

CEO STATEMENT

For more than 50 years, Nets has contributed to the digitisation in the Nordics. The positive effects of digitisation are manifold, examples of which include increased efficiency of digital processes aiding citizens, businesses and governments in their everyday lives and routines which again reduces societal costs significantly. However, we also recognise the potential challenges digitisation could bring. Digital products and solutions put demands on the end user, and not all groups in society benefit equally from digitisation. It is our responsibility to ensure digital inclusion by involving rights holders and helping to advance digital capabilities and skills.

Nets sits at the centre of the digital payment ecosystem. We operate across the entire payment value chain, from payment capture and authorisation through to processing, clearing and settlement. We invest in, operate and maintain a world-class infrastructure for our stakeholders, enabling them able to serve their customer in the best possible way. As a provider of critical infrastructure, especially in the Nordics, we recognise the immense responsibilities this entails. Security, stability and high performance are thus top priorities for our business.

At the same time, the digital payments industry is evolving at an unprecedented pace, undergoing heavy consolidation globally. While the need to be agile and innovative plays a pivotal role for Nets, it must never be at the expense of data security or privacy. The handling and protection of customer and consumer data is critical for us, and we are continuously committed to combating fraud, protecting digital identities and pre-empting cyberattacks. We work continuously to earn the trust of our many stakeholders and the public, aiming to make corporate social responsibility an integral part of the daily running of our business.

In 2018, we became signatory to the UN Global Compact, and our commitment to acting responsibly in line with these principles is one we take seriously. The 10 principles guide our work and have aided us in focusing on thematic areas within which we are able to add the most value while also being mindful of the need to keep our house in order. Among our 2018 achievements were the implementation of a new CSR governance setup anchored with top management, and the review and update of our CSR Policy Framework and individual policies. It is our ambition to continuously develop our CSR strategy to create shared value and strengthen our positive impact on society.

In 2019, I look forward to enhancing our CSR framework, engaging with key stakeholders and embedding sustainability into our core business to ensure we keep fulfilling our customer promise and our commitment to society. Sustainability is an ongoing journey, and our goal is to continuously learn from our experience.

Sincerely,
Bo Nilsson



2018

Corporate Social Responsibility

nets 

This statutory statement on corporate social responsibility, cf. sections 99a and 99b of the Danish Financial Statements Act, forms part of the Management's Review in the **Annual Report 2018 for Nets A/S** and covers the financial period 1 January – 31 December 2018.



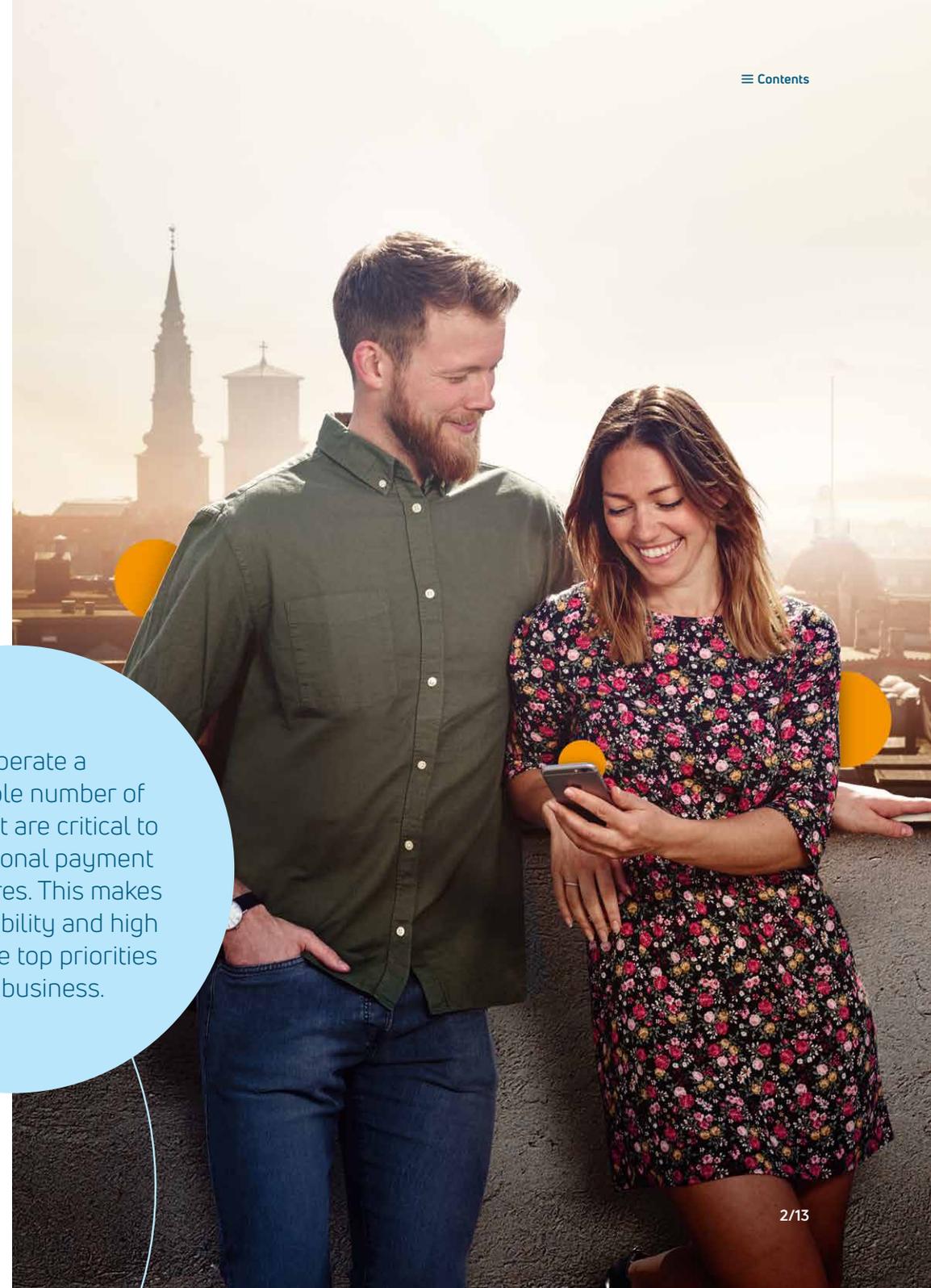
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We operate a considerable number of services that are critical to several national payment infrastructures. This makes security, stability and high performance top priorities for our business.



