, RECOGNITION AND CLOSENESS



INNOVATION

WE ARE LED BY THE ENERGY OF YOUTH AND THE CHILDHOOD CURIOSITY THAT MAKE US FREE, INNOVATIVE, EXPERIMENTING, CHALLENGING OURSELVES AND THE STATUS QUO



RESPONSIBILITY

TO THE PEOPLE: COLLEAGUES, PARTNERS, CUSTOMERS, AND TOWARDS THE ENVIRONMENT IN WHICH WE LIVE AND WHICH SURROUNDS US. WITH RESPONSIBILITY TOWARD OUR HIGH GOALS WE IDENTIFY, ATTRACT, AND DEVELOP THE BEST EXPERTS AND TALENTS


ENVIRONMENTAL RESPONSIBILITY



We work with the awareness that **our actions leave a mark on the environment.**

So, we strive to be **rational in the way we use workplace resources**, limiting them to a minimum. We use less and more environmentally friendly materials, and we separate the produced waste from packages according to the accepted **rules for separate waste disposal.**

Among the most frequent activities that we organize at a corporate level are directed towards the **improvement of forest areas and green areas**, as well as improving the urban environment. Through these actions, we aim to engage colleagues, through **voluntary work** and **change in the mindset** in the direction of proper use of natural resources.



Under the motto **"I planted a tree. What good did you do today?"** colleagues from all the companies in the MFG group organized a mass planting campaign of over **1,000 (one thousand) new saplings on an area of 3 decares of forest** in the area above the village Zheleznitsa in Vitosha Nature Park. The group's commitment is long-term and within the next years, it will include **maintenance and strengthening of the newly planted forest**, as well as additional activities for its protection.

In 2024, two subsequent actions will be held in our forest, which will check to what extent the planted saplings have started growing and with what we can still help nature in the mountains.

In 2023, the **first sod was turned for the construction of a new business building**, which will unite the central offices in the group and is designed according to the most modern trends for energy efficiency and independence.

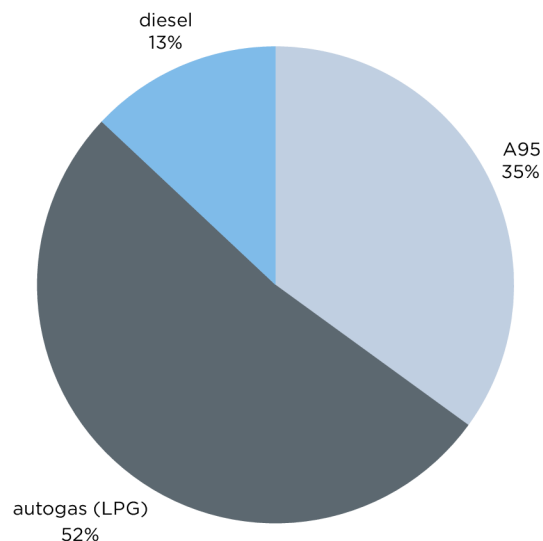
Within the group, there is an active partnership with **"Istinski Med"** involving several of our companies.

Every year in April, **MFG holds an Earth-themed month** during which various initiatives are organized **promoting a sustainable lifestyle**. In 2023 throughout the month a campaign was held with tips and examples of **recycling of various materials**, incl. textiles; ideas and recipes for **zero-waste cooking**; guidelines for **urban gardening**; and a campaign to **recycle small electrical appliances**. In the central offices of the companies in the group, a **separate collection of packaging waste** is implemented – plastic, paper, and metal.

The total number of company cars in the group of MFG is 458, as **17.7% of cars were purchased in 2022-23.**

For the distribution by fuels, see the graph.

The average age of cars is **6.5 years**. The purchase and use of **new higher environmental class cars** are encouraged, that do not cause serious pollution to the environment.



The majority of cars are **equipped with autogas systems for economic purposes and least pollution.**

The company additionally tries to set a **sustainable trend in car replacement**, aiming at acquiring between **2 and 5% of cars that are new, hybrid, or electric**. To realize this objective MFG explores options for targeted funding in the area of ESG policies and practices. Our strategic goal is **by 2030 high ecological class vehicles to constitute 35% of the total official fleet.**

During 2023, some of the companies in the group made an analysis of the costs and materials they use in their daily processes, as statistics show that in one working month, a total of 35 000 (thirty five thousand) leva are spent for paper, for the company with the largest client base - Easy Asset Management. Considering the sustainable lending and the minimization of environmental impact, Easy Credit (Easy Asset Management) decided to **digitize part of its credit documentation applications**, thus **saving 35% of the used paper for each credit file** /for each client/. Additionally, the group aims to **fully digitize the documentation and signing on a tablet**, and thus the use of paper will be reduced to single units.

