Coinify

Communication on Progress (COP)

Period covered: May 2019 to April 2020

THE GLOBAL COMPACT

WE SUPPORT

1. Statement of continued support by the COO

To our stakeholders:

I am pleased to confirm 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.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. Our current and future actions are approved by our Board of Directors. They have given full commitment to focus on our CSR efforts and are actively engaged and following up on measures and progress.

We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Hans Henrik Hoffmeyer
COO

2. Company description

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 Social Media platforms ([LinkedIn](#), [Facebook](#), [Twitter](#), [AngelList](#) and [CrunchBase](#)).

Recent industry awards and recognitions include:
- 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.](#)
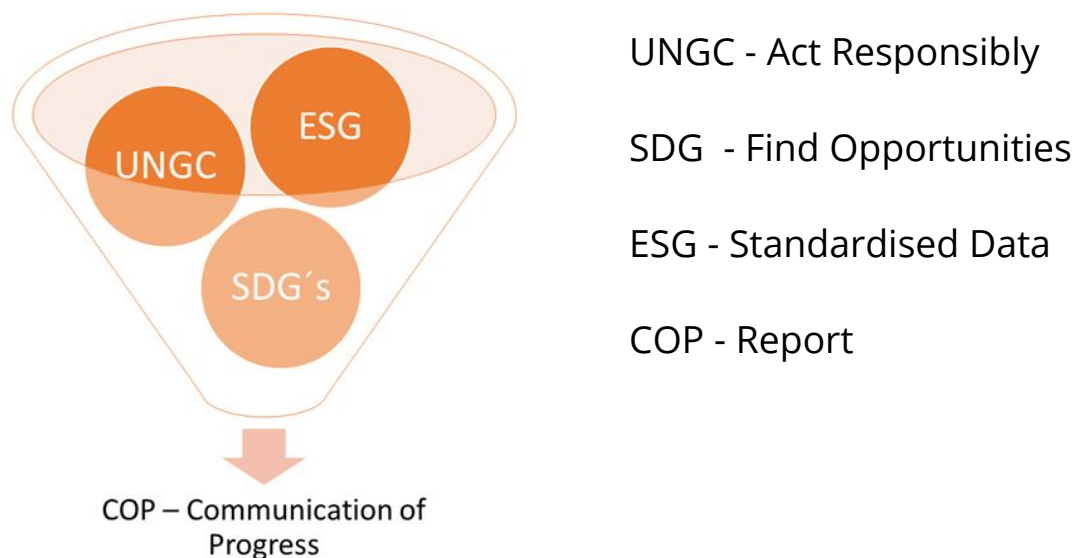
2.1 Why is Coinify a part of the UN Global Compact?

Quite simple answer! Coinify strives to be as compliant as possible, within an unregulated sector. In that endeavour, we want to be a great example both internally and to external stakeholders. Coinify attempts to hold ourselves to the highest standard, and expect the same from our stakeholders. This means that we in our everyday business, make sure that we work to reduce our risks.

We are certain that being a part of the UN Global Compact, keeps us progressing on the policies, achievements we have implemented so far, and the future actions that we will implement in the years to come.

2.2 Strategy on how Coinify measures our outcomes

As Coinify is a part of UN Global Compact (UNGC), we work towards streamlining our CSR initiatives. Our COP has different elements in it which the illustration shows below. We see these elements as the perfect combination, as they cover different aspects, and can be combined in our annual COP report.

