coinify

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Communication on Progress (COP)

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Foreword

To our stakeholders

I am pleased to say that Coinify reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Coinify has since 2019 been committed to the journey to support the Principles and In 2020 Coinify decided to implement targets linked directly to the ESGs put forward by Finansforbundet and the Global Compact team in Denmark. The targets were unanimously approved at board level with commitment throughout the organisation to support these ambitious goals. Our progress on these targets will be shared later.

Like for everyone else, 2020 was a year where a lot of things changed. Coinify managed to adapt to these changes and come out of the year stronger than ever. The most important milestone was for Coinify to become a break even company in strong growth.
But we also achieved a lot of other important goals*:* During H1 2020 Coinify managed to become fully registered with the Danish Financial Services Authority - as milestone Coinify has been working on since the very incorporation of the company, moving the whole organisation to working remotely and maintaining the same level of performance, onboard 35*+* new partners as well as moving our physical office location from Herlev - a Copenhagen suburb - to Hojbro Plads which is at the center of Copenhagen.
H2 was then focused on product improvements such as changing our credit card flow, expanding our Trade business to additional *+*25 new countries, helping law enforcement and government agencies off loading bitcoin as well as introducing a new myCoinify Premium solution.

Looking ahead*:* After a strong 2020 performance despite volatile markets Coinify is very optimistic about 2021. Our industry continues to mature which creates even more opportunities for our organization. The early months of 2021 have been dedicated to further strengthening our organisation by adding additional skilled and diverse people to the team.

Hans Henrik Hoffmeyer, COO and Co-founder

About Coinify

Coinify is a global virtual currency player offering two-way virtual currency conversion services for businesses and individuals. Incorporated in 2014 and headquartered in Denmark, Coinify is backed by SEB Venture Capital, SEED Capital Denmark, and Accelerace.

The Coinify Payment Suite is a collection of payment products catering to the needs of both online and physical businesses and partners that are looking to integrate with virtual currency payments in over 15 different virtual currencies. Companies can optimise their payment services by integrating the various products we offer, which include innovative invoicing, deposit, and withdrawal options; as well as the acceptance of virtual currencies for their daily business activities. Our profile of customers include merchants, payment service providers, financial institutions, retail stores, wallet providers and more.

myCoinify is Coinify's trade platform for private individuals that enables them to buy the most popular virtual currencies with either card or bank transfer and to sell them for the local currency of their choice.

The Coinify team has a strong background in payments, finance, risk, e-commerce, and compliance, along with experience working with digital currencies since 2010.

We actively work alongside regulatory bodies and financial institutions to provide a strong, compliant service that adheres to the standards of the industry.

To learn more, visit our newsroom or follow us on our Social Media platforms

LinkedIn, Facebook, Twitter, AngelList and CrunchBase.

The World around us

- Major trends from 2020 in the crypto industry

In 2020 the crypto industry in general experienced big developments. We saw a move from traditional companies towards mainstreaming the crypto industry as several companies started adding bitcoin to their balance sheet by investing significant amounts of own funds.

As the global pandemic grew and as more and more countries introduced lock downs and subsequently monetary relief and economic policies - the new influx of money to the crypto industry additionally increased the price. We also saw large players like Paypal allowing its users to buy and sell bitcoin which further gave the overall industry a stamp of approval.

Another trend in 2020 was for nation states to start looking at centrally issued digital currencies. Switzerland was among the first to launch and Coinify was excited to be the payment processor for the world's first e-commerce purchase using a central bank backed digital currency - the DCHF. The transaction was completed through the website of our partner Digitec Galaxus buying an iPad.

Coinify and Galaxus enable world's first e-commerce payment using Sygnum Bank DCHF stablecoin

COPENHAGEN, 27 August 2020 – Coinify, Sygnum Bank and Galaxus announce the world's first e-commerce transaction using a bank-issued stablecoin.

The Sygnum Digital Swiss Franc (DCHF), pegged 1:1 with the Swiss Franc, eliminates the need for card systems, reduces costs and fraud, and processes transactions in real-time. This seamless connection between the digital and traditional economies has the potential to revolutionise the USD 3.5 trillion e-commerce industry and forge direct connections between consumers and online retailers.

Industry

Blockchain represents a fundamental new view of financial infrastructure.

With the promise of decentralization and transparency, blockchain based financial infrastructure can deliver on a promise to bank the unbanked, and increase transaction speed and traceability.

In time this infrastructure will provide for better solutions to ensure funds flow directly to the recipient and with lower transaction costs. This is super important for developing countries ability to help its citizens have bank-like experience without posing a big financial opportunity for banks. Coinify believes that blockchain based payment systems will be an integrated part of financial infrastructure in developing countries over the next decades and provide for a renewed fresh look at how to bank people.

Statistics show that countries with significant growth also have an efficient financial infrastructure to support efficiency in transactions and keeping velocity of money high. For this Coinify provides for next generation payment infrastructure for consumers and merchants wanting to embrace the emerging world of digital currencies

Recent industry awards and recognitions

- Best Practices Award for 'Global Blockchain Financial Service Provider 2017' and Global Growth Excellence Leadership Award 2019 by Frost & Sullivan
- Emerging Star - Fintech 100' by KPMG & H2 Ventures
- Top 100 FinTech Europe' 2016 & 2016
- Nordic Startup Award for 'Best Fintech Startup Denmark 2017
- #22 in Top 50' Financial IT Pathfinder Ranking
- The Diversity & Best Fintech Award 2019 by European Women Payments Network.