Business model:

Towards an easier tomorrow

We create value for our stakeholders by delivering payments and digital services that are used by hundreds of thousands of merchants, financial institutions and enterprises, allowing our customers to service millions of consumers across the Nordic and Baltic regions and, increasingly, in Southern and Eastern Europe. We see easier products and solutions as the foundation for growth and progress – both in commerce and in society.

Whether it's for buying groceries, paying bills online or dealing with public authorities, online services offer greater convenience and free up time in people's everyday lives. Nets' products and services are integrated parts of everyday life for the majority of the Nordic population. We provide a frictionless payment experience, among other facilities, 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, an authentication or a digital login.

This means that we invest in, maintain and operate a considerable number of services

that are critical to several national payment infrastructures, such as domestic debit card schemes, clearing systems, e-identity schemes and payment platforms. Security, stability and high performance are thus top priorities for our business.

As a leading provider of digital payment services and related technology solutions across the Nordic and Baltic regions and, increasingly, in Southern and Eastern Europe, Nets sits at the centre of the digital payment ecosystem. We operate a deeply entrenched network which connects merchants, financial institutions, enterprises and consumers, enabling them to make and receive payments and use value-

added services. Nets operates across the entire payment value chain, from payment capture and authorisation through to processing, clearing and settlement.

We enable digital payments across all major channels – in brick-and-mortar stores, e-commerce or via a mobile device. We offer merchant acquiring solutions, point-of-sale terminals and e-commerce directly to merchants, while services delivered to enterprises, such as direct debit

invoice solutions, are offered in close co-operation with financial institutions, as are solutions such as card payments and the national e-identity schemes NemID and BankID in Denmark and Norway respectively. In Denmark, we own some of our key services, such as Dankort and Betalingservice. In Norway, we operate similar services on behalf of and in close co-operation with our customers – these services include invoice solutions, direct debit payments and BankAxept card payments.



Key CSR-related risks pertaining to our business model

Corporate Social Responsibility (CSR)

The following statutory assessment of CSR-related risks pertaining to our business model, cf. sections 99a and 99b of the Danish Financial Statements Act, comprises risks that are not considered to be among our top risks. A description of our business model can be found on page 3.

Description

Nets' primary corporate social responsibility is to help ensure that modern societies function in a safe, easy and efficient manner within the broad area of digital payments, for the benefit of citizens and businesses alike. Data security and privacy are essential for our handling of customer and consumer data, and it is critical how this data is protected. To bolster customer confidence and instil customer trust, Nets must be committed to protecting consumer and customer privacy. We detail our position on security and customer privacy in our security framework and our ethical guidelines.

In addition, Nets has decided to base its specific corporate responsibility activities on 1) human rights 2) climate and environment 3) workplace responsibility 4) anti-corruption and bribery

5) community involvement 6) equal opportunities for both genders. Each of these areas is closely followed by Management at Nets.

Potential impact

A materialisation of CSR-related risks could result in a loss of customers and market share. The corporate brand and reputation could also be weakened through bad publicity related to CSR.

Selected initiatives in 2018:

1. A review and update of Nets' CSR Policy Framework and individual policies.
2. The implementation of a new CSR governance setup at Nets anchored with top management.
3. Nets becoming a signatory of the United Nations Global Compact.
3. Risk-resilient products and services to avoid security breaches and protect consumer and customer data.
4. A Supplier Code that specifies Nets' mandatory requirements towards suppliers and business partners.

Mitigants:

1. A strong commitment from top management through the CSR policy.
2. A continuous focus on security awareness training of all employees through continuous nano learning lessons covering central security aspects.
5. A whistleblower policy (<https://nets.whistleblownetwork.net>). A specific whistleblower channel for Nets is in place through which serious issues can be reported to the Board of Directors confidentially. The investigation of any reported incident will be undertaken by the Audit Committee and the external law firm LIND.



Corporate Social Responsibility at Nets

Nets' products and services are integrated parts of the daily lives of the majority of the Nordic population, not least in Denmark and Norway. To our customers and their end-users, we provide a frictionless payment experience, among other facilities, while the reality behind this seemingly simple exchange of services is a complex web of processes initiated by a digital transaction such as a payment, an authentication or a digital login. Due to our presence throughout the Nordic payments ecosystem and through our services within digital identity and information services, we have a central role in the digitisation of the Nordic societies and the appertaining need for security and stability that is fundamental for the payments infrastructure.