COP – Communication of Progress

UNGC - Act Responsibly

SDG - Find Opportunities

ESG - Standardised Data

COP - Report

Coinify applies the UNGC ten principles, to act as responsible in every aspect as our company. By including the SDG´s, is our way to find opportunities, both to grow our business and to assist that we do our part to reach the 2030 goals. Coinify measures on our outcomes and initiatives on the ten principles and SDG´s, by applying the ESG format as much as possible. This is a work in progress. We collect all these elements into our annual COP, to show and be held accountable for our actions.
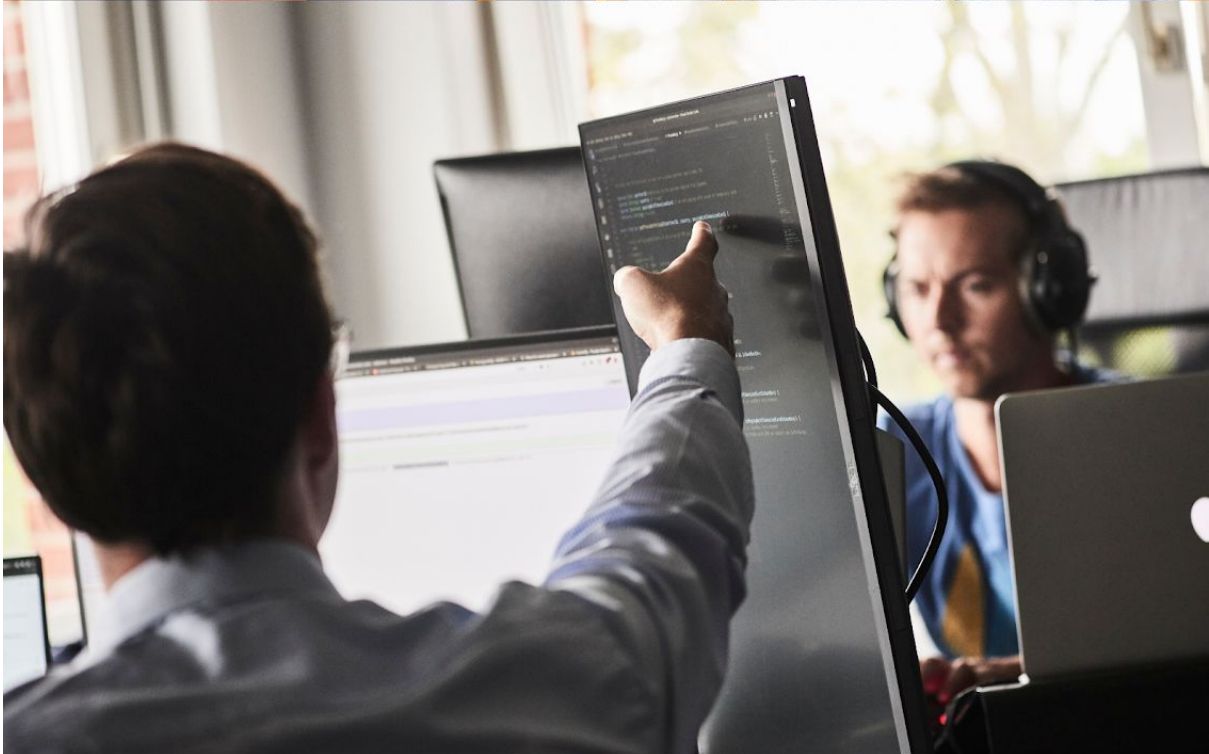
3. Description of actions

In each of the categories, we will describe our actions. This is outlined in three parts,
1) Assessment,
2) Implementation
3) Measurement of outcome.
Focus is both on actions internally and external with our stakeholders.

Human Rights

Assessment
Treating all people with respect and honouring national and international laws and regulations for the protection of human rights remain our top priorities and guiding principles in all our business relations.

Implementation
By supporting financial inclusion worldwide we provide equal opportunities for women and men to have access to financial services. By innovating the payments infrastructure we aim to provide prosperity among struggling nations.

Equal opportunities for all employees irrespective of gender and ethnicity continue to be a focus area of ours. We hire, remunerate and promote employees on the basis of skills, competences and performance - not according to gender, religion, sexual preference or race.

Every employee is given an overview of Coinify's policies and procedures, and can access it by our employee handbook, which outlines the employee's rights, benefits and expected behavior.

Measurement of outcome
Measurements of outcomes are assessed by our HR department. We aim to provide data on our implementations, in the foreseeable future.

Labour

Assessment
We aim to take good care of our employees. Our employees are our main ambassadors. Only through our own employees' enthusiasm and commitments on all levels and in all departments, a serious impact is possible. It is of paramount importance to us that all employees feel safe and healthy and secure adherence to our Health and Safety Policy.

We believe that each individual employee at COinify should be both part of and proud of the value creation of our purpose, our vision, our values.

