

2020

Corporate Social Responsibility

nets



Table of contents

2020: in many ways an unforgettable year	3
The Nets Group's journey towards delivering digital payments across Europe	4
About this report	5
Our business model for creating an easier tomorrow	6
Corporate Social Responsibility at Nets	7
Providing support and relief during the COVID-19 pandemic	9
Nets COVID-19 Relief Fund	10
Driving digitalisation in a responsible manner	11
Responsible Operations	13
Responsible Employer	15
Assessment of our risk within Corporate Social Responsibility	17
Non-financial data	18
Focus areas for 2020	20



2020: in many ways an unforgettable year

As we entered 2020, nobody foresaw a global pandemic that would come in waves, challenging our daily lives and the physical and financial well-being of many people. Nevertheless, we now look back on a year that has also provided new opportunities to fast forward digital solutions in our field – digital payments and online transactions.

It has been an unforgettable year. With lockdowns in many countries, working from home as a default way of working and home schooling of our children, we have strived to adapt to the new daily routines. As distanced interactions became more common due to the pandemic-related restrictions, the demand for digital solutions grew rapidly and presented the Nets Group with new business opportunities to speed up the roll-out and adoption of digital solutions. In particular, we helped many of our small, local merchant customers rapidly adapt to a world of “click & collect” or even pure e-commerce.

At Nets we have sought to cope with the various domestic measures by prioritising the safety and well-being of our employees, and as the pandemic has gone on, we have focused on retaining engaged colleagues across Europe despite the challenging circumstances.

In 2020 we also established the Nets COVID-19 Relief Fund, an internal Nets initiative that allowed our employees to nominate good causes that they believed needed extra support in difficult times. The aim of our fund was to support projects and organisations that helped vulnerable groups during the pandemic. Towards the end of the year, nine good projects were selected and received funding.

While navigating our way through the pandemic, we continued our growth, including our expansion in the high-growth SME and e-commerce segments with M&A activities in Poland, Finland and the DACH region. Towards the end of 2020, we entered into a binding merger agreement with the Italy-based PayTech leader Nexi and completed our mission to become the European payments champion.



This report is our third Communication on Progress to the UN Global Compact. When preparing the report, we enhanced our data collection across the Group with all our local branches and businesses, and we are committed to providing even more robust ESG data that can serve as a starting point for setting ambitious targets and systematically measuring our performance. We continue to be committed to integrating the 10 principles of the UN Global Compact, and in 2020 we strengthened our responsible sourcing framework and made new commitments regarding gender diversity, to name a few examples.

2021 will be an interesting and exciting year for the Nets Group, with continued appetite to connect and integrate banks, merchants, consumers and financial institutions across Europe with an even stronger emphasis on transparency, responsibility and sustainability.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Bo Nilsson'.

Bo Nilsson
CEO of the Nets Group

The Nets Group's journey towards delivering digital payments across Europe

Since taken private by global investors in 2017, the Nets Group has been on a mission to shape the payments industry and become a leading player in the European digital payments industry.

Today, we provide digital payments and related services to merchants and banks and other issuers of payment cards across Europe, and have activities in more than 20 countries. Whether they are used to buy groceries, shop safely using mobile devices or deal with public authorities – our products and services are integrated parts of everyday life for millions of Europeans.

Following numerous bolt-on acquisitions since 2017, we are now continuing our exciting journey towards becoming the leading European payments player as we complete the merger with Italy-based PayTech leader Nexi in 2021.



About this report

This report describes the CSR activities and achievements of the Nets Group in 2020, and serves as Nets' Communication on Progress to the UN Global Compact for 2020.



Prioritising our CSR activities in 2020

In 2020, Nets focused on a set of priorities that are listed on page 8. As the year unfolded, Nets also focused on handling dilemmas caused by the COVID-19 pandemic to ensure that employees and customers received the necessary support at a difficult time. We also established the Nets COVID-19 Relief Fund with the aim of supporting vulnerable groups that have suffered from lockdowns and isolations.

In 2020, we developed a more systematic and integrated approach to collecting and assessing non-financial data as a foundation for policy-making and target setting. The CSR policy and associated policies have been revised and are expected to be adopted in 2021, along with a new set of CSR targets based on more robust data. We have prioritised our CSR activities in accordance with our CSR Framework and our corporate responsibility risk assessment, which is described on page 17.