We see easier products and solutions as the foundation for growth and progress – both in commerce and in society. We recognise and respect the social and environmental impact we have on each of the communities in which we operate, and we work continuously to earn the trust of our many stakeholders and the public, aiming to make corporate social responsibility an integral part of the daily running of our business.

CSR at Nets is anchored with the Board of Directors and our Executive Committee, which have appointed a CSR Steering Committee consisting of the leading employees for the respective CSR areas and policies. The CSR Steering Committee is responsible for overseeing the implementation of Nets' CSR strategy across all our locations, while the Public Affairs & CSR department, in close cooperation with HR, Legal, Facility Management, and Procurement, is responsible for the daily operation of our CSR activities. The CSR framework at Nets is based on our overarching CSR Policy, which defines our approach to CSR:

<https://investor.nets.eu/corporate-governance/csr-policy>

In 2018, we revisited our overall CSR approach and, with the above-mentioned CSR committee, established a new governance structure to ensure top management's direct involvement in and ownership of our CSR agenda. The CSR Steering Committee has commissioned a review of all CSR-related policies at Nets, to be finalised in 2019.

In October 2018, Nets Holding A/S became a signatory to the UN Global Compact, reflecting our ongoing support of the Ten Principles on



In 2018, we established a new governance structure to ensure top management's direct involvement in and ownership of our CSR agenda.

human rights, labour, environment and anti-corruption: <https://www.unglobalcompact.org/what-is-gc/participants/134182-Nets-Holding-A-S>

We have thus committed ourselves to making the Global Compact and its principles part of our strategy, culture and day-to-day operations, and to engage in collaborative projects that advance the broader development goals of the UN.

Based on the principles of the UN Global Compact, we have defined CSR activities within the following six CSR themes:

- 1 **Human Rights**
- 2 **Climate and Environment**
- 3 **Workplace Responsibility**
- 4 **Anti-Corruption and Bribery**
- 5 **Community Involvement**
- 6 **Equal Opportunities for both Genders**

We recognise that a key requirement for participation in the UN Global Compact is the submission of a Communication on Progress (COP) that describes our efforts to implement the principles. Going forward, we will submit a COP for Nets Holding A/S on an annual basis.

For corporate social responsibility-related risks pertaining to our business model, please refer

to page 4. Our business model is described on page 3 and also forms part of the Annual Report 2018 for Nets A/S, available on [nets.eu](https://www.nets.eu).

1 Human Rights

Our approach to human rights is firmly based on our three core values, Accountable, Customer Driven and Together (ACT), and our Ethical Guidelines.

Our Ethical Guidelines

In addition to our values, we have a set of ethical guidelines that are mandatory for all employees to comply with. The Ethical Guidelines consist of five core principles and provide employees with details about how our values apply in the workplace. The Ethical Guidelines are available on our website: <https://www.nets.eu/SiteCollectionDocuments/Nets-Ethical-Guidelines.pdf>

Human and labour rights

As a Nordic employer operating in a highly regulated private sector labour market, we comply with the rules and regulations of the countries in which we operate. We respect the rights of all workers to form and join a trade union of their choice without any fear of intimidation or reprisal, in accordance with national law. In Denmark, Norway, Finland and Sweden, we cooperate with different employers' organisations and trade unions. Employees are covered by collective agreements in the respective countries.

In line with our values, ethical guidelines and collective agreements, we have defined a Policy on Human and Labour Rights that is based on

Nets' core values in action:

Accountable

- I take ownership of the entire process and outcome
- I take responsibility and don't push problems around
- I treat everyone with respect

Customer Driven

- We all proactively engage with customers
- We go the extra mile for great customer experiences
- Be commercial, reliable and keep promises

Together

- We trust and expect to be trusted
- We involve and share across teams
- We provide and use feedback to improve

the UN's Declaration on Human Rights and the ILO's Declaration on Fundamental Principles and Rights at Work. The policy can be accessed on Nets' website: <https://www.nets.eu/SiteCollectionDocuments/Nets-Policy-on-Human-and-Labour-Rights.pdf>

The policy covers key issues of importance to Nets and our employees and applies to all wholly-owned subsidiaries and all employees in those companies.

The policy covers items such as non-discrimination, forced compulsory labour, freedom of association and the right to collective bargaining, as well as harassment, minimum wage and working hours, many of which are also touched upon in our Ethical Guidelines.

Diversity

We recognise a diverse workforce as a prerequisite for a sound and sustainable company, able to tap into the entire talent pool. We aspire to

be an attractive workplace for all current and future employees, and we aim to offer employment on an equal basis, ensuring that all our colleagues have equal opportunities for furthering their careers and securing management or specialist roles in the company, regardless of their nationality, ethnicity, disability, age, gender, sexual orientation, religion, or belief.

At year-end 2018, we employed people of nine different nationalities, which was the same as at year-end in 2017. Our ambition is to access the global talent pool within areas such as information technology and software development, and we expect an increase in international hires going forward.

For our Diversity Policy, please refer to the section under the heading 'Equal opportunities for both genders, cf. section 99b of the Danish Financial Statements Act on the underrepresented gender' on page 12.

