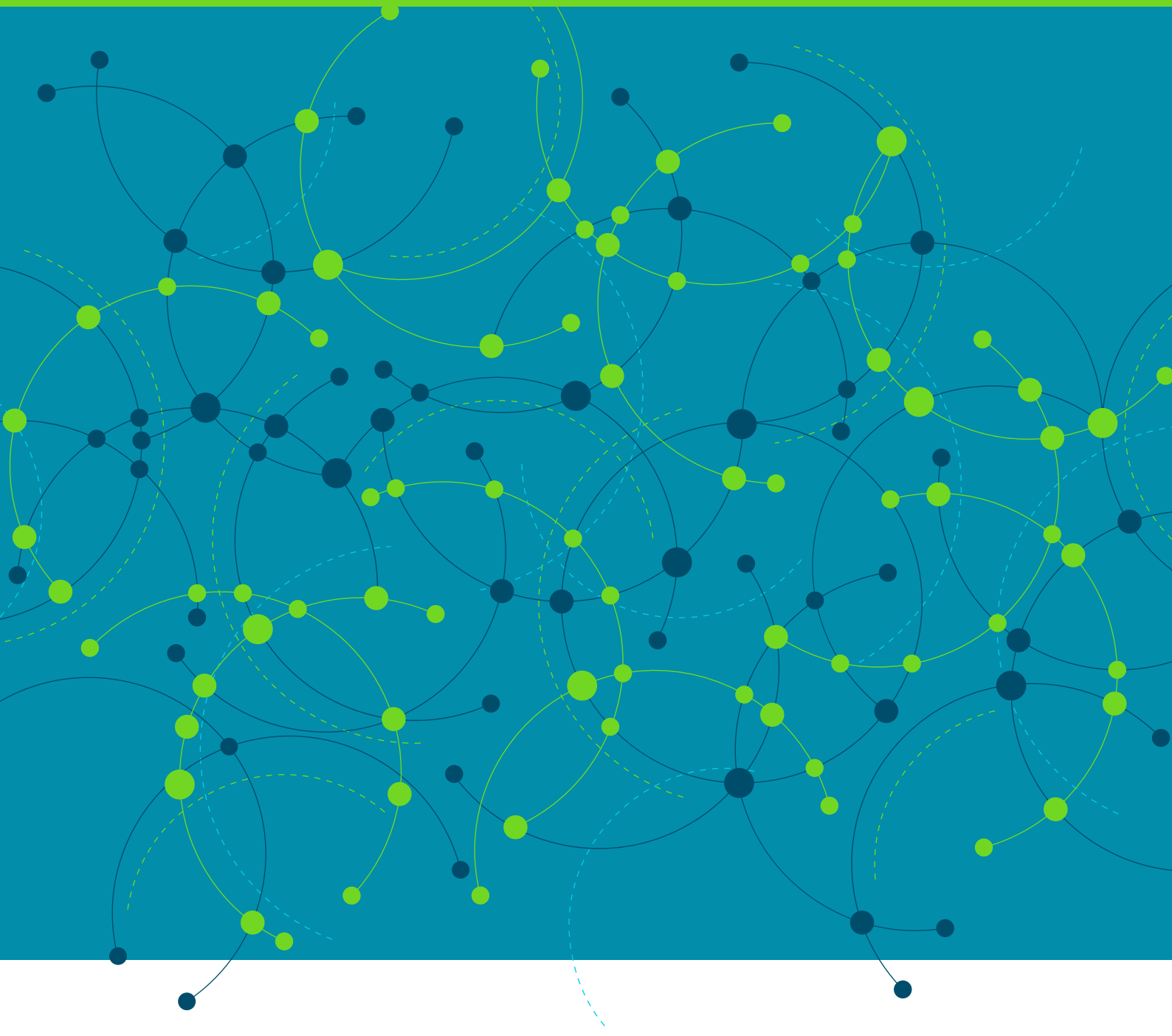




Doing Things the Right Way

PPRO's Environmental, Social, and Governance Report

2020



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A message from our CEO

**“Unprecedented.” “Challenging.”
“Eye-opening.” We’ve probably all run out
of ways to describe the past year.**

**Covid-19 has had a devastating impact around
the world. But it has also brought out the best
in us, with ordinary people doing extraordinary
things, showing their grit, tenacity, and
resourcefulness on a daily basis.**

Like so many businesses, we at PPRO had to stay flexible and respond quickly as the official guidance changed.

I’m incredibly proud of how we’ve adapted to the new normal, from rolling out working-from-home for the entire business, to coming up with innovative ways for our teams to stay connected.

Most importantly, we made the well-being of our team the priority right from the beginning.

We’ve also learned a lot about ourselves. Despite going from 9 global offices to over 330 remote workers, we are interacting with each other more than we ever were before.

Because of this, we have made an extra effort to make everyone feel included and connected, continuing to hold regular virtual all-hands and Friday socials.

It’s not always been plain sailing. There have been plenty of “you’re on mute” moments. And I’d be lying if I said I’ve been immune to the stresses of maintaining a work/life balance in lockdown.

*“ As CEO of PPRO,
I am committed to ensuring
my team’s well-being
and welfare. ”*

So myself and the rest of the leadership team have been keen to stress the importance of exercise, eating well, and taking the time to disconnect and watch Manchester United (or relax in any way they see fit).