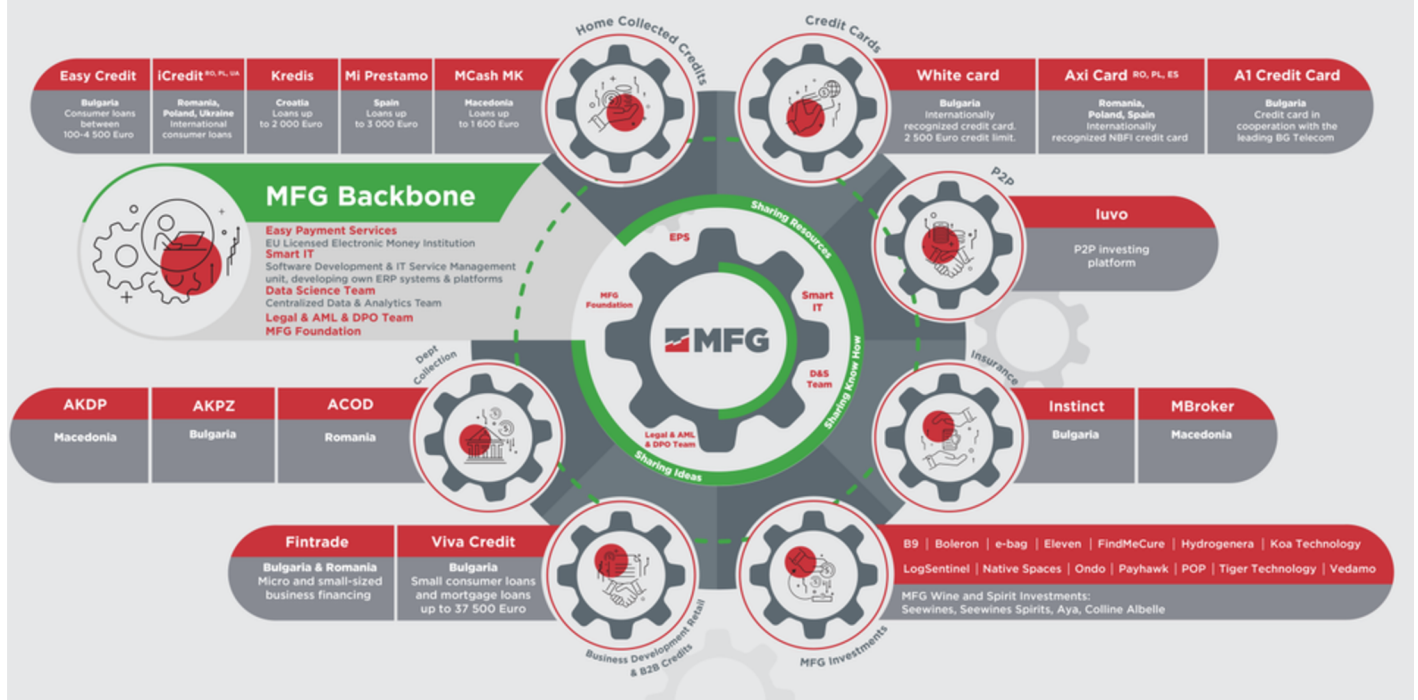


Accents

- **Separate packaging waste collection in offices**
- **Separate collection and recycling of batteries and depreciated office and other equipment**
- **Collection and delivery of plastic caps**
- **Reduction of paper documentation**
- **Supporting various conservation initiatives for the environment at local and national level**
- **Reducing the energy used - turning off working equipment, sparingly use of air conditioners and lighting technology**
- **Direct purification of drinking water**
- **Reduction of used water resources with modern techniques**


SOCIAL RESPONSIBILITY

MANAGEMENT FINANCIAL GROUP JSC.



MFG creates **sustainable business models** using group resources (human, technological, financial, and time) efficiently and effectively to promote a **sustainable business environment** inside and outside the group.

The main mission, goal, and activity of the companies in the group - to provide an **opportunity for financial inclusion for anyone regardless of their current social and financial status**, directly affects the development of communities and economies not only locally but also nationally.