Nets' Ethical Guidelines

Nets has a set of ethical guidelines consisting of five core principles

Principle	Description
Trust	Trust is the foundation for our business. Our good name and image are built on trust – a trust which is built on continuous and recognised stability and security. Confidentiality and integrity are always paramount in our handling of customer data and information.
Legal Compliance and Business Ethics	We comply with laws, rules and regulations applicable to Nets' business – and we expect the same from our business partners and suppliers. Nets is only engaged in business that is in accordance with our own standards of business ethics.
Diversity	In accordance with our values, we esteem diversity and appreciate differences. We believe that diversity at our workplace is key to innovation and consider it a strength.
Respect	We treat one another with respect and courtesy in every commercial and personal interaction.
Ethics	We expect our employees to embody high ethical standards in all their actions.

Our suppliers and business partners

Operating in an international context, we are fully committed to complying with legislation and recognised international business standards that apply to our field of work. Furthermore, we consider it our responsibility to ensure sound business practices throughout our value chain. In the light of this commitment, we have developed a Supplier Code that sets out our requirements towards our suppliers and business partners: <https://www.nets.eu/SiteCollectionDocuments/Nets-Supplier-Code.pdf>.

The Supplier Code consists of the following elements:

- **Legal requirements for sound business conduct:** Suppliers to Nets must adhere to all legal requirements, rules and regulation, refrain from accepting or making offers that are not commercially or morally justifiable, refrain from participating in corruption, and notify Nets in cases of conflict with the Code
- **Employees and workplace:** Suppliers to Nets must demonstrate their commitment

to human and labour rights in accordance with international standards such as the UN Global Compact, ensure a work environment free from discrimination, uphold safe working conditions, and much more

- **Environmental impact:** Suppliers to Nets must adhere to environmental legislation, actively consider international standards, engage in minimising the negative environmental impact of their business, and promote internal awareness
- **Documentation:** Suppliers to Nets must maintain records to demonstrate compliance with the Code and allow Nets to conduct audits to document compliance
- **Non-compliance:** Nets may terminate the business relationship in case of non-compliance

Our Supplier Code is included in all agreements between suppliers and Nets, and in cases where specific issues arise that require documentation, we work closely with our suppliers to handle these. When initiating discussions with potential suppliers and subcontractors, we are focused on their past track records, production facilities, working environment, use of materials, etc.

Compliance with our Supplier Code is a prerequisite for initiating or continuing a business relationship with us, and we select suppliers not only based on economic criteria and the ability to deliver the required services in a professional manner, but also on the ability to meet the principles of our Supplier Code.

In 2019, we plan to implement a process in which we will ask suppliers who have signed our Supplier Code to document and self-assess their CSR efforts.

In terms of supply chain management, we have a list of preferred suppliers with whom we have close business relationships. The list is divided into several categories such as human resources, marketing, travel, professional services, hardware, network and telecoms and terminals.

2

Climate and Environment

At Nets, we aim to run our business in an environmentally conscious way. We support a preventative approach to environmental challenges and we are committed to being an environmentally conscious service provider and business partner, working strategically and systematically based on good practice towards minimising our environmental impact at every level of our organisation.

We have an Environmental Policy for Nets, with which all employees are required to comply. The policy is available on our website (<https://www.nets.eu/SiteCollectionDocuments/Nets-Environmental-Policy.pdf>) and is based on the following five principles:

- Comply with all environmental laws and other applicable requirements in the countries in which we operate
- Prevent pollution and minimise the impact of Nets' core business and operations on the environment
- Incorporate environmental considerations in business activities, when appropriate
- Prioritise environmental efforts to ensure that resources are used in the most effective way
- Commit to seeking higher standards through continuous improvement

Nets' Environmental Management System

Assisted by Bureau Veritas, we have established an Environmental Management System for handling our environmental focus areas based on the requirements set forth by international standards. This entails that we have a governance structure in place to ensure local anchoring across countries and locations and dedicated processes for handling our environmental focus areas.

Through our Environmental Management System, we work strategically and systematically on minimising our impact on the environment. We do so by focusing on the areas within our field which we consider we are most effectively able to influence, namely:

- Climate emissions
- Energy consumption
- Paper use
- Waste management
- Environmentally effective procurement

Overall, we continuously work to improve our processes for the registration of consumption, non-conformities and suggestions for improvements, both locally and globally.

We work systematically to minimise the negative environmental impact from all our physical locations, including our office facilities, through initiatives such as targeted awareness campaigns to encourage employees to reduce waste, reduce printing paper consumption, and save electricity. In 2018, we continued to raise awareness of our environmental policy throughout the organisation, and encouraged our employees to recycle waste, reduce paper consumption and save electricity, by putting up signs and posters on strategic places in our locations.

At year-end, we completed the statutory energy audit, and we are currently assessing how to incorporate these findings into our environmental activities going forward.

Reducing CO₂ emissions from travel between locations

Nets is an international company spanning the Nordic and Baltic regions, which entails frequent travel activity between locations for many of our employees. To mitigate the negative environmental impact from travelling, we have defined a goal of reducing our CO₂ emissions.