I’m now working closely with our HR Team to figure out how we can continue to make PPRO a great place to work.

Doing things the right way

We've been fortunate enough to grow rapidly in the last 12 months. Our valuation has surpassed US \$1 billion and we've onboarded more partners onto our local payments infrastructure. Instrumental to that success has been making sure we continue to do things the right way, whether that's looking after our people and their mental health, or making sure we're taking the right steps toward becoming a more socially-responsible company.

There is much more we can do, and a critical step to ensuring we make progress is to formalize our approach and document how we are doing. That's why I'm really excited to present **PPRO's first ever Environmental, Social, and Governance Report**. It's our way of showing our commitment to our people and the world we live in.

Over the coming pages, we've laid out who we are, our vision, and the work we're doing in areas such as diversity, equality, and sustainability. This report is one step in a continuing journey. I hope you enjoy reading it.



Simon Black, CEO of PPRO

“ We've been fortunate enough to grow rapidly in the last 12 months. Our valuation has surpassed US \$1 billion. ”



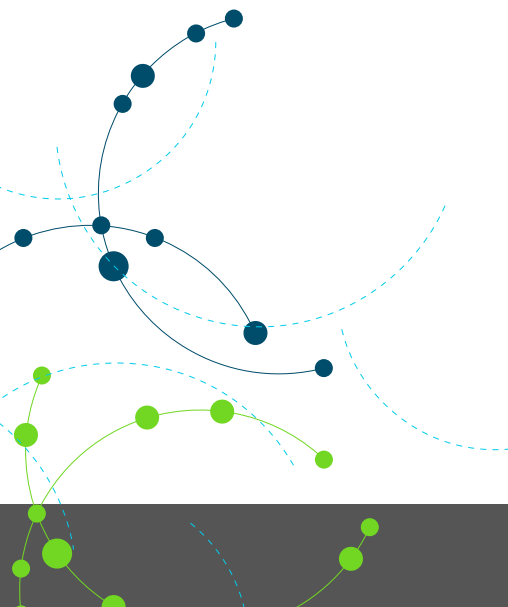
Who we are

We help businesses roll out local payment methods so that customers have more freedom at the checkout.

Local payment methods (or “LPMs”) are just another name for the preferred ways to pay in a particular country. If businesses do not offer the right payment methods for the regions they sell in, they are likely to lose out on sales.

Unfortunately, adding LPMs can be costly and complex. So payment service providers, gateways, banks, and enterprises tap into our local payments infrastructure to avoid the cost and complexities of doing it alone.

With PPRO-powered LPMs on their payment platforms, our partners can expand into new markets and give consumers the freedom to make online purchases using their preferred payment method.



What gets us out of bed in the morning

We believe every person in every corner of the globe should be able to pay for things using their preferred payment method.

Whether that is an e-wallet, a credit card, or anything in between.

We are part of a larger payment ecosystem. But we are not a small cog in a big wheel. Some of the biggest names in payments rely on our infrastructure to improve their local payments offering. Without us, they'd find it harder to break into global markets.

By continuing to make our infrastructure the go-to platform for the industry, we can give more and more people the financial freedom they deserve.

In other words, we are committed to becoming the reason why people can pay for things the way they want to.

That is our vision, our purpose, our "what gets us out of bed in the morning".



“ We believe every person in every corner of the globe should be able to pay for things using their preferred payment method. ”

PPRO in numbers

→ **330+** people

→ **9** global locations

→ **170+** partners

→ **140+** payment methods

→ **100k** transacting merchants

→ **146m** successful transactions in 2020

→ **€11b** run rate in 2020

→ **€8.84b** processing volume in 2020

9 offices, from São Paulo to Singapore



Our framework for this report

At PPRO, we are committed to measuring our success in the right way. That means striking the right balance between our financial outcomes and our commitment to do business in a socially-responsible way.

To help us do this, we have based our approach to environmental, social, and governance (ESG) issues – and this report – on the four pillars suggested by the World Economic Forum in 2020:

Principles of Governance	Planet	People	Prosperity
<p>The definition of governance is evolving as organizations are increasingly expected to define and embed their purpose at the centre of their business.</p> <p>But the principles of agency, accountability and stewardship continue to be vital for truly “good governance”.</p>	<p>An ambition to protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change, so that it can support the needs of the present and future generations.</p>	<p>An ambition to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment.</p>	<p>An ambition to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature.</p>