Highlights from 2020

Coinify had a very busy year. 2020 was the year we became fully registered and also inspected by the Danish Financial Services Authorities.

We are happy to report that the inspection was completed successfully and that we continue to be in close dialogue with the authorities both in Denmark and in several other jurisdictions.

We also significantly expanded our client portfolio. We grew our number of trade partners significantly and continued to open up for our services in additional countries.

As the market grew as well as global adoption Coinify worked on our user journey flow enabling easier and smoother KYC for end-customers and in particular Q4 of 2020 was a record-breaking quarter for Coinify Trade solution.

One of our new features which saw a strong client adoption was the SELL functionality which allows crypto currency holders to sell their coins in exchange for fiat funds. We expanded our banking network and were able to add an additional 7 fiat currencies to our offering.

Anti-Corruption

We undertake careful and proper due diligence of our new business partners and screen them according to the financial regulations and UNGC's principles. To make sure we carry out proper due diligence, all employees take a mandatory Anti-bribery and anti-corruption (AML) training course. These courses are reviewed annually by our MLRO.

To make sure that Coinify acts with integrity, both externally and internally, we have implemented a "Whistleblower" process. This means that an employee can report on unlawful behavior to the Chairman of the Board, without fear of personnel consequences.

In our continuous effort to proactively develop policies and concrete programmes to address corruption externally, within our current and future partners. Coinify has implemented a Know Your Business (KYB) policy.

Measurement: Count of whistleblower cases

	2018	2019	2020	2021
Whistleblower cases	0	0	0	0 YTD

Measurement: Employees certified in AML

	2018	2019	2020	2021
Employees certified in AML	100%	100%	100%	100%

Measurement of outcome

Global coverage. In 2020 Coinify served customers from over 60 countries and across 5 continents.

Many of the countries added in 2020 has been developing nations, and countries with a high share of underbanked citizens. In 2021 we expect to continue our focus on nations with substandards in financial infrastructure and explore further the promise of decentralization of financial services.

People

A committed and engaged workforce brings many benefits.

At Coinify we believe that there is a direct correlation between employee engagement and better customer service.

At Coinify we continue to measure employee engagement through our annual APV. This survey covers everything from the physical working environment to the mental health of each employee. We are very happy to see that despite the changes in our working circumstances. We saw improvements in transparency in communication and management support for employees, which we are particularly proud of taking the extraordinary accounts into considerations.

Gender Equality and Workforce diversity

Full time workforce

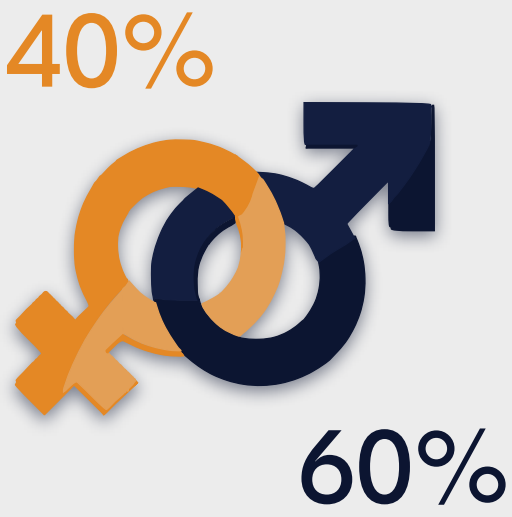
Our full time work force actually decreased in 2020. This was mainly due to an impactful event in Q1 where we unfortunately had to say goodbye to 5 colleagues. This number is now again growing and in Q1 2021 alone we have increase the workforce with 4 new employees.

2019	**37 average FTE**
2020	**29 average FTE**

Gender Representation
(men and women)

A balanced workforce has been a core value for Coinify since the company was founded and last year we were already balancing this split of 60/40%.

Our target was to reach a 50/50 split or as closely as possible and with an agreement to make sure that both male and female candidates were reviewed and interviewed for each open position. Our 2020 numbers show we maintain the 60/40 split and we have also found that a few open developer positions attract extremely few and sometimes no female candidates. This is something we will look to understand better in 2021.



Gender diversity in Management

Just as it is important to understand gender split across the organisation Coinify is also committed to reflecting this at all levels and departments within the organisation. The management gender split in 2020 was at 20/80% and our ambition was to increase this. In 2021 we now see a 30/70 split for the extended management team.

Employee Turnover ratio
Coinify managed to bring down the employee turnover from almost 60% in 2019 to 30% in 2020. This is a great success and means that we keep the churn of employees at a manageable stage.

Would you recommend a friend to work at Coinify?
The answer is yes! From 2020 to 2021 the amount of people who would recommend a friend to work at Coinify went from 78% to 86%.

Employee nationality

	2018	2019	2020
Danish	60%	50%	40%
Non - Danish	40%	50%	60%

Education
Coinify continues to focus on the development of our employees. In 2020 Coinify hosted the second round of Coinify's Management Development Program in order to build up new talent within the organisation and make sure that employees have a chance to continue their learning progress.
Additionally Coinify introduced all-team session focusing on various topics within the financial industry such as: "What is money" and "Understanding card acquiring".
Employee empowerment
Talent attraction

Governance Data
At Coinify we continue to strive for an equal organization on multiple levels. At the board level we are focused on attracting skilled and diverse talent. Its important for Coinify to ensure this balance and the shareholders of Coinify are committed to working towards a gender balanced board representation.

	2019	2020
Gender diversity for Annual General Meeting (AGM) elected board.	M 80% F 20%	M 80% F 20%
Board attendance ratio	100%	100%