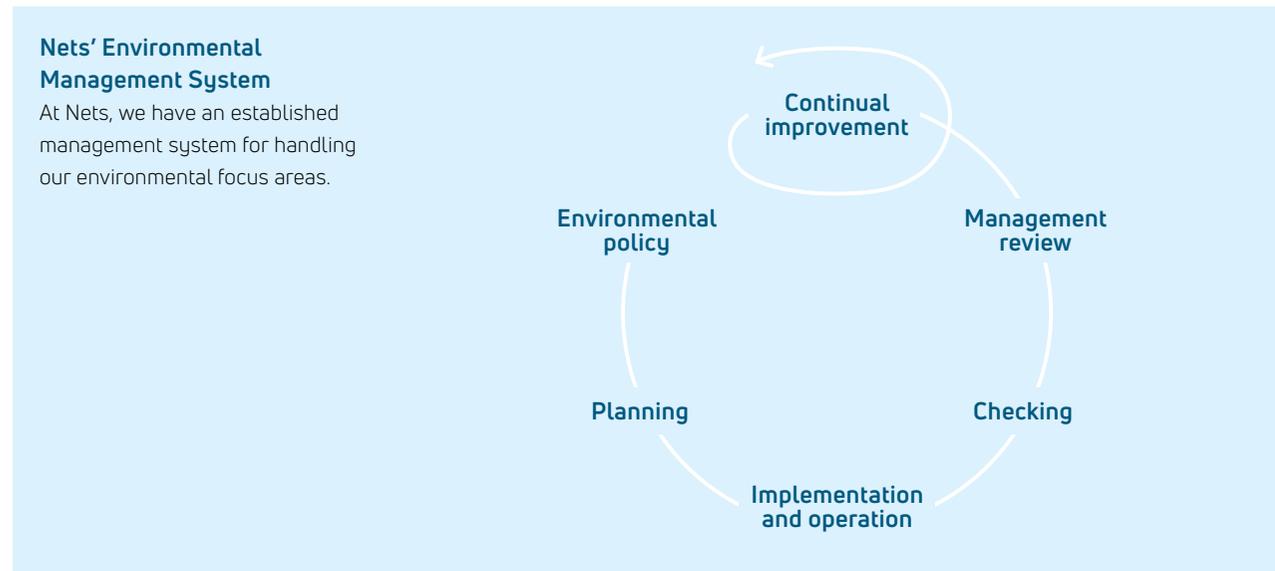
To measure the reduction, we monitor our employees' air travel between locations, as well the number of meetings and the number of participants at video conferences between our locations. We do this to estimate the degree to which video meetings may be a substitute for air travel, and we subsequently calculate the reduction in CO₂ emissions.

In 2018, we decided to increase the number of video-enabled meeting rooms across our locations to incentivise our employees to conduct meetings via video instead of travelling between locations, and we expect to have all our meeting rooms video-enabled by 2019. All employees can participate in a video meeting via their laptops from home or on the go.

2015	2016	2017	2018
2,584 tonnes of CO ₂ saved	2,917 tonnes of CO ₂ saved	3,392 tonnes of CO ₂ saved	3,718 tonnes of CO ₂ saved

In 2018, we saved 3,718 tonnes of CO₂ emissions.¹

¹ The figure of 3,302 tonnes stated in the Annual Report 2017 has been corrected to 3,392 tonnes





In 2019, we will continue our work to reduce CO₂ emissions, and we will update our ambitions, commitments and targets within the area.

Reducing energy consumption for building operations by 15%

The main part of Nets' climate emissions is related to our energy consumption from running and operating our systems and physical locations. All our buildings are managed by a Central Management System that controls and monitors heating and ventilation, minimising the adverse environmental impact by turning off the lights and lowering the heating when the office spaces are empty. In addition, we constantly try to minimise our negative environmental impact, an example of which is how we are currently in the process of changing all light bulbs to environmentally friendly LED light bulbs.

In 2018, we experienced a decrease in energy consumption of 13.5% compared to 2017. The reduction can largely be attributed to internal relocations and subsequent closing down of office facilities.

We will be setting new baseline targets in 2019 that take fluctuation in activity levels into account, for example by measuring consumption according to the average number of employees during the year.

This means that in 2018 we reached our 2020 target of reducing energy consumption from building operations by 15%. The target

set in 2014 was 9,543,353 kWh, and the actual consumption in 2018 was 9,141,336 kWh.

Reducing quantity of waste and ensuring improved recycling

At all physical locations of Nets, we conduct source separation of cardboard, paper, plastic, batteries, toner, metal, light bulbs, and IT waste. Everything is disposed of by certified waste management companies to ensure sustainable handling of our waste.

We continuously conduct awareness campaigns towards our employees at all locations and on our intranet.

In addition, we work systematically to reduce and recycle used IT equipment, and we partner with an external vendor to resell our used computers and IT equipment instead of throwing them away.

We regard to unsorted waste, we have had an increase of 8.6% compared to 2017, which is a consequence of increased activity and additional employees at some of our locations. Furthermore, several of our locations have conducted larger clean-ups from storages this year, which has caused more waste than anticipated.

In 2019, we will continue our work on reducing quantities of waste and improving our sorting and recycling procedures. In preparation for the relocation of our headquarters in Ballerup, we have conducted an exceptional clean-up of our facilities which we expect will continue throughout a large part of 2019.