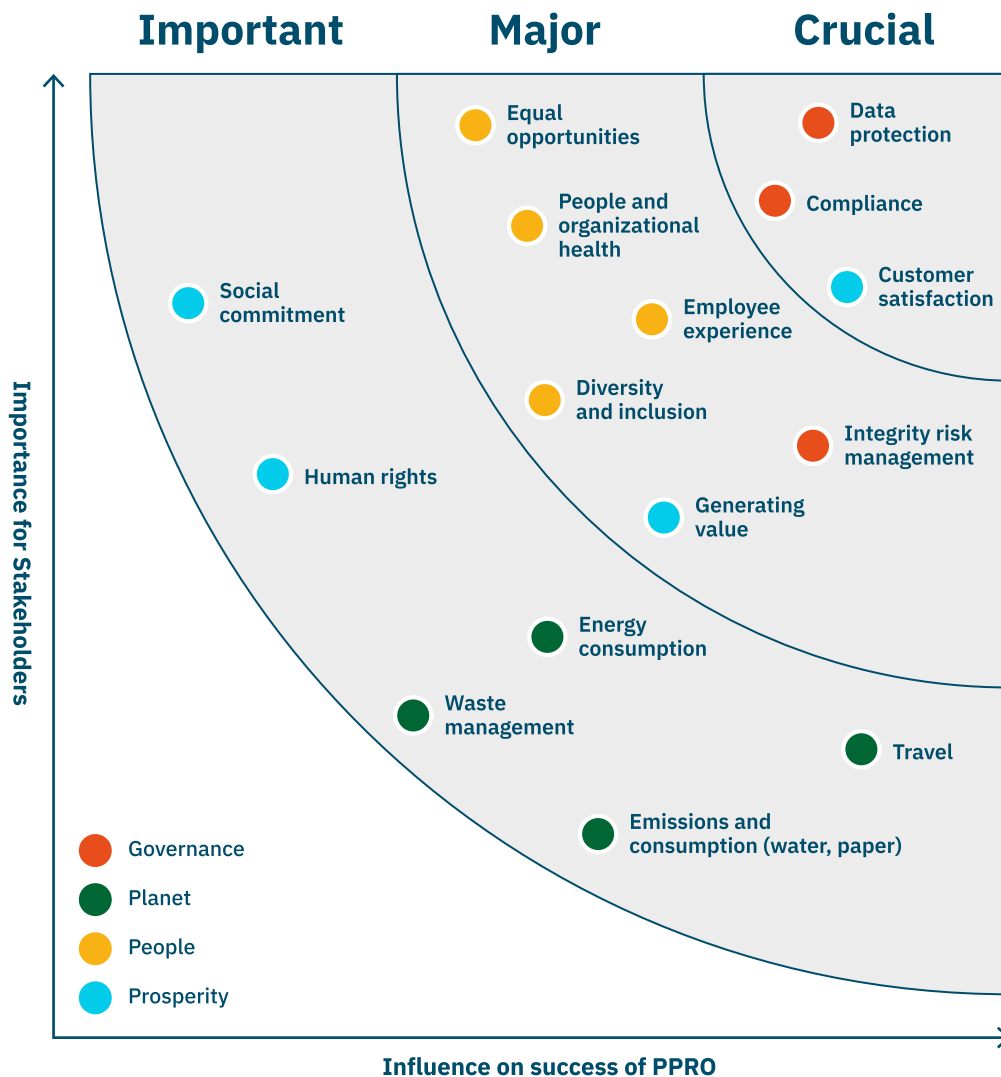
Source: World Economic Forum and Big Four Analysis

Definitions for Planet, People and Prosperity taken from the UN's 2030 Agenda for Sustainable Development of Governance

For us, each pillar is important and interconnected. Good **governance** allows us to define and pursue our long-term purpose of economic freedom in an accountable way. **People** and **prosperity** are at the centre of this purpose, whether that is empowering consumers, driving wealth creation through e-commerce, or creating a supportive, diverse, and financially-stable workplace for our employees. And without a healthy **planet**, our achievements would be meaningless.

Our framework for this report (continued)

For the purposes of this report, we have broken down each pillar into different themes to help explain the work we are doing – and plan to do – in each area. As you can see from the color-coded graph below, we have mapped these **themes** according to their importance to our stakeholders and their influence on our success.



As a digital payments company in the financial sector, certain themes – such as data protection and compliance – are more reflective of our day-to-day operations than others. So while we are fiercely committed to doing our bit for the planet, we also want to be transparent about our priorities, given the nature of our business and industry.

Governance

“Governance is foundational to achieving long-term value, by aligning and driving both financial and societal performance, as well as by ensuring accountability and building legitimacy with stakeholders.”

Source:

World Economic Forum (2020), *Toward Common Metrics and Consistent Reporting of Sustainable Value Creation*

The PPRO Group comprises PPRO Holding GmbH, which provides corporate services and acts as a holding company. The holding has a multitude of subsidiaries. Some of these subsidiaries are regulated payment service providers (PSPs), which are regulated in their own respective markets, while others are supporting entities.

We have adopted a two-tier board structure to ensure a governance structure that reflects the complexity of our business. The group has a three-member Board of Directors for ultimate decision making. The board members also form part of an eight-person Executive Team responsible for aligning strategic business decisions.

To ensure proper governance, we established an advisory board made up of three members and four observers. In 2020, one of the members was independent to ensure neutrality; one the observers was female. In 2021, we added an additional member to our advisory board. We have also increased the number of observers to six – two of which are women.

Also in 2021, we established an Audit Committee, consisting of members and observers from the Advisory Board, to focus on finance, risk management, and compliance.

Establishing three lines of defense

Our customers – payment service providers, gateways, banks, and enterprises with payment platforms – rely on the seamless performance of our local payments infrastructure.

A single second outage on our platform could lead to sales losses for our customers.

In 2020, we met our service-level-agreement (SLA) of 99.97 uptime. In 2021, we will be working toward achieving the next-level in platform reliability.