Overview of how Nets implements the ten principles of the UN Global Compact

UN Global Compact Principles	CSR activity & Nets policy area	Page number in this report
Principles 1-2 Human rights	- Support for employees working from home	Page 9
	- Nets COVID-19 Relief Fund	Page 10
Principles 3-6 Labour rights	- Employee engagement	Page 16
	- New 'People Plan'	Page 15
	- Training of employees	Page 9
Principles 7-9 Climate and environment	- Environmental initiatives and cases across the Nets Group	Page 13
	- Reporting on CO ₂ emissions for the Nets Group	Page 19
Principle 10 Anti-corruption	- Whistleblower scheme	Page 14
	- Anti-bribery and corruption training	Page 14
Principle 1-10	- Responsible sourcing	Page 14



Our business model for creating an easier tomorrow

Nets' products and services are integrated parts of everyday life for many European banks, businesses and consumers. We provide a secure and frictionless payment experience to our customers and their end users. Yet the reality behind this seemingly simple exchange of services is a complex web of processes initiated by a digital transaction such as a payment or an authentication.

Nets offers several digital payment services. We enable digital payments across major channels – in brick-and-mortar stores, e-commerce and via mobile devices. We offer merchant-acquiring solutions, point-of-sale (POS) terminals and e-commerce directly to merchants across Europe, and offer other services such as payments processing in close co-operation with financial institutions.

Today, the Nets Group enjoys a diversified European presence with business activities in more than 20 European countries, and we have a fundamentally enhanced exposure to the high-growth segments of e-commerce and SME merchant services as well as the high-growth

areas of Poland and the DACH region, where digital means of payments are rapidly replacing cash. Further, by tapping into the significant growth pool for digital payments, we are selectively investing in the rapidly growing e-commerce space and the SME segment through more refined product offering as well as bolt-on acquisitions. The COVID-19 measures and the lockdowns also accelerated the conversion into digital payment and online transactions.

Merchant Services

Merchant Services provides our merchant customers with payment acceptance solutions across channels (in-store, online and mobile) and with the broadest range of payment

methods and brands in Europe, including Visa, MasterCard, JCB, Diners, Discover, American Express, Union Pay, AliPay, Apple Pay, Google Pay, Samsung Pay and local payment brands. In recent years, Merchant Services has presented strong growth based on solid organic growth rates and targeted acquisitions in the under-penetrated DACH region and Poland, with a particular focus on the high-growth e-commerce space and the SME segment. However, in 2020 volumes were negatively impacted by COVID-19.

Merchant Services manages and simplifies merchants' payment flows. We enable merchants to accept payments easily and without friction, regardless of channels, to receive the settlement in their bank account, and to get detailed reconciliation information and statistics, all in different currencies and frequencies depending on the merchants' needs and their customers' preferences.

We also offer merchants value-added service for electronic receipts and loyalty solutions, all with a simple and fast setup.

Issuer & eSecurity Services

Issuer & eSecurity Services provides payment processing services and value-added services to issuers of payment cards (primarily banks) as well as e-security and digitalisation services for the private and public sectors.

The issuer services include complete end-to-end service and

full lifecycle management of cards from both international and domestic card schemes. Besides being a card processor for issuers in Europe, Issuer & eSecurity Services offers complementary services such as Account Management Services (AMS), Risk Management Services (Fraud & Dispute Solutions) and Data & Analytics.

The e-security and digitalisation services include the supply of e-security solutions, mainly through NemID and BankID, and digitalisation services that enable customers to simplify workflows and processes and support customers in their digital transformation.



Corporate Social Responsibility at Nets

Nets is an international payments company that connects consumers, companies and financial institutions across Europe. We play an important role in shaping a new digital reality based on stability, security and responsible innovation. It's our ambition to turn a complex reality into easy, intuitive and customer-oriented solutions developed in a responsible and sustainable way for the benefit of citizens, businesses and society as a whole.

Our approach to CSR

Our approach to CSR is based on a recognition of the social, environmental and economic impact that Nets has on society through the digitalisation of the countries we operate in. As a signatory to the UN Global Compact, we are committed to integrating international conventions and principles of corporate social responsibility into our business in order to promote and protect human rights, care for the environment and prevent corruption. We work with business partners and stakeholders to contribute to a sustainable solution and digital inclusion.

Our impact stems from increasing digital payments, operating services related to digital identities, digitalising paper-based processes,

and ensuring that modern societies function in a secure and efficient manner within the broader area of digital payments, for the benefit of citizens and businesses alike.