2015	2016	2017	2018	Target 2020
Energy consumption reduced by 7% compared to 2014	Energy consumption reduced by 1% compared to 2015	Energy consumption increased by 3% compared to 2016	Energy consumption reduced by 13.5% compared to 2017	Reduce energy consumption by 15% compared to 2014

2015	2016	2017	2018
Total unsorted waste in 2015 was 166 tonnes	Total unsorted waste in 2016 was 176 tonnes	Total unsorted waste in 2017 was 209 ² tonnes	Total unsorted waste in 2018 was 227 tonnes

² The figure of 207 tonnes stated in the Annual Report 2017 has been corrected to 209 tonnes.

Reducing usage of paper for internal printing by 15%

We have continued with the “follow-me” printing system, set to print on both sides in black and white, that was implemented in 2016 and, through posters and signs, we have encouraged our employees to reduce their paper consumption. As a result, we reduced our paper consumption by 13% in 2018 compared to 2017. We have reached our 2020 target of reducing paper for internal use by 15%, and in 2019 we will update our ambitions as we have, in fact, decreased our paper consumption by 71% compared to our 2014 baseline.

In 2019, we will continue to reduce paper usage going forward, map our paper consumption and work on assessing and converting current processes into paperless processes, promoting electronic archiving and minimising printing through awareness campaigns.

2015	2016	2017	2018	Target 2020
Paper consumption in 2015: 5.7m sheets – a reduction of 20% compared to 2014	Paper consumption in 2016: 3.3m sheets – a reduction of 42% compared to 2015	Paper consumption in 2017: 2.5m sheets – a reduction of 24% compared to 2016	Paper consumption in 2018: 2.1m sheets – a reduction of 13% compared to 2017	Reduce paper for internal use of 15 % compared to (benchmark 2014)

3 Workplace Responsibility

We recognise that our performance is driven by the advanced skills and competencies, dedication and passion of our employees. We are committed to providing the best possible conditions for our people to develop, thrive and be empowered to make the right decisions. As a knowledge-based company with dedicated and highly skilled employees, such as IT and commercial

specialists, we recognise that the expertise and experience of our employees are the core competencies of our business, and we work continuously to offer our colleagues development and career opportunities to improve their employability, motivation and job satisfaction.

Our values, ACT, guide us as teams and individuals in our daily decision-making and not least when facing a business dilemma. The values constitute 50% of the individual performance evaluation for all employees to underline the importance of our values and associated behaviour. To support this, we on-board new employees to our company values through a dedicated programme.

New employees at Nets

Internal and external candidates are encouraged to apply for vacant positions at Nets. When assessing which applicants should fill vacant positions at Nets – irrespective of the level of recruitment – the applicants are reviewed and evaluated carefully. The screening of applicants not only involves a thorough assessment of the applicants’ education and experience, but also an assessment of the cultural fit with respect to our company values and how the candidate will fit into the team in which he or she would work.

We conduct a thorough background check on applicants in our recruitment process and usually hold two rounds of interviews before offering an applicant employment. Applicants invited for the final round of interviews are requested to complete a psychometric assessment and a cognitive ability assessment. To ensure that all recruitment processes are conducted in an ethically responsible manner, recruitment processes follow our ‘Ethical guidelines for recruitment’.

Given the fact that part of Nets is subject to strict financial and payments regulation, all applicants will be subject to background checks in accordance with local legislation and we will also perform additional security screening of some candidates depending on the position in question. The requirement of adequate back-



ground checks and additional security screening, if relevant, also applies to temporary workers and any contractors having access to Nets’ premises.

To increase the likelihood of a new employee becoming a success with us, we have an extensive on-boarding programme during the first six months of employment. The on-boarding process includes: (i) administrative on-boarding, (ii) cultural on-boarding, (iii) on-boarding to own work role and job, (iv) interpersonal network development within the organisation and (v) on-boarding to strategy and direction.

Leadership and talent retention

To maximise the quality and effect of the leadership conducted at Nets, and subsequently the engagement and performance of employees, we have introduced a leadership development programme consisting of three modules. During 2018, all our approximately 300 leaders completed the programme. The daily leadership is continuously measured and in the latest survey conducted, the leadership index rose from 75 points to 78 points. In 2018, we changed our performance management system to include frequent check-ins between leaders and their direct reports. The check-ins are initiated by the direct report to ensure that alignment of expectations and frequent discussions of

development and motivation are conducted and turned into tangible actions. The approach is called ImpACT (Increase growth, Motivation, Performance, ACT).

In November 2018, we launched the Nets Accelerate Personal Growth programme, which is an 18 month programme for selected younger high-potentials to accelerate their personal and professional development. The objective of the programme is to build a stronger pipeline of specialists and leaders across the Nordic organisation who are able to perform in a digitised workplace with a high rate of change in the external environment – business and technology.

Relocation of Nets' headquarters in 2019 to accommodate new ways of working

To provide our employees with the best possible work environment and to support collaboration and flexible ways of working, it has been decided to relocate our headquarters in Denmark in 2019. To gain valuable insight before moving to the new location, an office decor pilot project was established in 2018. The project was a pilot for gaining experience of an activity-based way of working, and for finding the best possible furniture for the new surroundings.

We have a full-time health and safety officer employed, and in 2018 we implemented a new work environment management setup headed by top management. We are revisiting and optimising current policies and processes with

the aim of further encouraging the employees to live healthy lives and increase the focus on their physical and mental well-being.