Implementation

On a yearly basis we conduct Health and Safety surveys with the aim of improving the working environment for employees both physically and psychologically.

We offer employees flexible working hours to accommodate and respect employees' family lifestyles. Our IT set-up makes it easy and convenient for employees to work from home (remotely) thereby further enhancing flexibility in work.

Coinify supports all employees in developing skill sets and further professional development on an ongoing basis. Support employees to attend relevant training courses and obtain professional qualifications.

We welcome school classes and university students to visit Coinify and learn about the daily business at an international financial company, with focus on doing business responsibly. We also employ student workers whenever possible, and currently we employ six.
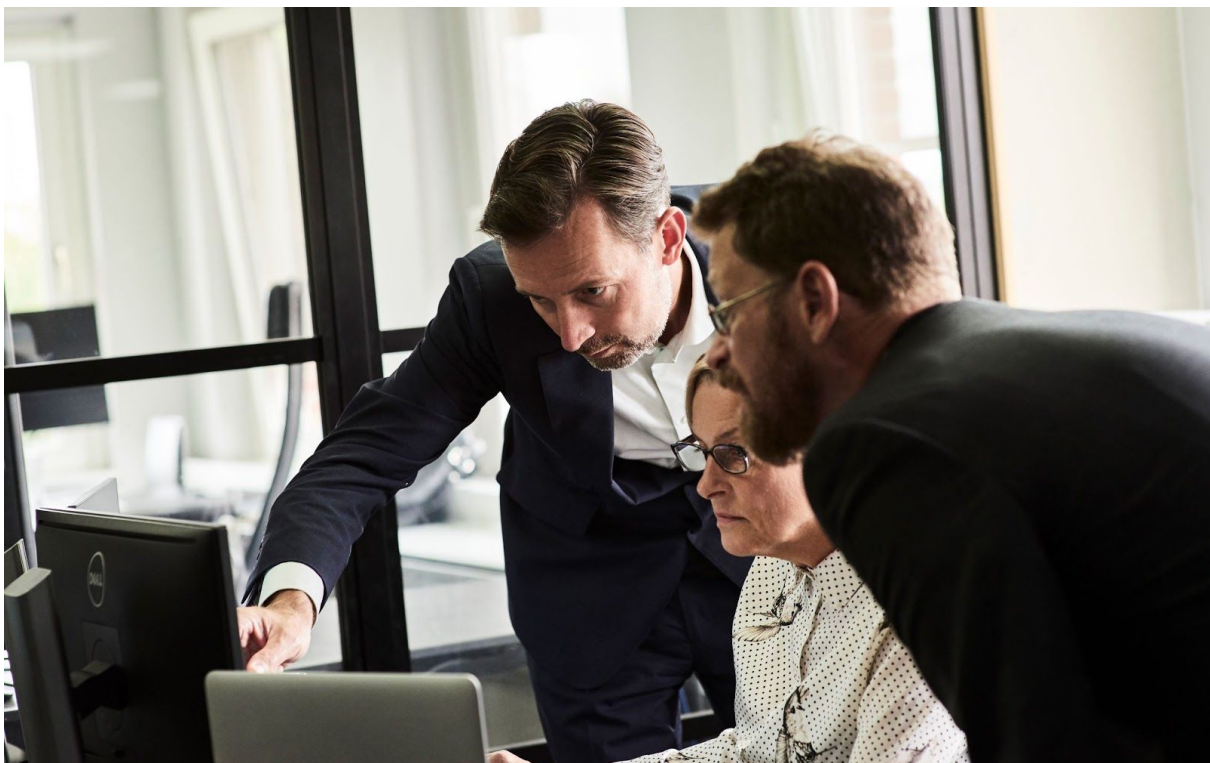
Measurement of outcome

Below is the measurement of outcomes, in line with the ESG framework. Following this, is data from our annual employee survey.