Our CSR framework

Our CSR Policy consists of three strategic pillars and a number of associated policies within each pillar. The three strategic pillars are:

1. **"Driving Digitalisation"** – deriving from our commitment to provide easy and secure payment solutions to all.
2. **"Responsible Operations"** – deriving from our commitment to ensure responsible business conduct throughout our value chain.

3. **"Responsible Employer"** – deriving from our commitment to respect human rights and the well-being and development of our employees.

CSR governance structure

Nets' policies have been adopted by the Board

of Directors, and the overall responsibility for corporate responsibility at Nets lies with the Executive Committee. The daily work on policy implementation is carried out by the respective policy owners with the assistance of the Corporate CSR Manager.

CSR framework





Reporting on progress for the focus areas set for 2020

The Nets Group set a number of CSR focus areas for 2020 with the overall aim of collecting more robust data across the entire group, reviewing targets based on the group-wide data,

identifying the relevant UN Sustainable Development Goals that the Nets Group contributes to, and strengthening the policy framework by reducing the number of policies. Below is an overview of how we have progressed with the defined focus areas for 2020.

Reporting on progress

2020 focus areas

Reviewing all our CSR policies and assessing the targets for 2025.

Developing and strengthening our data collection to be able to report comprehensively on our Environmental, Social and Governance impact.

Mapping and selecting the specific UN Sustainable Development Goals that the Nets Group will commit to contribute to.

Strengthening our due diligence processes in our responsible procurement process.

Further embedding our corporate responsibility efforts internally in Nets across the enlarged Group.

Progress made in 2020

Policies and targets have been revised and developed and will be adopted in 2021. Read more on page 5.

A systematic approach to collecting data has been established. This report contains data on several key ESG indicators. Read more on pages 5 and 18.

The mapping exercise has been carried out and relevant UN Sustainable Development Goals have been identified. The relevant goals will be adopted in 2021.

A new Supplier Sustainability Self-Assessment has been introduced to strengthen the due diligence process when onboarding new suppliers. The Supplier Code of Conduct has been revised and will be adopted in 2021. Read more on page 14.

The establishment of an internal initiative, the Nets COVID-19 Relief Fund, has engaged and united colleagues across the Nets Group in a common goal to help people who have suffered during the pandemic. Read more on page 10.

The adoption of a "People Plan" with the decision to establish a Diversity & Inclusion Board to promote a more inclusive Nets. Read more on page 15.

Providing support and relief during the COVID-19 pandemic

In 2020 the COVID-19 pandemic had a significant impact on the payments industry in the form of cancellations, restrictions and lockdowns. While causing a temporary drop in the number of payment transactions, the pandemic also sparked a positive acceleration of the digitalisation trend throughout the regions where the Nets Group is active.

Providing support to customers

The pandemic has been a difficult and challenging time for everyone, especially for small and local stores, which have seen much or most of their business disappear. We have therefore focused on helping customers who are struggling to cope with the challenges. When the physical stores closed during the lockdowns, we rapidly offered assistance to merchants, helping them to go online to sell their services and goods, offering new online services free of charge for a three-month period to small businesses in Denmark, Norway, Sweden, Austria, Switzerland and Germany.

As a technology service provider, we also contributed to the rapid transition towards digital solutions by helping to make the everyday lives of end-users even smarter and easier. The number of contactless transactions in physical

Polskie ePłatności supporting their Polish customers during difficult times

From its beginnings Polskie ePłatności has been guided by the motto “We support Polish business”. This goes beyond a comprehensive offer tailored to the needs of the business or providing the highest quality services. In these difficult times Polskie ePłatności launched the campaign called “We support” in which the company has made donations of up to EUR 100,000 to support its customers’ businesses. Customers with up to three POS terminals can receive up to three months’ exemptions on the terminals’ subscription fees.

stores skyrocketed amid the pandemic, as did e-commerce, the use of electronic identification solutions and mobile-enabled solutions supported by Nets.

Providing data to decision makers

In Denmark, we proactively reached out to public authorities to provide valuable payment data insights. This allowed authorities and decision makers to compare infection rates with levels of economic activity and make sound decisions regarding increasing or lifting restrictions.

Supporting employees working from home

As part of being a responsible employer we have supported employees during the COVID-19 pandemic and enabled them to work from home. This includes providing guidelines and tools for how to cope with the situation, as well as office equipment and IT equipment. The Nets COVID Crisis Team was formed and made sure decisions were aligned with national guidelines. The team has met on a regular basis to monitor the impact of the pandemic on Nets’ business, enable fast decision making when needed, and update our communication to all employees.

