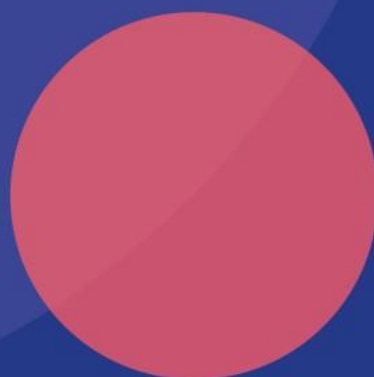


Nets Communication on Progress 2021



Dear stakeholders

2021 was a transformational year in the Nets story, as we took another major step towards becoming a European PayTech leader by closing the merger of Nets with the Italy-based Nexi Group, on 1 July.

Nets has continued the commitment to the 10 principles of the UN Global Compact and has during the year been working on a number of concrete projects. We have since the merger in July been part of the sustainability journey of Nexi Group and have contributed to the annual Non-Financial Statement for 2021 which is publicly available at [2021-EN-nexi-nfd.pdf \(nexigroup.com\)](#).

This document is a short overview of some of the activities we have undertaken to support the 10 principles during 2021. In the below we shortly summarized our activities across Nets, and look into a 2022 where we as part of Nexi Group will strengthen our sustainability profile and amongst others develop climate targets to support our net zero ambition for 2040 that Nexi Group has committed to.

Sincerely



Klaus Pedersen

CEO Nets

1. The framework for embedding the 10 principles of the UN Global Compact

At Nets we recognise the environmental, social and governance (ESG) impacts Nets has on society and the contributions we make through our work in the digitisation in the countries where we operate. As a signatory to the UN Global Compact, we are committed to implementing the international principles for responsible business conduct in our Corporate Social Responsibility (CSR) Policy and associated policies.

Our impacts stem from increasing digital payments, running services related to digital identities, digitisation paper-based processes, and ensuring that modern societies function in a safe and efficient manner within the broader area of digital payments, for the benefit of citizens and businesses alike.

Our CSR framework is based on three strategic pillars:

1. 'Driving digitalisation' is based on our commitment to provide easy and secure payment solutions for all.
2. 'Responsible operations' is based on our commitment to ensuring responsible business conduct throughout our value chain.
3. 'Responsible employer' is based on our commitment to respect human rights and the well-being and development of our employees.

Important achievements during 2021

In 2021, key activities and achievements included, but were not limited to:

- Developed and launched a climate action product for cardholders and banks
- Committed, as part of Nexi Group, to becoming 'net zero' by 2040
- Launched the Diversity and Inclusion Board and intranet platform on diversity
- Adopted and rolled out 'Hybrid Ways of Working' guidelines

Overview of how Nets implements the ten principles of the UN Global Compact	
UN Global Compact Principles	CSR activity & Nets policy area
Principles 1-2 Human rights	Support for employees working from home
Principles 3-6 Labour rights	Employee engagement
Principles 7-9 Climate and environment	Environmental initiatives and cases across the Nets Group
Principle 10 Anti-corruption	Whistleblower scheme Anti-bribery and corruption training
Principle 1-10	Responsible sourcing and Supplier Code of Conduct

2. Driving digitisation in a responsible manner

We are committed to delivering digital solutions that drive the development towards a digitised, paperless, and cashless society, contributing to a significant reduction of negative social, economic, and environmental impacts in society. We want to ensure that the digitisation of society is based on services and products that bring social, environmental, and economic benefits to society, businesses, and end-users.

Responding to challenging times

As the Covid-19 pandemic continued to challenge, with lockdowns affecting shops, shopping centres and large parts of society in many countries, it also further fuelled the transition towards a digital and cashless society. In 2021 we continued to our work on cash-to-card conversion and e-commerce growth, and contributed to the digital transformation of Europe by providing our innovative, stable and secure processing, e-security and digitalisation services for the private and the public sectors, to support our customers and end-users on their further digital journey.

We continued our efforts from last year where we provided valuable payment data insights to public authorities and decision makers, which allowed them to compare infection rates with levels of economic activity, and make sound decisions with regard to the reinforcement or lifting of restrictions.

Security and stability

In 2021, we continued our initiatives on fraud prevention and maintained our focus on measures that allow customers and end-users to make secure payments. We do this by combining analysts' experience and machine learning to build strong, predictive algorithms for detecting fraudulent behaviour. Our enhancements in fraud detection in 2021 further increased our detection rates and helped us identify new ways to prevent authentication fraud (3DS fraud). We saw 3DS fraud increasing in the beginning of the year after strong customer authentication legislation was put in force. In 2021, we collaborated more closely with the banks and showed them how we can better prevent fraud. In addition, two-factor authentication for e-commerce, contactless (pin-less) transactions at the point-of-sale (POS), and collaborations with the police, have all contributed positively to reducing fraud and reinforcing confidence in digital payments.

3. Responsible operations

We aim to run our business in an environmentally conscious manner and are committed to reducing the impact we have on the environment, by setting reduction targets for our operations and working with our business partners and suppliers to ensure environmentally-friendly business solutions across the value chain.