Coinify's ESG				
	Description	**Why it's important**	**2019 number**	**2020 goal**
Social Data				
Full time workforce	Full time workforce = FTE + temporary (part time) workers	Indirectly important. It is the base for several other indicators.	37	?
Gender diversity	Gender diversity is calculated for both FTEs and temporary workers.	Gender diversity has scientifically been proven to correlate with better financial performance	40/60	50/50 *for each open position at least 1 female candidate considered
Gender diversity Management	Gender Diversity, Management = ((Women in Management)/(All FTEs in Management)) * 100.	Gender diversity has scientifically been shown to be correlated with better financial performance. An uneven pattern of promotion and seniority by gender can indicate risks related to workplace inequality and thus inability to attract female talent.	20%	30%
Employee Turnover Ratio	Employee Turnover Ratio = ((Voluntary + Involuntary Leavers)/FTEs) * 100.	In particular the voluntary trunover is interesting, as it shows how successful the company is in retaining people. The ratio can be seen as a proxy for employee satisfaction	60%	30%
Sick leave ratio	Sickness Absence = (No of sick days for all FTEs for the period)/(Total FTEs).	If the company has a disproportionate amount of sick days per FTE it can be seen as a proxy for less employee satisfaction and/or safety issues.	Has not been collected	5 days per employee per year
Nationalities	Number of different nationalities	Cultural diversity has scientifically been proven to correlate with better financial performance	21	22

Below is data gathered from our annual employee survey.

Measurement: Number of Fatal Incidents at work

Year	2018	2019	2020
Count	0	0	0

Measurement: Feel that they receive the necessary management support

Year	2018	2019	2020
Percentage	-	70%	71%

Measurement: Feel that they have opportunities for development

Year	2018	2019	2020
Percentage	-	50%	78%

Measurement: Are satisfied with their workload

Year	2018	2019	2020
Percentage	-	70%	75%

Environment

Assessment
We care for the environment and always strive to reduce the environmental impact of our operations to the greatest extent possible.

Implementation
We know that we as a company play a small role in reducing the overall environmental impact. But we strive to do all that we can, through small and larger initiatives. Smaller initiatives are posters by the coffee machine, to state how much water is used to grow our coffee beans, recycling of paper/cans/bottles and our Management donating trees to be planted in third world countries. Thereby creating awareness about our waste, and how we can offset it in different ways.

We have implemented the "Too-Good-To-Go" concept for our lunches. All the leftovers are nicely packed for the employees to take home which reduces our food-waste. We always have a vegetarian option and have implemented a vegetarian lunch day per week to contribute to lowering our meat consumption.

During the summer months, we have set up a competition to measure which employee bikes the most to work. This nudges employees to take their bike to work, instead of their car or public transportation, which a majority of our workforce take to work.

Measurement of outcome

Below is the measurement of outcomes, in line with the ESG framework. Following this, is data from our Bike To Work competition.

Coinify's ESG				
	Description	**Why it's important**	**2019 number**	**2020 goal**
Environmental data				
Energy consumption	Energy consumed	Energy consumed compared to output produced is useful to identify the companies that are able to produce the same output for less energy	In progress	10% less
Water consumption	Water consumed	Water consumption illustrates the risk profile of disruption of water supply/and or water cost changes	In progress	10% less

Measurement: Amount of kilometers biked per year

Year	2019	2020	2021
Km's	3.746	X	X

Anti-Corruption

Assessment

Coinify acts with integrity and is accountable to our stakeholders for our business actions and relationships. Coinify is continuously monitoring the legal framework and other internationally recognised sources for our industry and aims to be at the forefront of regulatory development at all times. Coinify embraces good practices, ethical standards and cultural behaviour that drives a sound, diligent and risk-based approach to managing financial risks and combating money laundering and terrorism financing.

This is further underlined with Coinify being one of the founding members of Blockchain and Virtual Currencies Working Group working with regulators since 2014 shaping the AML5 Directive and always being a pro-regulation company.

Implementation

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. The training course is also mandatory for all

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employees to successfully complete within the first 3 months of employment with Coinify. In 2020, we have extended this AML course, so our customer service partner also has to complete it.

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.