To monitor the well-being of employees during the COVID-19 pandemic, specific questions have been added to the annual Engagement Survey and the two Pulse Surveys. The feedback from employees shows that they feel supported while working remotely, are in close contact with their managers, know what is expected of them and receive frequent feedback on their performance. The results of the surveys are positive, with scores in the mid-80 range for the COVID-19 related questions using a 100-point scale.

Support for employees and managers to improve work-life balance during lockdowns

Throughout the pandemic Nets has kept employees and managers in the different countries well informed based on national measures and restrictions. The COVID Crisis Team and local Country Directors communicated comprehensively to employees throughout the year. In addition, training materials and internal engagement campaigns were launched to support remote working and maintain healthy work habits as the pandemic dragged on. The training materials were divided into different themes corresponding to the different periods of the pandemic: lockdowns and returning to the office. The training materials included:

- “Boost your effectiveness in uncertain times”
- “Working remotely – making it work while it lasts (Covid-19)”
- “Make remote working work for you”
- “Leader: keep your team motivated and engaged”

Nets COVID-19 Relief Fund

With the COVID-19 pandemic creating uncertain and difficult times for communities and people across the globe, and already vulnerable groups seeming to pay the highest price in terms of isolation and lack of support and funding, Nets decided to establish the Nets COVID-19 Relief Fund.

The aim of the Nets COVID-19 Relief Fund was to support organisations with projects that focus on making a daily relief and an easier tomorrow for vulnerable groups across our geographical footprint. From the outset, the Nets COVID-19 Relief Fund initiative was purely an internal initiative to unite our employees around a common good cause, and to allow Nets to support individual projects.

All employees in the Nets Group were invited to get involved and encouraged to nominate projects from their local communities. A total of 52 great causes were nominated from Denmark, Sweden, Norway, Finland, Estonia, Slovenia, Croatia, Poland, Germany and Switzerland. The Nets COVID-19 Relief Fund Committee shortlisted 15 causes for an internal vote.

Over two weeks all employees could vote for their favourite cause among the 15 shortlisted

causes and could also choose to donate either their time or money to the individual projects. The donations were matched like for like by Nets.

In December 2020, the COVID-19 Relief Fund Committee finalised the selection and distribution of funds. The selected projects all work to support families or groups that have been challenged during the pandemic. The projects have also been challenged on how they could best continue their support during the pandemic.

More than 800 employees nominated and voted for their favourite causes, and more than 60 employees signed up for the volunteer programme with the causes. We will follow the activities of the selected projects, and the volunteer activities will be designed and carried out when national restrictions and measures allow for it.



The Nets COVID-19 Relief Fund supported 9 projects across Europe

- **Krijesnica, Firefly, Croatia** – supports children with malignant diseases and their families
- **SMIL Fonden, Denmark** – supports children with serious and chronic diseases across all diagnoses
- **Off Road Kids, Germany** – helps street kids and young homeless people across Germany
- **CRVENI NOSOVI klaunovidoktori, Croatia** – Croatian branch of Red Noses International, encourages people to recognise their inner strengths in difficult times
- **HOPE – Together & Communally, Finland** – works on a voluntary basis across Finland to give children more equal opportunities
- **Balthasar Children and Youth Hospice, Germany** – for terminally ill children, adolescents and young adults with a shortened life expectancy
- **The Charity Foundation of Adoption Families, Poland** – provides a temporary home and medical and legal support to abandoned new-born children
- **Children's House SIV, Denmark** – offers a chance for children with cancer and heart and lung diseases and their parents to find friends and a taste of normal life
- **Department of Haematology, Medical University Lodz, Poland** – provides care for intensive chemotherapy patients with acute leukaemia and haematological malignancies.

Pillar 1

Driving digitalisation in a responsible manner

We deliver digital solutions that drive the development of a digitalised society, and our solutions contribute to a more secure and efficient paperless and cashless society. We are committed to delivering sustainable solutions, including products and services with social, environmental and economic benefits for society, businesses and end-users.

OUR KEY ACHIEVEMENTS IN 2020

Besides supporting our customers during lockdown by fast tracking digital solutions that work smarter for the end-user and helping small shops adapt to online sales (see page 9), we have also carried out a number of other activities focused on driving digitalisation in a responsible manner.