To achieve this goal, we will sharpen our internal control framework as a first line of defense; we will strengthen our risk management and compliance (established in 2019) as a second line of defense; and we will further extend our internal audit function (set up in 2020) as a third line of defense.



Setting the tone

Part of good governance begins by setting the right tone from the top. That is why our leadership team is committed to assembling the right talent, and then empowering and inspiring them to do their best work.

We have an open and empowering culture, which gives our employees more ownership over their roles. It also allows our company to react faster to changing conditions.

More importantly, it enables an open exchange of ideas across all levels.

Our CEO, Simon Black, leads from the front, holding regular monthly town halls (**“PPRO Connects”**) and virtual office visits (during the pandemic), repeated across multiple zones so that nobody misses out or feels disconnected. The rest of the executive team follow Simon's example, operating an open-door policy to make sure they are available at all times for their respective teams.

We are also starting **Leadership Cafes** with the aim of fostering an ethical-growth mindset throughout.

At the same time, we know mistakes can happen. So we also have a positive error culture at PPRO, which gives everyone the freedom to fail and learn from it. As well as reducing the stress on our people, it also allows us to identify and correct errors as quickly as possible.



Data protection

In the digital age, data is gold. So we have a responsibility and legal obligation to protect the data of our customers and their consumers.

Our platform processes billions of payment transactions and a great deal of personal data as a result.

In order to ensure the highest possible standards when handling this data, we have incorporated the relevant requirements from applicable data protection regulations into our policies and processes.

We have also set up processes and controls to comply with the General Data Protection Regulation (GDPR) and with relevant local data protection laws. We regularly assess risks and we limit ourselves to collecting the minimum of personal data necessary for business activities.

We commit to preserving the confidentiality, integrity, and availability of our data, especially with respect to the personal data and transaction integrity of our consumers. We operate on a secure-by-design principle, and our information security framework ensures our compliance with regulatory, legal, and technological best practice.

We employ a data protection officer (DPO) to make sure a dedicated person is responsible for data protection matters at PPRO. Our DPO acts as the primary contact for supervisory authorities and is ultimately responsible for the maintenance of a compliant data protection programme across PPRO.

The DPO also provides data protection training and maintains records of processing operations, performing audits on an annual basis to determine whether we need to optimise policies or procedures to make sure we comply with regulations.

We are proud to have no reported incidents of personal data breaches at PPRO.

“ And our objective for 2021 is to achieve internationally-recognised ISO 27001 certification of our information security management system. ”

Compliance

As a payments processor, compliance with anti-money laundering laws and regulations is essential. Maintaining robust systems and controls to combat fraud, money laundering, and terrorist financing is a fundamental aspect of everything we do.

We generally act as a service provider to regulated payment service providers (PSPs), processing transactions made using local payment methods (LPMs). In this model, we normally sit between regulated PSPs and LPMs that ultimately receive their funds from highly-regulated banks, and process the flow of funds from one to the other. In other cases, we act as a service provider for online merchants directly, collecting funds from an LPM and settling these directly with the merchant.

Carrying out due diligence on customers (such as PSPs and merchants) and LPMs is therefore of critical importance to us. We have implemented processes and standards tailored for multiple situations, including a new client risk rating process in 2020 and a comprehensive LPM compliance review and approval process.

We have also introduced an industry risk rating framework that provides a detailed methodology and process for assessing merchant industry risk.

And we provide mandatory anti-money laundering training to all our employees to make sure they understand the legal and regulatory obligations in this area.

Our in-house specialists and partner law firms monitor the applicable laws, guidelines, industry standards, and best practices for payment and financial services companies. We are also a member of several industry bodies, such as the Electronic Money Association (EMA), the European Fintech Alliance (EFA), and the Electronic Transactions Association (ETA). This allows us to identify and respond to any upcoming regulatory changes. Finally, we have set up an enterprise risk management system for the prevention, monitoring, and reporting of business risks to our executive management team. We have also set up "Raise It", a PPRO-wide system that lets our employees identify risks, flag issues or operational incidents, and suggest improvements.

Compliance is a critical topic with respect to our customers. We have to balance the friction caused by the controls and checks we carry out on customers, against delivering a smooth customer journey. Nevertheless, we believe that the innovative work that we are doing in the area of customer due diligence will benefit all participants in the payment chain.

Integrity risk management

We see integrity risk as another important area within the governance pillar.

Integrity risk refers to the potential threats posed by the inappropriate behavior of employees, management, or the company's external stakeholders.

As a financial services company, we are committed to managing these risks – not only because it serves as a license to operate, but also because it strengthens our reputation as a reliable and trustworthy company.

We have had a robust Ethics Policy in place for some time. In 2020, we began drafting up a Code of Conduct.

We plan to roll it out in Q2 2021.



Planet

“To understand the relevance of environmental impacts to long-term value creation, and indeed to basic commercial viability, it is important to consider environmental impacts along the full value chain (or ‘lifecycle’) of products or services.”

Source:

World Economic Forum (2020), *Toward Common Metrics and Consistent Reporting of Sustainable Value Creation*

At PPRO, we are aware of both the impact our business activities can have on the planet and our responsibility to minimize that impact.

As a payments and technology company, our activities are mainly digital, so our environmental footprint is smaller than those in more established brick-and-mortar industries.