It is designed to be used by Coinify when onboarding merchants and other business partners. The purpose of this policy is to provide guidance to employees, associates and service providers of Coinify. The verification procedures written in the document are considered from a regulatory, anti-money laundering and risk assessment point of view. The practices and requirements that this KYB policy outlines have been tailored after the most recently adopted European and Danish AML Laws and Regulations.
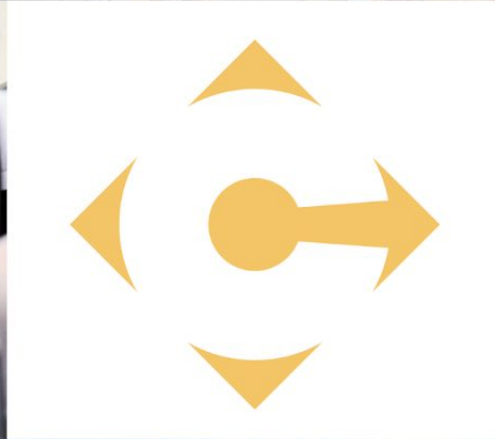
Measurement of outcome
Below is the measurement of outcomes, in line with our implemented initiatives.

Measurement: Count of whistleblower cases

Whistleblower	2018	2019	2020
Cases	0	0	0

Measurement: Employees certified in AML

Employees certified in AML	2018	2019	2020
Number	40	35	38

SDG 5 on Gender Equality

We have a board approved policy for promoting diversity and inclusion**.** Coinify "Diversity and Inclusion" policy puts great emphasis on enhancing equal opportunities for current and future employees, and creating an inclusive environment, and will be reviewed on a yearly basis.

We demonstrate initiatives internally or externally to promote gender and diversity. Externally, our female executives are involved in global conferences in the field of blockchain and payments to spread the empowerment of the females in payments sector and #womenintech generally. Internally, the company organises females' meetups to reinforce female leadership skills.

We have developed a diverse organisation at all managerial levels that enables the globalisation of the company, reflects our social responsibility, and ensures future business success. It is our firm belief that a diverse organisation produces better business results and promotes a culture of respect.

Coinify's services also focus on diversity and inclusion by providing accessible payments solutions to people of all genders and socioeconomic statuses, empowering them with financial freedom beyond the barriers of traditional banks.

Measurement of outcome
Below is the measurement of outcomes, in line with our implemented initiatives.

Measurement: Gender Representation (men and women)

Gender Representation	2018	2019	2020
Men	60%	53%	60%
Women	40%	47%	40%

Measurement: Non-Danish Employees

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

SDG 9 on Industry, Innovation and Infrastructure

Coinify enables businesses and individuals to adopt financial innovation. Coinify connects traditional payment services with blockchain technology. Being a platform that traverses the long-standing tradition of the financial industry and the field of virtual currencies, we aim to build relationships and create a strong, trustworthy community by exemplifying and delivering value through our business.

Blockchain represents one of our times biggest innovations in secure, distributed infrastructure. Having a resilient infrastructure for payments has separated prospering nations from poor nations - and is absolutely crucial for achieving sustainable development**.**

The innovation of blockchain and payments will provide for unprecedented prosperity among struggling nations, and provide for a much needed lower friction and cost of a transaction. The financial speed of settlement drives commerce activity that drives prosperity. Coinify delivers on making this innovation accessible for millions of citizens and thousands of merchants and businesses worldwide.

Measurement of outcome
In line with our implemented initiatives, we have extended our trade service to Brazil, Philippines, Indonesia and Malaysia. These countries now have the possibility to take part in the virtual currency economy.

We strive to onboard more nations in 2020 and 2021 to our trade solution.

4. Looking to the future

Coinify is always striving to be best in class. So we will work focused on our current targets, and how we can improve on them in the future. We will try, as much as possible, to work within the ESG format for measurement of our actions. The reason for this is that we want to make sure that we can compare our data, with data across Danish companies, and thereby getting a clearer picture on the current state.

We will work hard on every aspect of the Ten Principles, but we will prioritise. With Coinify being a Fintech company, we will prioritise gender equality and Anti-corruption. Because as a tech company, we know we have a risk of being male dominated company, and therefore is striving to minimise that risk with different initiatives.
Regarding anti-corruption, we know that we work within a sector with a blurry regulatory landscape. That is why we are working closely with different authorities, e.g. the Danish FSA. Coinify will continue to work on improving our compliance, as we have done and succeed with the past years.

We know that reaching the SDG's and improving on the Ten Principles takes hard work, but we will do our part.