Promoting secure payment solutions

In 2020, we continued to harvest the fruits of our fraud prevention measures, allowing customers and end-users to pay securely. At a time when fraud attempts are at an all-time high, Nets has brought fraud prevention to new heights using deep machine learning and building strong predictive algorithms for detecting fraudulent behaviour. In addition, two-factor authentication for e-commerce, contactless (pin-less) transactions in POS and collaborations with the police have all contributed positively to reducing fraud, and we have now more than halved payments fraud since 2018, measured by basis points. Such efforts and results help reinforce the confidence in digital payments throughout societies.

Nets Security Academy – helping employees stay alert

The Nets Security Academy was established at the end of 2020 with the aim of creating a single place for training employees and promoting security awareness at Nets. Security is a key priority at Nets. This includes software and hardware security and managing human security risks posed to employees. We see the human factor as important, and if our employees know how to recognise and respond to a threat, they can help keep operations stable and secure. The Nets Security Academy contains learning materials and content divided into three layers:

1. Voluntary training, in which employees explore security through videos and quizzes, making it fun and exciting to learn about security.
2. Mandatory learning and training for new employees.
3. Targeted training aimed at specific roles within Nets.

During the first two months, 397 colleagues visited the academy and completed 1,663 training courses. In 2021, we plan to introduce a new annual security e-learning course in the Academy. It will be mandatory for all employees in the Nets Group to complete this course once a year.

Our approach to drive digitalisation in a responsible manner:

Our work with digitalisation of society is based on three strategic themes:

Easiness - easier products and solutions are the foundation for growth and progress, and our digital solutions drive this development and will ensure reduction of environmental impact and cost savings for society, and allow citizens to reap the benefits of smarter and easier digital technologies.

Security & Stability - driving reliable digital ecosystems that unlock new and better opportunities for financial institutions and merchants, while always delivering unrivalled security and stability. We strive to provide a multi-layered security architecture and a strong security culture internally.

Digital Inclusion - smarter and easier digital technologies are not always accessible to all groups of end-users. We are committed to working to include the needs of special groups such as children, elderly people and vulnerable groups.

Creating focus on digital inclusion and women in tech

Through a number of activities, Nets has focused on digital inclusion and on improving the opportunities for women in tech. By supporting regional networks and conferences we want to show our commitment in this area. In 2021, we will build on our experiences and revitalise our internal women in tech network to ensure we remain an inclusive and inspiring workplace for all (read more about gender balance and diversity on page 15).



Promoting more women in tech

Nets is a supporting partner of ODA which is a leading meeting place for women in tech in Norway, with more than 10,000 members and 50 strategic supporting partners. The network facilitates events, mentoring and professional expertise with the overall goal of increasing gender diversity in tech.

In Denmark, Nets and ITB hosted a meeting for the network for women in ICT and finance studies, which focused on looking at career opportunities within finance and tech and gaining insight and inspiration from some of Nets' employees.

In Croatia, we have regularly participated in and sponsored the Croatian edition of the international conference Women in Data Science since 2018. In 2020, we sponsored and contributed with two experts who shared their expertise with the audience on how large amounts of data in payment processing is handled for the purpose of advanced reporting and analysis.

Donation of computers to public schools

To facilitate digital skills in the schools, Nets computers and additional IT equipment were collected and donated to seven public schools in Zagreb in December 2020. A total of 201 computers were donated to schools who needed the equipment for their daily teaching facilities. The schools that received the donations were nominated by employees, who also handled the handover of the equipment and related logistics.

Pillar 2

Responsible Operations

We run our business in a sustainable and environmentally conscious manner, and we act with integrity and respect and expect the same from all our business partners. We are committed to reducing the environmental footprint of our operations and sourcing in a responsible way throughout our value chain.

KEY ACHIEVEMENTS FOR 2020

Besides developing a systematic approach to collecting environmental data and measuring our CO₂ emissions (described on page 4), we have also carried out a number of other activities focused on responsible operations.

Reducing our environmental footprint

In 2020, partly due to COVID-19 and travel restrictions as well as mandatory working from home, we saw significant improvements in our environmental performance. Our CO₂ emissions in scope 3 covering travel, paper and waste consumption were reduced from 2272.3 tCO₂e in 2019 to 763.9 tCO₂e in 2020 (see page 19 for an overview of our CO₂ emissions). As we hopefully return to more normal ways of operating during

the course of 2021, we expect the overall environmental performance to slightly deteriorate, although we will continue to benefit from new or refurbished energy-efficient office buildings we partly relocated to in 2020, as well as the climate change activity plan we adopted for Nets Branch Norway as part of our commitment to become carbon neutral in Norway by 2020. At the headquarters in Denmark, during the period when employees have been working from the offices, we have focused on recycling the plastic containers from the coffee machines. In an average week we sent 120 4L plastic containers to recycling. The initiative started at the end of august and since then we have recycled 94 kg plastic.