The work of the MFG Group also **affects the lives and businesses of our customers**. In these challenging times, our lending company for micro- and small businesses Fintrade supports precisely the small companies in need with not only financing but also with consultations, which essentially can improve their business and turnover.

The regional divisions of the various companies, as well as the centralized structures periodically participate in **projects for urban environment improvement**, incl. with **company resources and personal funds, and the volunteer work of colleagues**. Separately, we support local and national talents. Quarterly we stimulate the collection of **material donations** that we allocate to various causes such as supporting individuals, victims of violence, and human trafficking. We regularly **donate to causes** instead of paying fees to speakers invited for internal initiatives, which are involved pro bono.

Inside the headquarters of the group and with the participation of employees' children an **herb and vegetable garden was built, and training on urban planning horticulture, environmental protection, improvement of spaces, and culinary courses are held**.

MFG has also established the **MFG Foundation**, thanks to it we fund various art projects and initiatives identified by our employees in the main areas of desired influence - conservation of the environment, healthy lifestyle, protection of groups at risk, stimulation of education, incl. early childhood development, development of fintech talents in Bulgaria and the entrepreneurial environment. To make our colleagues feel useful and satisfied, it is necessary not just to offer them **interesting and profitable work, high social status, and harmonious relations in the family**, but also to have the opportunity to give back to society through charity or voluntary work. It is an integral part of the general company policy, which further increases engagement and inspiration. Most of the companies in the group organize their own activities, and colleagues determine the directions of the corporate social responsibility of MFG.



In 2022, the largest company in the group - Easy Asset Management, combined its social initiatives in a **common communication platform "The Power of Good"**. It unites the corporate responsibility of the company **externally towards the society and the customers** of Easy Credit, as well as **internally toward the colleagues**, employed in the company.

The main pillars on which the various initiatives and activities are developed within the platform are:

- **Healthcare** - children's health and reproductive health;
- **Amateur sports**;
- **Education** and training.

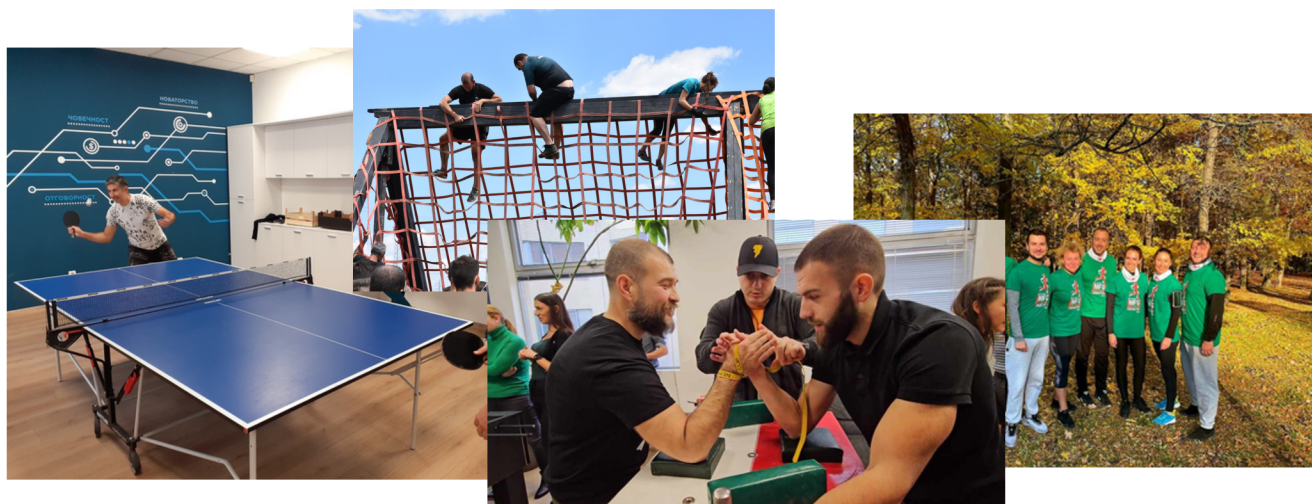
Within the framework of the platform, we have chosen **several other directions** in which we work and will work long-term.


We are constantly upgrading our **customer service standards** so that our clients always receive the dignified treatment they deserve. Currently, there is also a project underway to **change the office spaces** so that they are more functionally useful and convenient for both the customers and the colleagues who work.