Nevertheless, we have identified three areas of environmental impact: energy consumption, travel, waste management, and emissions and consumption.



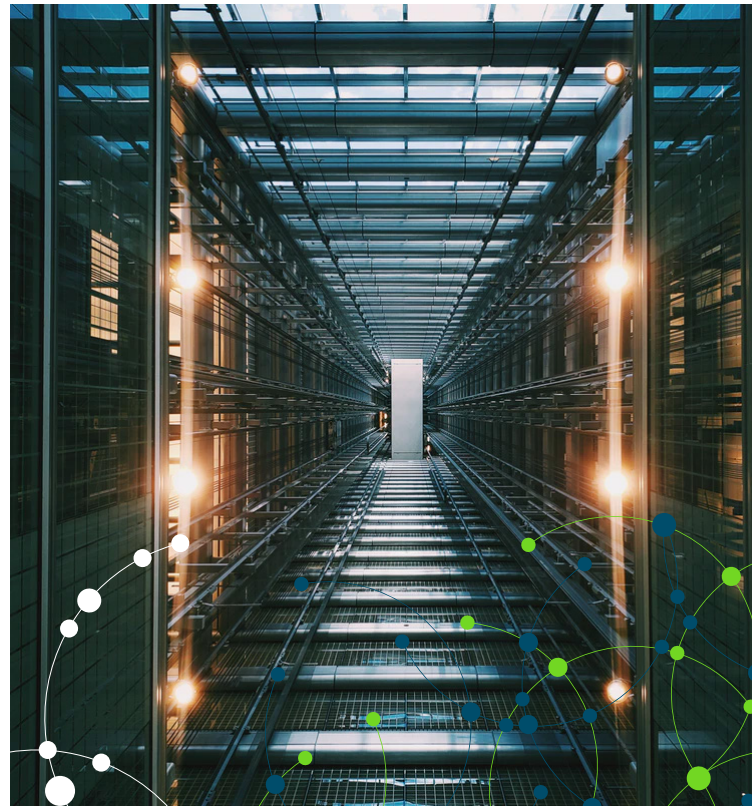
Energy consumption

As a digital payments company, electricity is an essential resource for our business. We strive to obtain most of our energy from sustainable sources. In our largest office, Munich, we have contracts with green energy providers that generate electricity from solar- and water-powered power stations. And all our offices are lit using LED light bulbs.

One of the main sources of our energy consumption are our data center servers. Our main data centre is a physical one, but it uses green energy. We have also made the conscious decision to host most of our other data centres in the cloud using Amazon Web Services (AWS). AWS data centers are more-energy efficient than local data centers.

What's more, AWS is committed to running its business in the most environmentally-friendly way possible, hoping to achieve 100% renewable energy usage for its global infrastructure.

We hired more staff from 2019 to 2020. This resulted in an increase of energy consumption, because we had to rent more office space. But the average energy cost per full-time employee (FTE) declined from approximately 196 EUR in 2019 to 145 EUR in 2020.



Travel

We have set ourselves a goal of reducing our travel activities in order to lower greenhouse gas emissions. To this end, we have installed video conference systems in all our facilities, so we can reduce the need to travel between them. And since 2018, the entire company has moved to Google G-Suite to make it easier to collaborate and share work remotely.

When it comes to business travel, we encourage low-carbon transport – such as trains over planes – where possible. All our offices can be reached by public transportation, so we promote the use of trains and buses over driving. At our Munich office, we have installed electric vehicle charging stations to reduce our emissions from car travel.

In 2019, travel costs came to 6.571 EUR per full-time employee (FTE). In 2020, this number dropped to 1.093 EUR due to the pandemic and a company-wide travel ban for the majority of the year.



Waste management

Due to the nature of our work, we produce little waste. All of the offices recycle electronic devices, printer cartridges, batteries, aluminium, and glass. And we no longer use disposable cups or plastic straws.

We introduced filtered tap water and reusable water bottles in all our offices. And most of our coffee machines use coffee beans that are ground on-site, so there is no need to buy pre- and heavily-packaged ground coffee.

Emissions and consumption

We are a digital company, so we do most of our work on computers and smart devices. Furthermore, we send most documents electronically and rarely ever print them.

In other words, we use very little paper (good news for trees everywhere).



People

“ People are crucial for every organization: they represent employees, customers, suppliers, distributors, retailers and neighbors. Their growth, prosperity and well-being are central to the success of all organizations. ”

Source:

World Economic Forum (2020), *Toward Common Metrics and Consistent Reporting of Sustainable Value Creation*

Reflecting the World Economic Forum's people-first outlook, we have identified four major priorities for our people agenda: creating an employee experience, people and organizational health, equal opportunities, and diversity and inclusion.



Employee experience

Our people are at the heart of everything we do. That is why we are committing to building a workplace where everyone can thrive. To this end, we have identified three focus areas: our organization, our teams, and our people.