Part of the Nets Group is carbon neutral in 2020 – others will follow

Ratepay, our German e-commerce business, emitted 241 tonnes of CO₂ in 2020, which it decided to offset by supporting a hydroelectric power plant in the Democratic Republic of Congo (DRC). Ratepay has introduced an environmentally friendly travel policy to further reduce CO₂ emissions (all business trips under 600 km must be by train). Ratepay has also decided to plant a small forest in 2020. As a result of this, 50 tonnes of carbon will be extracted from the atmosphere in 10 years. Going forward, Ratepay has decided to source 100% renewable energy starting in 2021.

Nets Branch Norway has committed to carbon neutrality for 2020 and has purchased carbon credits to compensate for all 694 tonnes of CO₂ emissions Nets was accountable for in Norway in 2020. The carbon credits support a project in Ghana to improve the efficiency of cookstoves by reducing consumption of wood and fuel. For 2021, Nets Branch Norway has developed a climate action plan, where several new activities will be explored to reduce the total energy consumption.

Our approach to Responsible Operations

As an international payments company connecting consumers, companies and financial institutions across Europe, we consider it our responsibility to ensure sound business practices throughout our value chain. Also, we have incorporated human and labour rights, environmental measures and ethical standards into our Code of Conduct for suppliers. We have established internal policies and guidelines to ensure that employees act with integrity and do not engage in any actions involving corruption and/or bribery and understand the importance of this.



Strengthening our approach to responsible sourcing

In 2020, we started implementing a group-wide tool to process contract management and engage with suppliers, and all new on-boarded suppliers are now asked to commit to our supplier Code of Conduct during the contracting process. The tool will also facilitate an easier assessment and feedback process of the suppliers selected for a more extensive self-assessment questionnaire.

On top of the CSR risk assessment of suppliers and the supplier self-assessment programme, in September 2020 we introduced a Supplier Sustainability Self-Assessment for all new suppliers to strengthen the due diligence process.

In 2020, we carried out the Supplier Sustainability Self-Assessment during the sourcing process we had with a total of 15 suppliers, and we will continue this. Towards the end of 2021, we will evaluate the process and the Supplier Sustainability Self-Assessment in order to assess whether further measures are needed.

Continued focus on anti-bribery and corruption

Nets has a zero-tolerance policy on bribery and corruption, and we condemn it in all its forms. Together with our Ethical Policy, our Anti-Bribery and Corruption Policy conveys this stance to ensure that our employees act with integrity and do not engage in any actions involving corruption and/or bribery.

To ensure that all employees are aware of the rules with which they must comply, we have set the target that all employees receive adequate annual training with a response rate above 75%.

Following the adoption of the updated Anti-Bribery and Corruption Policy in 2020, it has been decided to develop a dedicated anti-bribery and corruption risk assessment, and an updated training programme for all employees has been rolled out with a completion rate at year end of 77.4%.

Whistleblower scheme

Nets' whistleblower scheme continues to be in effect, allowing employees, the Executive Management, the Board of Directors and external stakeholders to report violations or misconduct, or suspicions of this. Customers, vendors, consultants and other external parties can report under the whistleblower scheme through our website. Any reports received are investigated by an external law firm.

No reports have led to investigations in 2020. An updated whistleblower policy with supplementary training is planned for 2021.

Pillar 3

Responsible Employer

We respect and prioritise the well-being of our employees across locations and countries by providing a non-discriminatory, safe and healthy workplace for all. We are committed to provide the best possible physical and psychological working environment.

KEY ACHIEVEMENTS 2020

Besides supporting our employees during the difficult time of lockdowns and working from home (see more about our activities on page 9), we have also carried out a number of other activities with a focus on being a responsible employer.

New "People Plan" focusing on diversity and inclusion

During 2020, we developed a group-wide "People Plan". The plan includes group-wide initiatives aimed at fostering an inspiring work culture, people development initiatives, upskilling of selected employees and a stronger focus on diversity and inclusion. The plan will be unfolded during 2021 and 2022 as new initiatives and

projects are implemented. As part of the plan it was decided to have a special focus on diversity and inclusion, and to establish a Diversity & Inclusion Board in 2021, as the governing body for rolling out activities, training courses etc. to promote a more inclusive Nets.