Climate and environment

We strive to be a responsible service provider and partner with a focus on the environmental dimension of our services wherever possible. Our commitment to the environment has so far been based on initiatives to reduce travel, waste and paper use, and introducing more energy efficient solutions. In late-2021, Nets committed as part of the Nexi Group to become net zero by 2040. We are now in the process of consolidating Nets' environmental data with data from the wider Nexi Group, and will resubmit new, combined CO2 reduction targets for Scopes 1, 2 and 3 of the Greenhouse Gas Protocol to the Science Based Target Initiative.

In 2021, we also launched the Nets Climate Action Service, which is a carbon offset solution designed to provide cardholders with climate-related insights into their consumption, and to empower them

and their issuers to proactively engage in the fight against climate impact resulting from their personal consumption.

Responsible sourcing

It is important for Nets to have responsible supplier relationships and to have a dialogue with our suppliers about our requirements in this field. We therefore have a Supplier Code of Conduct, which outlines our commitments to human and labour rights and environmental and ethical standards.

In 2021, we continued the roll-out of the supplier sustainability self-assessment for all new suppliers and for contract renewals, in order to strengthen the due diligence process. We also, as part of our procurement process, strengthened the internal guidelines for assessing suppliers' own codes of conduct, and the dialogue with them about our own Code of Conduct, to ensure our suppliers know what our requirements are, and commit to promoting responsible sourcing within their supply chains.

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 a target for all employees to receive adequate annual training, which they receive via an online module available on the company intranet. In addition, an anti-bribery and corruption risk assessment was carried out in 2021, which will be followed up on as part of our annual risk mapping exercises.

Whistleblower scheme

An updated Group Whistleblower Policy was adopted by Nets in December 2021, shortly after we launched the new Whistleblower tool by carrying out training of relevant individuals to receive and act on whistleblowing reports and by providing relevant information to all employees via the intranet. Nets thereby met the requirements of the new EU Whistleblower Directive, establishing a strong and independent whistleblower scheme across Nets, allowing employees, the Executive Management, the Board of Directors and external stakeholders to report violations or misconduct, or suspicions thereof.

All submissions to the whistleblower scheme during 2021 were deemed to be out of scope.

4. Responsible employer

Our overall aim is 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. Nets' Human and Labour Rights Policy provides a standard for how to promote human rights, including not discriminating when hiring and speaking up if an employee experiences discriminatory behaviour.

Engaged and employable employees

We believe that engaged people deliver a better customer experience. And we are committed to ensuring that our employees continuously increase their 'employability' via continuous development throughout their careers at Nets. We believe in experience-based learning and expect leaders to check in with their employees frequently so they can identify growth opportunities together. Engagement and the perceived ability to learn and grow are measured through our Engagement and Pulse Surveys. We will continue to focus on both engagement and growth during 2022.

To gather feedback from employees across the organisation, Nets conducts a yearly Engagement Survey and additional Pulse Surveys, when relevant, through which employees can make their voices heard. In 2021, 82% of our employees responded to the yearly Engagement Survey showing a strong commitment to making Nets a better place to work. In September, the Yearly Engagement Index was measured at 70/100 which is satisfactory given the continued impact of the Covid-19 pandemic. Leadership Effectiveness was also measured as part of the Engagement Survey and showed a satisfactory Leadership Effectiveness Index of 82/100.

Diversity

For Nets, it is important to continue to operate a healthy and forward-looking company, that can attract and develop great talent. A key part of this is being a dynamic, diverse and inclusive place to work, where everybody feels welcome and able to explore their full potential. Our aim is to be an attractive employer that offers great opportunities for the best international talent regardless of their nationality, ethnicity, disability, age, gender, sexual orientation, religion, or belief.

In 2021, we established the Diversity and Inclusion Board at Nets. This is a cross-business, cross-border team chaired by the Nets CEO that aims to drive the company's diversity and inclusion agenda, and to set out its priorities and activities. The primary focus for 2021 was gender equality, with work on additional topics planned for 2022 and beyond.

In 2021, we initiated several activities to promote of female talent, including a project on diverse hiring with the aim of having 40% female applicants and hires in the future. We also conducted an equal pay review for some of the countries in our perimeter. The results are currently being audited, and following that a specific plan will be developed to address the results obtained.

Working environment

We respect and prioritise the well-being of our employees across locations and countries, and we strive to create the best possible working environment by providing a non-discriminatory, safe, and healthy workplace for all.

Nets has continued to provide support for employees during the pandemic to enable them to work from home. This has included guidelines and tools for how to cope with the situation, as well as the loan of office and IT equipment. In 2021, Nets worked together with an external provider to offer a series of online webinars which focused on helping employees to combat fatigue and maintain their health while remote working. Hybrid working guidelines were also made permanent during the year, to enable employees to work in a more flexible way, while an allowance was introduced for employees to purchase permanent home office equipment.

To monitor the well-being of employees during the pandemic, specific questions were also added to the Pulse Survey conducted in February, and the yearly Engagement Survey conducted in September. The feedback from employees showed that they felt supported while working remotely, were in close contact with their leaders, were able to stay connected with their team members while working remotely, knew what was expected of them, and received feedback on their performance. Responses to the Covid-19-related questions surveys were in the mid-80s, on a 100-point scale, which was deemed to be satisfactory.