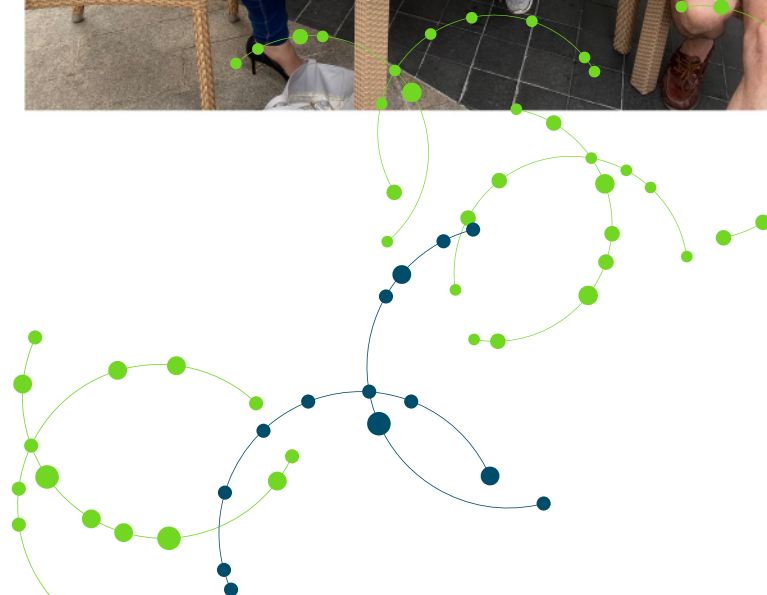
A thriving organization has a vision. Ours is to be the reason why people around the world can pay for things the way they want to.

One of the ways we are hoping to achieve this is by recruiting and developing people who are ambitious, resilient, and agile. But we also know that every person is an individual. So we have developed a flexible and empowering culture that allows all of us to thrive.

Our vision is an ambitious one. So we are committed to building thriving teams that have the resources they need to help us achieve that vision. We actively encourage out-of-the-box thinking in every team in order to help our people unlock their potential and exceed their own expectations.

We are made up of 60 nationalities, which lets us draw on a diverse range of perspectives. While we're keen to foster that diversity, we never stop seeing our team as individuals.

That is why we are committed to helping our people grow, learn, and develop. We're also committed to finding new ways to support our employees' physical, financial, and emotional well-being.



Our values



BUILD TRUST

We build trust in each other, across teams and with customers and suppliers.



EMBRACE CHANGE

We embrace change as we grow within our dynamic industry.



RAISE THE BAR

We always raise the bar and strive for improvement in everything we do.



BE BOLD

We encourage each other to be bold by being brave, creative and ambitious.



OWN IT

We take responsibility and own it, whether facing an issue or an opportunity.



STAND TOGETHER

We stand together, open, supportive, on a journey as a team.

People and organizational health

Issues like mental health, nutrition, exercise, sleep, and stress are no longer confined to “life outside of work”. In short, a person’s well-being can have a direct impact on their performance at work. That is why we are committed to creating a sustainable work/life balance for our people.

We offer subsidized gym memberships and health consultations in many offices, as well as resilience, mindfulness, and stress management training. The pandemic certainly blurred the work/life divide at times, so we have acted by encouraging our staff to take the time to unplug and recharge.

Our managers at every level play a pivotal role in creating a healthy and safe environment. They share the belief that respect, empathy, and communication are the foundation of inspiration.

They also recognize that connectedness is a driver for engagement, empowerment, and enablement, and that it fuels the performance of every employee.

“ We are committed to creating a sustainable work/life balance for our people. ”

Looking forward, we will continue to invest in the development of all our employees, through internal programs like “Own Your Career”. We will also continue to improve and monitor our organizational health indicators to make sure we remain on track to maintain and evolve our people-first culture.



Equal opportunities

We are committed to providing equal opportunities, regardless of age, gender, ethnicity, religion, or any form of disability. This commitment informs a number of our business activities, including how we recruit and develop our employees, and how we continue to listen to their needs when making improvements to our culture and work practices.

If we are being honest with ourselves, the tech sector does not have the best reputation for gender equality.

But at PPRO, we are proud that 40% of our team are women. 14% of our managers are women and we have one woman on our seven-person executive team.

We know there is work to do. So while we do not believe in quotes, we are dedicated toward fostering and supporting gender and other forms of equality in our recruitment and development activities.