Results

In October 2018, we conducted a company-wide engagement survey. It was conducted on a new digital platform with a simple and easy-to-access user interface, enabling our employees to participate via any digital device. The new platform utilises artificial intelligence to provide insights from all comments. The response rate was 83% and we gathered 3,888 comments. The engagement score for all of Nets was 71, which is just below our external benchmark of 72.

In November 2018, we conducted a Leadership Effectiveness survey on the same platform to assess how well our leaders live the Nets Leadership model.

We intend to run an annual engagement survey, two shorter pulse surveys and a leadership effectiveness survey each year to give employees the opportunity to provide feedback and to strengthen our company culture and work environment.

4

Anti-Corruption and Bribery

Nets is fully committed to complying with regulations and conventions to prevent corruption and bribery. We recognise international business standards that apply to the industries in which we operate, and we advocate for sound business practices throughout our value chain, with a zero-tolerance stance on corruption.

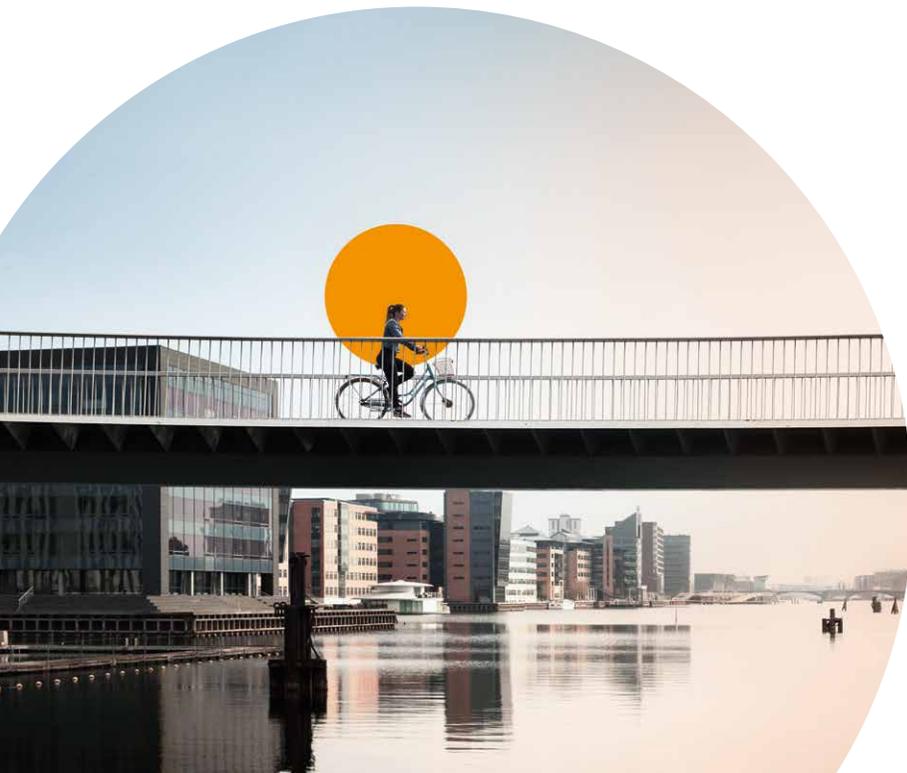
Nets has an anti-corruption and bribery policy which it is mandatory for all employees to comply with, and we have established internal policies and guidelines that convey this strict stance on corruption and bribery with the aim of ensuring that employees act with integrity and do not engage in any actions involving corruption and/or bribery.

To certify that all employees are aware of the rules they must comply with, we are continuously providing focused e-learning lessons, which are mandatory for all employees to complete.

Whistleblower scheme

Nets implemented a whistleblower scheme in 2014, under which reports on violations or misconduct, or suspicion thereof, that may impact the Nets Group or the life or health of an individual may be submitted anonymously. The whistleblower scheme of the Nets Group continues to be in effect, allowing employees, the Executive Management, the Board of Directors and external stakeholders to report violations or misconduct, or suspicions thereof. The whistleblower scheme is an independent and autonomous channel, and any reports submitted will be received directly by an external law firm. A reported concern is forwarded to the Audit Committee, who will investigate the matter promptly and thoroughly and take appropriate action. <https://www.nets.eu/Pages/Whistleblower.aspx>

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.



In 2018, one single report was submitted via our whistleblower channel. However, after assessing it, the external law firm considered it to be out of scope.

5

Community Involvement

Nets operates critical infrastructure in the Nordics and it is thus vital that our employees are at the cutting edge to constantly counter new cyberthreats etc. Therefore, we continuously train and educate all employees, but especially key personnel. We have conducted several mandatory e-learning lessons to enhance awareness among employees, the results of which are continuously reported to Nets top management by our Information Security department.

With activities spanning across the Nordic region, we support causes that are close to our business and will have a positive impact on people and communities in general. During 2018, we supported several organisations and causes. Save The Children across our locations have received donations from our customer satisfaction survey, where we donate DKK 100 per respondent, along with the proceeds from the sale of second-hand hardware through our broker.

In addition, we have continued our partnership with the Danish Fundraising Association (ISOBRO) to support more effective collection methods as well as contributing to the training of organisational staff.