We have developed a **series of trainings** led by our business coaches, with free access to acquire necessary key skills and competencies and aimed at both our customers and all those in need and willing. We do not forget the **support of young learners**, with whom we work seriously through practical classes and modules that we organize together with a network of prestigious Bulgarian universities. Here we are already seeing extremely strong interest from young people towards the content and experiences we share with them.

Internally, we develop and build on what we provide colleagues with for **better work-life balance** and as a support for their mental and physical health.

Last but not least, for years IAM has been supporting **mass sports** as a priority, incl. internally with the annual organization of an internal spartakiade, continuing to promote in every way regional initiatives that make mass sports, cycling, and hiking accessible to the citizens.






What has always united MFG as a group and the people within it has been **healthcare, especially children's healthcare**. These projects involve not only the organization with its capabilities and resources but also the people who get involved with their **personal time and effort**, with **charity bazaars** to raise additional funds with **material donations** where they would be needed.

Education has also been our priority over the years. We did numerous campaigns and initiatives in this direction and we plan to continue our work to **support people to improve their skills and competencies** to increase their quality of life. In 2023, Easy Asset Management AD organized three free conferences - on 1.11.2023. in Varna, on 10.11.2023 in Plovdiv, and on 17.11.2023 in Sofia, which aim at engaging young talent regarding knowledge of personal finance culture, shaping and planning a successful career, and developing emotional intelligence. **The free conferences have a strong social focus** and Easy Credit plans to organize similar events throughout 2024.

A training platform accessible to everyone has been implemented in the MFG group, which is regularly updated with the necessary trainings aimed at new employees as well as at employees with longer tenure in the company in order to refresh knowledge.

For us, these two pillars of support are completely natural and in tune with our promise to ourselves as an organization, as people, and as a society. Through our investment company **MFG Invest, we support directly the entrepreneurial and business environment in Bulgaria and we support startup ideas and companies** by encouraging their innovation and development. An example of an undeniable contribution, as well as inspiration, is the history of Payhawk, whose founders started their business precisely with the support of the shareholders of MFG, which was not only financial but also in terms of business ideas, motivation, and organizational resources.



The largest company in the group, "Easy Asset Management" AD, created a special **grant-in-aid fund** aimed at helping colleagues who have **reproductive problems**. Within the platform of Easy Credit "The Power of Good", a special fund was created, through which the company will distribute **grants of up to BGN 3,000**.

The company continues to look for positive ways to stimulate the occurrence of more and more happy events for our colleagues, so we can live and create superiorly, bravely, and more responsibly. The financial aid is intended for colleagues who have exhausted state resources and still need help with the challenges of reproductive health.



With the help of the charity initiative "Together we can", the colleagues in Easy Credit (Easy Asset Management AD) provide **mutual support in the event of a health problem and in case of illness of employees' children**. Easy Credit will start supporting employees in need at the beginning of the month of March 2024, and until then the financial aid will be collected under the donation program, to be spent on the specified goal.

In the headquarters of MFG, which houses Easy Credit, Viva Credit, Smart IT, and the group shared functions are organized annually **charity Christmas bazaar**, with the aim being to raise funds, to be donated purposefully in the field of children's healthcare. The repeatability of the initiative testifies to a **long-lasting benevolent initiative**. The participation of a large number of colleagues indicates **high social and personal engagement**.





In addition to the financial sustainability aimed at traditional groups neglected by financial institutions, in the MFG group we offer preferential products for pensioners who can be an excellent solution for those customers who need financial assistance but cannot secure it through other types of credit due to their age. Retirees may need a medical expense loan, home repairs, travel, and other necessary expenses. Credits for pensioners developed in the group have flexible repayment terms, which can be adjusted according to their monthly income.

In addition to its core business models, MFG focuses on the needs of the local community, supporting programs and initiatives, working together with well-known institutions and organizations. The group systematically educates both its employees and users as well as society for a responsible attitude towards everything that surrounds us. The company strives not only to create **competitive advantages** through the **inclusion of significant added value** in the products it offers, but also by **systematically increasing the quality of its impact** on the environment.