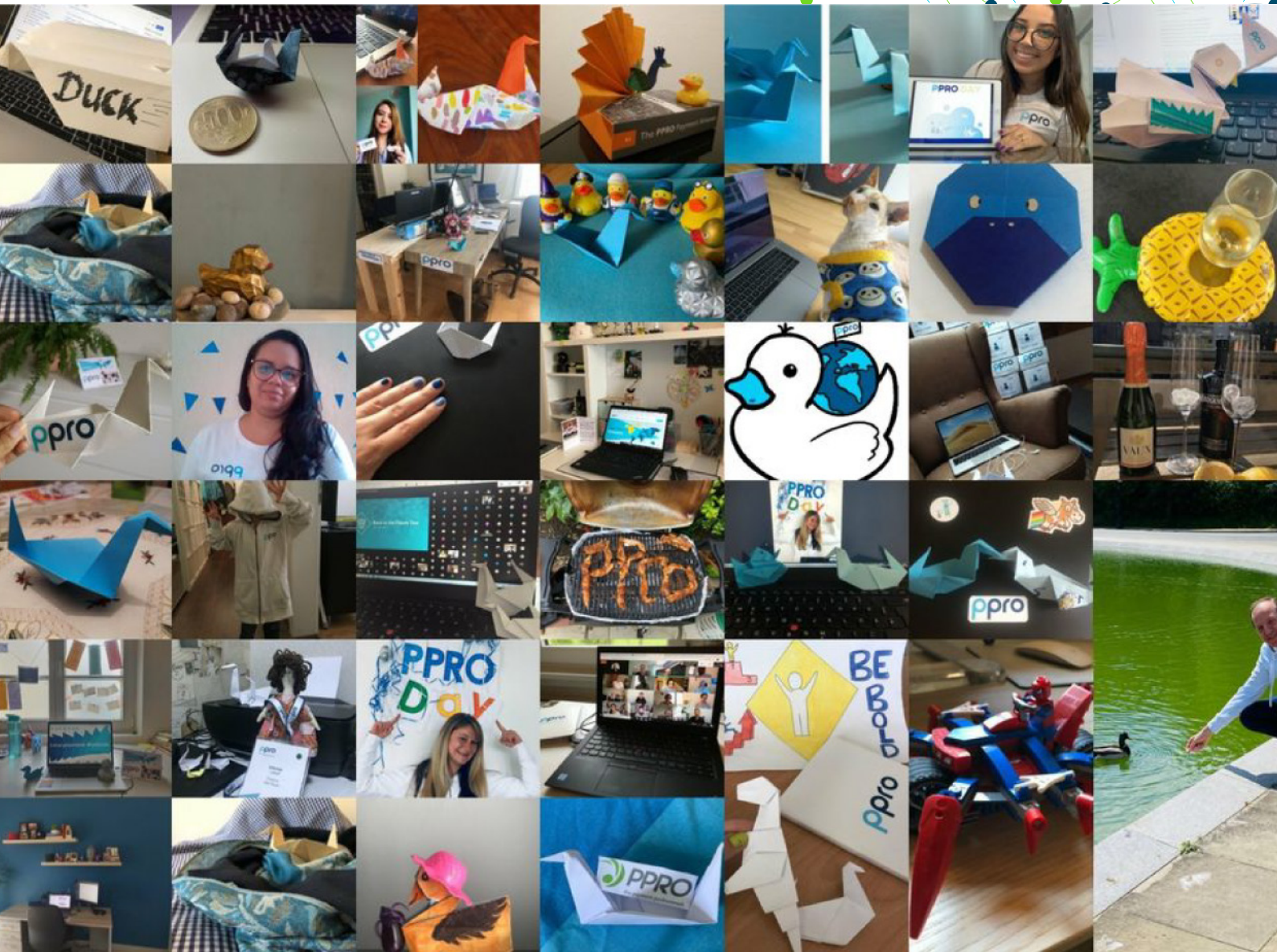
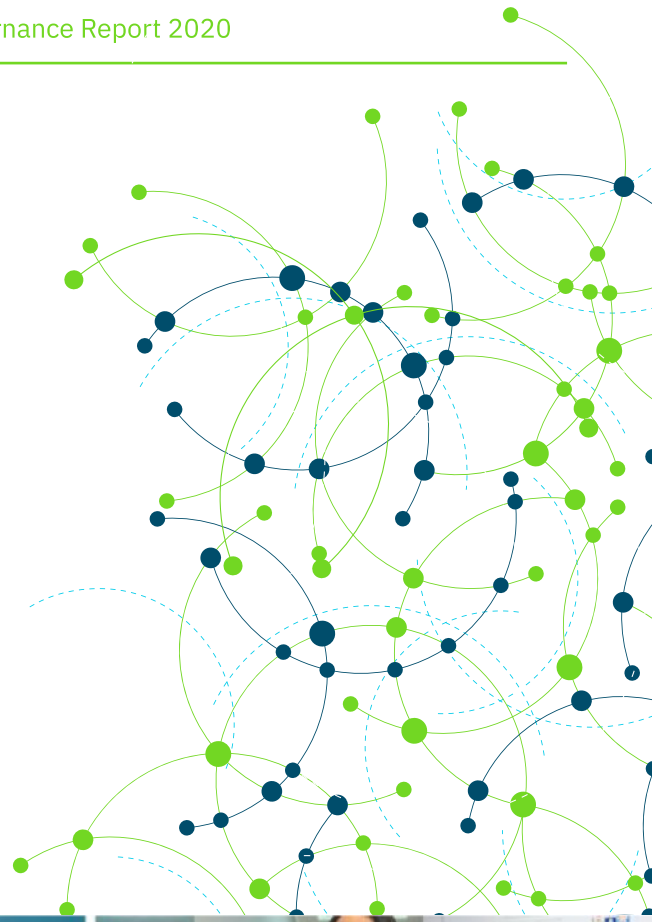
“ At PPRO, we are proud that 40% of our team are women. 14% of our managers are women and we have one woman on our seven person executive team. ”



Diversity and inclusion

At PPRO, we live diversity and inclusion every day. Our team is made up of 60 nationalities, working across multiple time zones.

This diversity gives us energy, while our inclusive, empowering culture means we're able to work seamlessly toward one vision. By making sure every voice is heard, no idea, innovation, or improvement is lost.