We wish to be an active part of our local communities throughout our locations, and as our corpo-

rate headquarters is based in Ballerup, we have been supporting local top-level sport for several years through a partnership with Team Ballerup.

Nets is one of the founding partners of Copenhagen Fintech, and in 2018, we continued our strong commitment to and partnership with Copenhagen Fintech with the ambition of contributing to the creation of a Nordic hotbed for innovation and start-ups within financial services. We truly believe that the Nordic region holds great potential for building world-class fintech companies, services and products if given the right framework conditions, and we wish to support this. Accordingly, we have decided to continue our strong commitment and support of Copenhagen Fintech in 2019.

We continued our engagement with the “Velkommen Hjem” initiative in Denmark where three leaders at Nets assist Danish soldiers in their transition from a military career to a career in the private sector following their return from international missions. The leaders from Nets act as coaches, supporting the veterans in the process.

In 2019, we will revisit the causes that we support with the aim of streamlining and maximising the societal impact of these efforts, e.g. through targeted partnership with international partners.

6

Equal Opportunities for both Genders

This statutory statement on the underrepresented gender, cf. section 99b of the Danish Financial Statements Act, forms part of the Management’s Review in our 2018 annual report.

This section addresses the reporting requirements on the underrepresented gender under section 99b of the Danish Financial Statements Act. The reporting requirements under the Danish Financial Statements Act include reporting on the status of the target set to increase gender diversity on the Board of Directors, cf. section 99b(1), and a description of the development and initiatives to achieve a gender balance amongst other executives, cf. section 99b(2).

Further, this section only describes targets set, status and development in the Nets Group companies which, due to their size and geographical location, are subject to the requirements, i.e. Nets A/S and Nets Denmark A/S.

As we report un target figures at the corporate level, the companies subject to the requirements within the Nets Group need not report company-specific target figures for gender balance at the board level, but may refer directly to this statement.

Board of Directors

Targets

The Board of Directors of Nets A/S has set the following targets for the boards in question:

- at least two female members of the Board of Directors of Nets A/S
- at least one female member of the Board of Directors of Nets Denmark A/S

The above targets will apply until the end of 2020.

Current status

By the end of 2018, the Board of Directors of Nets A/S consisted of two female directors and two male directors elected by the general meeting. The original objective with regard to gender diversity on the Board of Directors was initially met in March 2016. Subsequently, the Board of Directors adjusted the target for Nets A/S from at least one female board member to at least two female board members, which has already been achieved.

In Nets Denmark A/S, two out of four members of the Board of Directors elected at the general meeting are female, and hence the target of one female board member on Nets Denmark A/S’ Board of Directors has already been achieved.

The Nets Group focuses on increasing the qualifications of both female and male employees and has implemented a number of procedures

It is important for Nets to attract many skilled candidates of both genders to choose from when filling management positions

to accomplish this. These are described in further detail under “Other executives” below.

Other executives Policy

Nets continues to strive for a gender balance (40/60) of capable female and male executives. In order to achieve this goal, we have set out a range of initiatives in our Diversity Policy:

- all management vacancies are advertised internally;
- the end of each job advertisement encourages anyone interested in the job to apply, irrespective of gender, age, race, religion or ethnicity;
- all executives are offered continuous management development;
- regular management development appraisals are held with the line manager;
- a sensible work/life balance is offered to reconcile the demands of working life and family life;
- executives are given constructive feedback and evaluations with a focus on how they can improve their performance via annual employee satisfaction surveys which also include manager evaluation;
- managerial desires and ambitions are covered in annual employee development interviews;
- when conducting job interviews, we endeavour to ensure that both genders are represented on the list of relevant candidates;
- as far as possible, at least one manager/employee of each gender participates in the recruitment committee.

Continuing efforts to achieve gender balance

It is important for Nets to attract many skilled candidates of both genders to choose from

when filling management positions, and we therefore strive to broaden the field of candidates as much as possible. Further, the employment procedures are designed to give men and women equal opportunities to apply for and obtain management positions.

Progress in 2018

We continuously seek to ensure gender balance in the existing team when recruiting new team members. This involves a dialogue with the hiring manager about the composition of his or her team for the purpose of ensuring diversity in terms of gender, personal profiles and other competencies.

In 2019, we will continue our focus on increasing gender balance at board and management level through measures including the following:

- standard wording included in all job ads encouraging all interested and qualified parties to apply irrespective of gender, age, race, religion or ethnicity;
- a tool to weed out gender-biased language in job ads, allowing us access to all talent regardless of gender;
- discussing managerial aspirations and ambitions in regular annual employee development dialogues;
- a sensible work/life balance being offered to reconcile the demands of working life and family life;
- when conducting job interviews, we endeavour to ensure that both genders are represented on the list of relevant candidates

Current status

The Executive Committee consists of the registered Executive Management (consisting of the CEO and CFO) as well as the top management of the business units and Group functions of the Nets Group, and the Executive Committee therefore functions across the Nets Group as a whole. The Executive Committee has seven members of whom one is female, corresponding to 14.3%.

In other managerial positions (management levels three to six) as of 31 December 2018, the number of women in management positions

corresponded to 32.9%, which is similar to 2017 (32%) and below our target of 40%.

The representation of women at management levels three to six corresponds in overall terms to the gender distribution of our entire workforce. This again reflects the gender distribution among graduates within areas such as information technology and software development, which are profiles we typically employ.