Accents

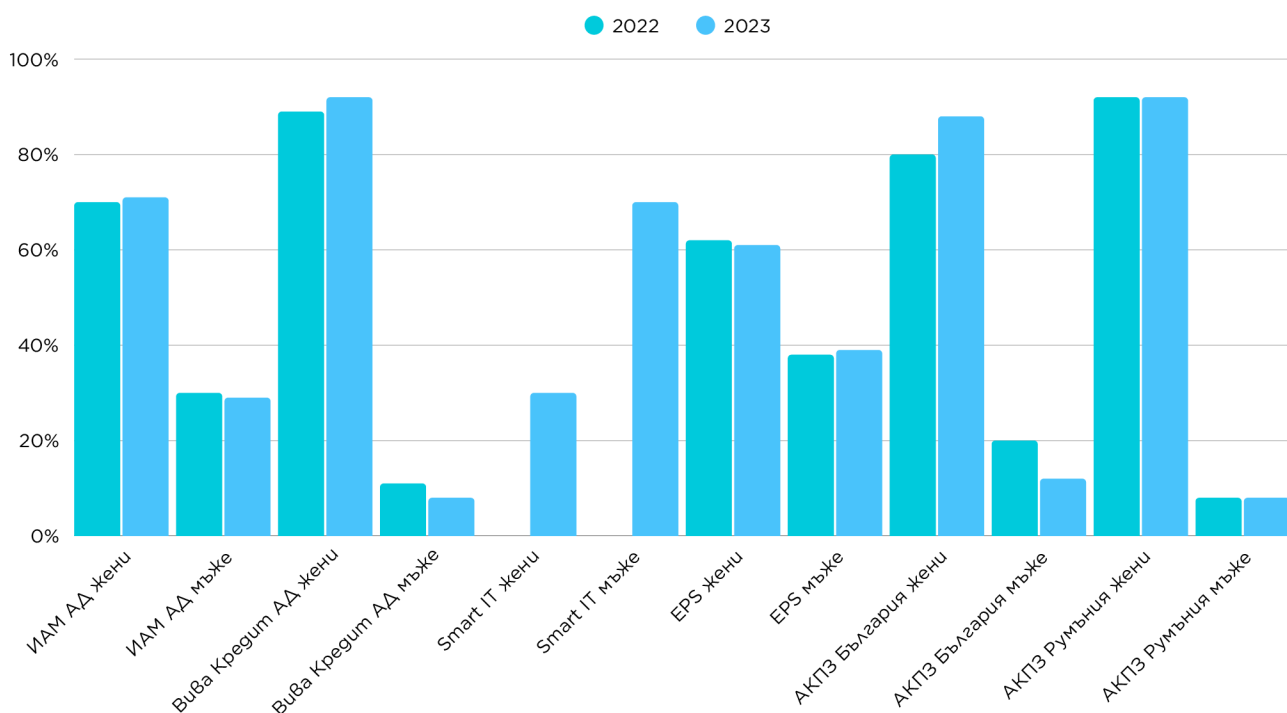
- **Responsible and sustainable business models**
- **Unified Communications Platforms with informative, educational, and motivating function**
- **Focus on health care, education, and mass sport**
- **Constant and long-term work with vulnerable social groups**
- **A single annual calendar with internal initiatives and initiatives aimed at local communities and society as a whole**
- **Promotion of volunteering, personal engagement, and proactivity when planning the group's activities**

Responsible management

For years, MFG has been building its management structure with a focus on sustainability. As a group, we strictly follow our values and the principles of responsible behavior with customers, colleagues, associates, and partners.

MFG adheres to a uniform code of ethics, has working whistle-blowing policies, develops a categorical non-discrimination policy, including in pay, on the basis of gender, sexuality, ethnicity, and origin.

Statistics show that the overwhelming percentage of employees are women, with which we fulfill in practice our commitment to gender equality, in addition to our processes for attracting, hiring, and retaining talent for the social integration of vulnerable groups in society, too.





Ethics and Ethical Code

The group has a **code of ethics with a whistle-blowing and anti-corruption policy**, which is also available on the MFG website. There is an **ethics board** with representatives from different levels of the different companies in the organization.