Prosperity

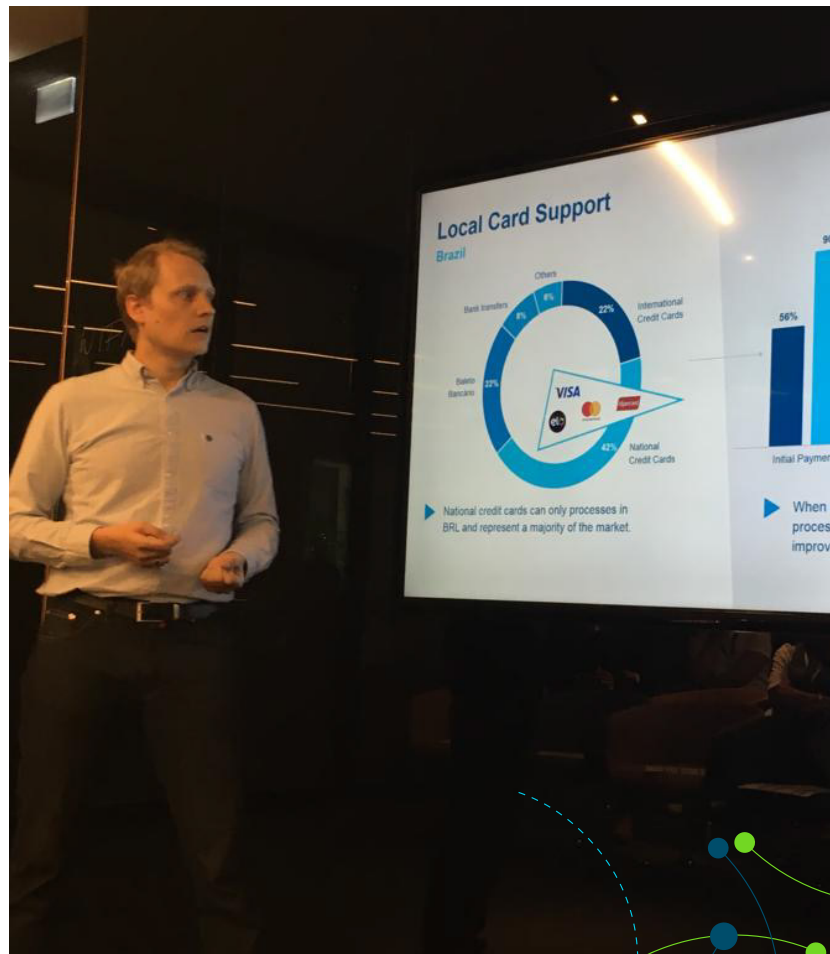
“The UN Secretary-General’s synthesis report identifies prosperity as an essential element for delivering the sustainable development goals and defines it as growing ‘a strong, inclusive and transformative economy’”

Source:

World Economic Forum (2020), *Toward Common Metrics and Consistent Reporting of Sustainable Value Creation*

Digital payments have the power to offer unparalleled convenience, security, and choice to consumers around the world.

More importantly, it empowers businesses and drives wealth creation in places where traditional payment methods made it difficult for many businesses to prosper.



Generating value

A significant number of online transactions fall at the last hurdle: payment. It is not surprising: if businesses don't offer the right payment methods, their customers are likely to bounce before buying. We help businesses overcome this issue by helping them to roll out the best payment methods for the regions they sell in. By helping those businesses, we are helping to accelerate e-commerce in those regions. Accelerating e-commerce leads to stronger economies, which in turn leads to higher standards of living and more economic freedom for ordinary people.

In 2019, our focus was on the carve-out and sale of our issuing businesses, as well as the acquisition and integration of Allpago.

In 2020, we were firmly focused on growing our core business, resulting in a 45% growth in revenue. In 2021, we are committed to going beyond this achievement in 2021.

We will develop our existing relationships, activate more payment methods on our platform, and on-board even more merchants. By doing so, we will be helping our customers to grow.

And by helping them grow, we will be empowering consumers around the world.



Customer satisfaction

We help our partners – payment service providers, gateways, banks, and enterprises with payment platforms – break into global markets and gain new customers.

It is all made possible by our local payments infrastructure, designed to help companies avoid the costs and complexities of integrating local payment methods themselves.

By doing the heavy-lifting for our customers, we are able to speed up their time to market. What's more, our deep integrations with local payment methods mean we can deliver market-leading conversion rates at the checkouts.



Human rights

We strongly respect the dignity of all human beings across our global organization. Our business model is based on high-skilled labour and white-collar work.

We are proud to say we have not been involved in any potential human rights violations.



Social commitment

We have organised and participated in a number of fundraising campaigns carried out on a yearly basis.

The proceeds of such have gone to a number of good causes, including local food banks and rainforest protection organizations.



Looking forward

Thank you for reading our first ever 2020 ESG Report. We see it as one step in a continuing journey to become a more socially-responsible company.

We know it may be lacking in data in certain areas. But we believe it demonstrates our commitment in the areas of governance, planet, people, and prosperity.

Looking forward, we will continue to invest time and energy in each of these areas, so we can build upon what we've achieved so far and get better at reporting our progress.

The publication of this report is just the beginning. In the next one, you can expect to see more meaningful metrics and targets, all geared toward helping the planet hit zero emissions by 2050 and to help further the goals of greater diversity and equality.