In 2020, the overall gender balance at Nets was 38% women (39% in 2019) and 62% men, which is on par with the industry average. The gender balance for the managers across Nets in 2020 was 31% women (28% in 2019). With diversity and inclusion being a specific focus area for 2021 and beyond, we expect to be able to further narrow the gender gap in all leadership forums across the group.

Our approach to Responsible Employer

We strive to be a responsible employer and provide a secure workplace and an encouraging working environment. Our framework is guided by the United Nations' Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. The aim is to ensure that we as a Group stay focused on non-discrimination and protection against harassment and continue to work on eliminating work-related illnesses and improving health and safety measures. We are committed to ensuring that our employees increase their "employability" through continuous development and become even more attractive and employable in their career development.



Engaged and employable employees

We are committed to ensuring that our employees continuously increase their “employability” through continuous development and by adding new competencies throughout their careers at Nets. We believe in experience-based learning and expect leaders to check in with their employees frequently. This is measured through our annual Engagement Survey and two Pulse Surveys where we gather feedback from employees across the organisation. Further, we measure the extent to which our employees feel they can learn and grow. We will continue to focus on this in 2021.

In 2020, 83% employees responded to the annual Engagement Survey, showing a strong commitment to make Nets a better place to work. In May, the annual Engagement index was measured at 70/100, which is satisfactory given the circumstances around remote working due to the COVID-19 pandemic. In addition to the engagement surveys an annual Leadership Effectiveness Survey was conducted in November, showing a satisfactory leadership effectiveness index of 83/100.

Boosting employee engagement

In order to boost employee engagement and create a positive working environment during a time when most colleagues have worked from home, our business units – Merchant Services (MS) and Issuer & eSecurity Services (leS) have launched internal campaigns. In leS, the “Above & Beyond” initiative aims to acknowledge colleagues living the company values with an extra focus on collaboration and customer mindset. Winners are nominated by their team members, co-workers and leaders and celebrated across the organisation for leading the way and delivering an extraordinary performance. Since the launch of the initiative in August, internal portrait articles of all the winners have generated more reads on internal platforms than any other editorial content in leS.

In MS, the campaign #onestepforward was launched to open a discussion about what everyone can do – individually or together – to take a step forward to drive greater employee engagement. The programme started with the leaders and was then introduced to all MS colleagues. More than 20 senior leaders posted pictures on Yammer featuring their own #onestepforward and, a few weeks later, shared how they followed up on their promises.



Assessment of our risk within Corporate Social Responsibility

Part of our efforts in the CSR field is to assess our risk and evaluate whether we have solid processes in place to prevent a negative impact on society, the environment, our customers or our employees. We work to minimise our CSR risks and have collected them in the following five categories.

Negative impact on climate and the environment

In general, Nets' products and services are about digitalising processes and replacing paper and thereby also reducing our carbon footprint. However, we operate out of office buildings which consume energy, and we depend on data warehouses that can contribute to a high energy consumption if they are not monitored and managed correctly. We have established an internal environmental data collection system which focuses on the areas we consider most relevant to our business, and work to revise our targets to reduce our environmental footprint and monitor and report on the progress on an annual basis.

Risk of negative impact on human rights

Nets sources from suppliers of various sizes and geographical areas. This increases the risk that we could indirectly become complicit in abuse of human and labour rights, which could lead to fines, customer loss and a damaged reputation. As a signatory to UN Global Compact, we are committed to actively ensuring that human and labour rights are protected and respected throughout our supply chain. We have therefore strengthened our procurement set-up and aim to reduce the number of suppliers to Nets. At the same time, we have a process for responsible procurement whereby we ask our suppliers to sign and adhere to our Code of Conduct. We also introduced Supplier Sustainability Self-

assessment for all new suppliers in 2020. We monitor suppliers by asking a selected group of suppliers to provide self-assessments, while others are monitored through on-site audits.

Risk of negative impact on labour rights

There is a risk that our employees are discriminated against or do not thrive at work. Therefore, we are committed to promoting a healthy workplace with a focus on the physical and psychological working environment. We have policies and training tools in place and follow developments closely in this area. We also monitor employee satisfaction through engagement surveys conducted throughout Nets.