We create the conditions to be a group of companies where:

- **people are hired and promoted** for their merits (results and professional experience);
- there are **opportunities for development** and where a **balance** between working time and personal life has been achieved;
- **teamwork** is valued within individual business units and between different businesses in the group;
- people have the opportunity to develop their **full potential**;
- we respect **competitive remuneration standards**, in line with the group's business strategies, philosophy, and values;
- **feedback** is encouraged in every activity and in every workplace. Opinions and positions are sought and accepted from employees, actively participating in solving problems in the company;
- managers develop their **leadership qualities**; we encourage our colleagues to be **proactive** and deal with change constructively, anticipating it where possible;
- people are incentivized to proactively **manage risks** in their daily tasks

In their daily work, people in the group have:

- to **respect the opinion** of their colleagues and respect their right to personal opinion and behavior;
- to **tolerate and build trust and mutual respect** between colleagues, which is the basis of good relationships and the sustainability of the company;
- to **develop professionally** in accordance with the scope of their role and career opportunities;
- **actively propose ideas** and solutions for optimization and improvement of work;
- to contribute to **teamwork** in their unit and with colleagues in the other functions with which they partner;
- each colleague is **encouraged to express their opinion and judgment** on issues in the relevant field of work and responsibilities;
- to be **ensured procedurally, procedurally, and documentally** with the legal provisions regarding the right to work, human rights, freedom of association, as well as the prohibitions of violent, forced, and child labor;
- to **show zero tolerance for all forms of irresponsibility, duplicity, public discussion of unconfirmed information, negligence, lies, and professional envy.**





Trust and mutual respect are the basis of the relationship between employees of MFG companies and customers.

Confidentiality of information provided by the customer ranks among the fundamental principles upheld by the companies at MFG. Valuing customer trust as extremely important, MFG implements **effective measures to minimize the risk** associated with particularly sensitive areas for the customers, including those related to misuse or unnecessary use of information available to the MFG Companies. **The confidentiality of customers' personal data** and the customer's trust in MFG are guaranteed.

Internal audits are regularly carried out in the group, which are aimed at the various spheres of activity, teams, and the processes that are carried out. The audits end with final audit reports, which serve to evaluate the work performed by the teams. It is planned to include audits on the topic of financial sustainability and environmental impact at the group level as part of the internal audit activity.

Since 2020, a **cultural committee** with representatives of all companies has been established within the organization, which monitors the goals set by the organization in the field of **sustainability, the impact on the environment and local communities, and social commitment**, as well as implement the various policies of the organizations in this direction, including logistical support and monitoring of results. The committee is tasked with **monitoring the essential for the group ESG effects** and **identifying key areas** to set our annual targets. Thematic working groups will also be formed within the Committee, which ensure the **achievement of the set goals** and the initiation of corrective actions when necessary.



Management of the infrastructure, working environment, health and safety at work

As a responsible employer with a large scale of action, we **inevitably impact people and their families**, thereby automatically influencing the development of various communities and society as a whole. We are guided by the vision that healthy lifestyles and good working conditions, work-life balance, good emotional and physical health build healthy and productive community members. We have developed a **comprehensive health program** for a healthy and active lifestyle, which is **an integral part of the group's internal communications and ESG policies** and includes various activities and challenges related to physical and mental health and socialization.

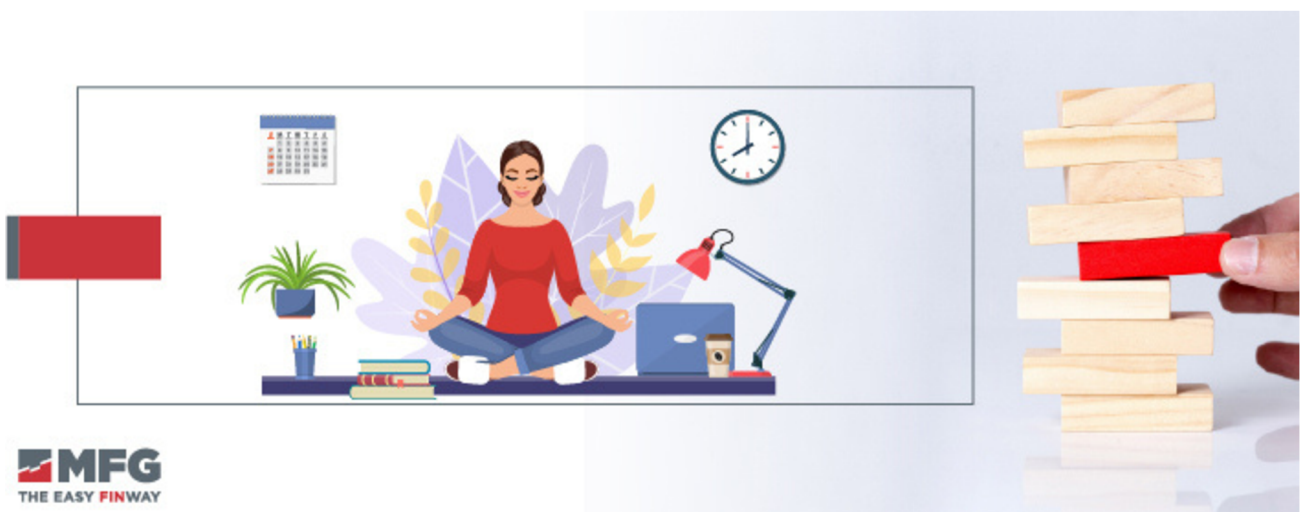
We have started the construction of a **modern business building** that will give a **shared and standardized workspace** to all the head offices of all our companies in one place, thus further **facilitating communications and connections between the individual teams**.

We are implementing additional feedback processes and a whistleblowing policy in line with current legislation. A **common occupational health company** has been introduced **for all companies** to be a more effective partner in ensuring the health and safety of our colleagues. Each week to enhance the work experience and in our effort to stimulate a healthy lifestyle for our employees, we provide seasonal fruits and nuts.

We provide **regular preventive examinations** for all employees who also benefit from additional health insurance, including offering preferential conditions for members of their families.

Colleagues have the opportunity to take advantage of a **sponsored sports card**, and the company takes care of all business travel insurance. MFG headquarters has a dedicated **wellness room with state-of-the-art health tracking equipment, as well as space for meditation, yoga, and stretching**. The room is part of the **overall wellness program** for the group, where we regularly share information and organize special events dedicated to healthy living, good nutrition, work-life balance, mental health, happiness at work, etc.

Colleagues, whose work allows, are provided with a **hybrid way of working** (in the office and from home) for a better **harmony between work and personal life**.





Human capital management

One of the main priorities of the group is the **continuous improvement, training, and development of our colleagues.**


The directions in which we work are two:

- **increasing technical skills** and
- **successful creation, management, and participation in teamwork.**

Our annual budgets include **mandatory funding to develop the technical and soft skills** of all colleagues at every level in the organization. We are constantly upgrading our internal training system with content to meet the **specific and growing needs** of the companies in the group both for **internal training** on various topics such as cyber security and personal data processing, as well as for the acquisition of new **knowledge and skills** and the upgrading of existing ones.

Additionally, people at MFG have constant access to a variety of online learning resources. The group has an internally developed onboarding program for new colleagues, which is now 100% digitized for MFG and for the majority of teams in the various companies in the group.


The drive to increase employee knowledge and culture is even woven into the selection of rewards in various initiatives from the welfare program and the volunteer initiatives of the people in the group. Meetings are regularly organized between individual teams, different group functions, similar functions in different companies, or indirectly related units such as **Lunch&Learn** and **Lead&Learn**, in which colleagues present business cases, share knowledge acquired in courses, international and Bulgarian professional conferences, discuss successful projects within the group and challenges met.



The main focus is also the development of the **leadership potential of the group**. On a biweekly basis, a newsletter is distributed directly from the investors in the holding with selected quality global content in the fields of **business, technology, innovation, marketing and sales, creative processes**, etc. Over **50% of the management staff** at MFG and group companies has been **developed internally**, which is also a core part of the company's philosophy. A large number of executives get the **opportunity to develop abroad as leaders of MFG's geo-expansion**. Apart from various skills training, including language training, if necessary when starting business operations abroad, the group strongly **encourages the development of ideas and projects from within**.

Idea generation sessions are regularly organized, which turns MFG into a real **incubator of business solutions and innovations**. Any good idea of a colleague with real business potential can turn into a successful business. There are many examples in the organization. White Card started as an idea for a side product in another of the companies in the group. MFG has an associate company 11235, that offers a wide range of software solutions such as analytical CRM platforms, gamification, risk management, and loan management. In the Smart IT technology hub, which has the characteristics of an in-house product software company, there are developed skill matrices required for each function and level of expertise or leadership. Each employee has the **opportunity to retrain and move from one function to another** with the acquisition of the necessary skills.

Four times a year, **EBMs (extended board meetings)** are organized with the key leaders in the group, where the financial results of individual companies are presented and discussed, specific cases and decisions for the future development of MFG are discussed.