Risk of being associated with corruption

Nets is growing and enlarging its geographical footprint to cover more European countries, and we recognise that there is an increasing risk of becoming exposed to corrupt activities. As a signatory to the UN Global Compact, we are committed to actively combating corruption in all its forms. We train all employees in our ethical policy and Anti-Bribery and Corruption Policy through mandatory e-learning. We run the training regularly to ensure that our employees do not become complicit in irre-

sponsible and unethical activities. We also have a whistleblower scheme that gives our employees and external stakeholders the opportunity to report cases.

Misapplication of customer data

Every day, Nets processes and stores large amounts of data related to the processing of financial transactions between millions of accounts in multiple countries. We recognise the risk we pose to society if our core products and services are not up and running. To boost customer confidence and instil customer trust, we have put comprehensive programmes in place to protect consumer and customer privacy, and we continuously work to improve the resilience of our systems and platforms and increase awareness of cybersecurity and information security internally and among our stakeholders.

Read more
about our CSR
activities and policies at

www.nets.eu/about-nets/csr

Non-financial data

Background

The Nets Group has grown and expanded in recent years. In 2020, we made efforts to collect group-wide non-financial data with the aim of describing key elements of our Environmental, Social and Governance (ESG) impact. Nevertheless, the data in this report does not yet include the entire Group with all recently acquired entities.

The data collection process has involved internal and external suppliers and has been coordinated at Group level. The CO₂ emissions have been calculated by an external partner.

Our employees

	2020*	2019**
Number of employees FTE total	4,453	3,988

* Total FTE of the Nets Group January 2021.

** Total FTE does not include PeP (in Poland), PoplaPay/PoplaTek (in Finland) CCV (in Switzerland).

Our employees

	Men	Women
Average seniority 2020*	7.6 years	8 years
Average age 2020*	42 years	41.6 years

* Covering the whole Nets Group excluding the companies PeP (in Poland), PoplaPay/PoplaTek (in Finland) CCV (in Switzerland).

Number of employees FTE and gender diversity per country in 2020

Country	Employee total*	Percentage of women**
Denmark	1,183	37
Finland	501	44
Sweden	108	30
Norway	555	34
Germany	727	38
Slovenia	56	39
Estonia	45	50
Croatia	286	38
Poland	845	44
Switzerland	113	31
Austria	15	20
United Kingdom	14	24

* Covering the whole Nets except for Latvia and Lithuania which has one employee each.

** Whole Nets Group excluding Latvia and Lithuania and PeP (in Poland), PoplaPay/PoplaTek (in Finland) CCV (in Switzerland).

Our employees continued

	2020*	2019**
Employee turnover (voluntary turnover)	8.6%	10.2%
Gender diversity across the Group in total	38%	39%
Gender diversity in management across the Group	31%	28%

* Covering the whole Nets Group excluding the companies PeP (in Poland), PoplaPay/PoplaTek (in Finland) CCV (in Switzerland).

** Covers Nets in Denmark, Sweeden, Norway and Finland excluding the companies Paytrail, Signaturgruppen, Edigard and Storebox.

Our environmental footprint

Green House Gas Protocol	2020*	2019**
Scope 1***	1,666.3 tCO ₂ e	1,411.4 tCO ₂ e
Scope 2****	3,660.5 tCO ₂ e	4,720.3 tCO ₂ e
Scope 3*****	765.6 tCO ₂ e	2,272.3 tCO ₂ e
Total	6,090.7 tCO₂e	7,840.2 tCO₂e

* 2020 includes data from Denmark, Norway, Sweden, Finland, Germany, Poland, Croatia, Slovenia and Estonia.

** 2019 includes same data as 2020 except for PeP.

*** Scope 1 includes company cars (petrol, diesel and hybrid), refrigerant and burning oil from Nets-owned data centres. Due to the changes in company car vendors we have not had all data available for Denmark, Finland and Sweden and we have had to include estimates to get the full picture.

**** Scope 2 includes electricity, heating and electricity from Nets-owned data centres.

***** Scope 3 includes air travel, taxi, travel in own car with reimbursed km, electricity from rented data centres, water, waste, paper consumption. Waste consumption for one location is missing for both 2019 and 2020.



Focus areas for 2021

We are going into 2021 with many good experiences to build on in order to strengthen our CSR framework. While COVID-19 is still an important issue to navigate, our commitment to sustainable development remains the same. Our main planned focus areas for 2021 are:

- Revision of CSR policy and associated policies
- Commitment to a number of UN Sustainable Development Goals
- Operating our newly established Diversity & Inclusion Board
- Improving and expanding the group-wide ESG performance indicators