Every year at the end of January, **an anonymous internal survey** is conducted on people's satisfaction with the group's own resources. The conditions for motivation and demotivation among employees are investigated in nine categories:

- clear direction and trust in senior management;**
- cooperation, recognition and respect;**
- development and training opportunities;**
- engaging and supporting employees;**
- empowerment, delegation and resourcing;**
- pay and benefits;**
- performance management;**
- stress and workload;**
- work organization, processes, and customer focus**

For each company and/or organizational unit, the leading motivators as well as demotivators are defined. Every year, **an annual action plan is drawn up to address the most demotivating factors** in the various units, which is tracked over time.

Feedback is also sought throughout the performance process. After the third month after the appointment of an employee, a targeted meeting with the director is held for the better adaptation of the colleague with a focus on his concerns, if any, and areas in which he feels good and successful. On the basis of this feedback, **improvements are made in the organization and relationships in certain teams.** We also collect **mandatory feedback from departing employees** to identify areas for improvement.


Risk Management

Since a large part of our activity is aimed at consumer lending, we devote a significant role to the **effective management of the so-called credit risk**. Here, the successes of the companies in the MFG group are at a well-deserved **world level**.

We take advantage of all new approaches bordering on art that contribute to optimizing the balance according to business goals. One of our goals was to have a **knowledge- and performance-leading team of big data analysts (data scientists)**, and once that is largely met, the priority is to develop the team and get them to feel with us so that they want to be part of our group for the long term. We have **outstanding software developments in risk assessment and monitoring**.

Another priority is related to the ability to respond to the increasingly **demanding legislative framework** for processes related to **money laundering, customer identification, storage and protection of customer data**, etc. In this direction, we are working proactively, having invested in a technology partner and in a **complete regtech solution** unique to our market, which is already used in various markets of the Group. The solution provides fully digital **onboarding compliance - checks in all sanction lists, negative media, and special scoring** that is customized for each product. This platform also provides **transaction monitoring**. Different companies have developed processes **unique to Bulgaria for deep identification and customer identification**.





We have upgraded the position of **Chief Security Officer** - a specific role at the highest management level responsible for the security of data in the organization. **Cybersecurity training** is part of every employee's onboarding process, on par with GDPR and AML training, with new and emerging forms of training on the topics being introduced regularly across the organization and passed through every single company level.

In individual companies of the group, we have developed, internally and with technological partners, **unique processes for deep identification and customer identification in Bulgaria**. We create and manage **innovative technology solutions to improve the financial lives of all group customers**, doing so **responsibly towards and in sync with our environment**.

In the face of our technology hub Smart IT, we have the biggest technological advantage of the companies in the group, so that they can fight for the leadership position in their market segments. The main solution we are developing internally is **building a new generation fintech platform, which is a combination of building and integrating various core hubs that put flexibility, independence, and rapid adaptation in the hands of users**. We use modern and proven technologies, applying enterprise architectural solutions to achieve the desired results. The new system is **modular and covers the main business areas of the group**. All this, combined with the excellent experts at our disposal, gives a huge boost to our development and we believe that we are working and creating for a better tomorrow for our customers, partners, and friends.



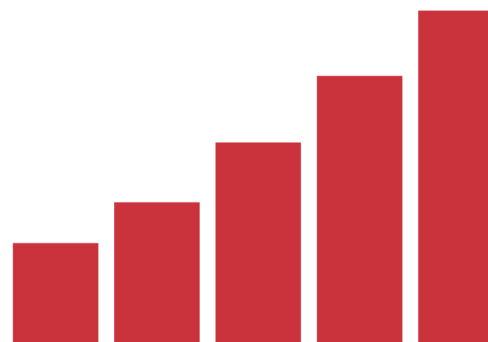
Accents

- A cultural committee that also takes over the function of a dedicated ESG committee
- Code of Ethics and Whistleblowing Policy
- Risk Management
- Human capital management
- Infrastructure management, safe working environment and health



Strategic goals

- Renewal of the car fleet with 2-5% electric or hybrid cars by the end of 2024.
- Reduce paper use by a further 15% at group level by the end of 2024.
- Unification of the group policy for equal pay and protection against discrimination by the end of 2024.
- Synchronization of the annual calendars for internal activities and social activities of all companies in the group with the MFG group calendar until the end of 2024.
- Creation of target working groups for MFG's cultural and ESG committee by the end of 2024.
- Inclusion of non-financial reporting to internal audits in the group by the end of 2024.



Find us



pr@mfg.bg



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