

ESG Report

This report provides stakeholders with a guide to the way in which Equals deals with the three core tenets of ESG, namely:

Environmental

Social

Governance

This Annual Report has already dealt with governance in detail in its report on Corporate Governance on pages 23 to 27, however there are some other aspects which are reported in the Governance section below.

1. CORPORATE CULTURE

Underpinning everything the Group does – and seeks to do – is its culture and values. The core elements of this are articulated below:

- **Make it happen:** We will own the outcome and execute flawlessly against our plans. We need to deliver our part and influence others to deliver theirs.
- **Succeed together:** We must pull in the same direction and bring out the best in each other. We need to communicate effectively and adapt together
- **Be the customer:** We should always be asking ourselves if what we're doing is making our customers' lives easier and helping them get more for their money.
- **Go beyond:** We need to care for ourselves and each other and push ourselves to excel. Every day is a new chance to grow and develop ourselves as well as those around us.



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2. ESG – THE ENVIRONMENTAL DIMENSION

The Group has two offices; London and Chester.

The London office in Vintners Place building is managed in accordance with the landlord, CBRE's, sustainability policy which champions recycling and low-emission practices. Vintners Place has an extensive and secure bicycle store and employees are encouraged to commute this way if they can do so safely.

The Chester office, has a number of initiatives aimed at reducing negative environmental impacts. In 2021 energy provider was changed to guarantee that 100% of energy comes from renewable sources – and this also represented a cost-saving for the business. An environmental waste service that separates all our recycling and burns waste to feed energy back into the grid is used. The Group has a Cycle to Work scheme in place to help those employees who wish to participate in it.

A number of employees are provided with a Company car. All such vehicles must either be fully electric or hybrid, and, at Chester, there are electric charging points for these vehicles.

A paper-free initiative was started in 2020, identifying where the use of paper can be eliminated. The quantity of copier paper ordered continues to be modest.

The ongoing partnership with Wales Recycles has enabled the Group to donate unused or retired devices to be wiped or refurbished and then given to local schools and underprivileged members of the community. A similar scheme has been launched for the London office.

Part of the forward-looking strategy is to formalise the Corporate Social Responsibility (CSR) programme, to enable employees to volunteer within working hours and offer their time and expertise for the benefit of local voluntary and community groups.

An Employee Carbon Emissions Survey was conducted in 2021 to calculate the average carbon footprint of employees whilst at work. This has allowed the Group to offset the individual carbon footprints for the entire workforce. Whilst pleased with this outcome, the next step is to assess where energy use and carbon emissions across the business can be reduced.

Responsible procurement

The environmental impact of the Group's supply chain is another important consideration. Since 2021 a new due diligence procedure was introduced to incorporate ESG criteria; questions address suppliers' own sustainability programmes, whether they screen environmental and social impacts, and how they engage with and determine the interests of their key stakeholders.

With the exception of staff, the next most significant area of expenditure remains third party IT and communication supplies, followed by costs incurred by other service industries such as law, accounting, and compliance advisory firms. As part of the Group's upcoming assessment into reduction strategies, the practices of suppliers are reviewed.

Giving back to the community

In considering societal impact, the Group wishes to give employees the opportunity to get involved and support is provided to employees in their endeavours, making a number of charitable donations and allowing the workforce to select charities that will receive the Company's donations.

IMPACT ON THE GROUP	2022	2021	2020
Total employee carbon footprint offset	491 tonnes	346 tonnes	n/a
Number of devices donated	–*	15	–
CHESTER OFFICE			
Energy use			
- Total energy use (KwH)	41,062**	42,875	n/a
Paper use			
- Number of sheets of headed paper ordered	30,000	40,000	40,000
- Number of sheets of copier paper ordered	6,500	7,000	25,000
LONDON			
Paper use			
- Number of sheets of paper ordered	37,500	25,000	3,000

* No devices were donated in 2022 as a result of replacing old desktops with new laptops for certain employees, 2023 shall see an increase in devices donated.

** Direct measurement basis used. Vintners place not included as a result of limitations of any allocation methodology, due to shared office space

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3. ESG – THE SOCIAL DIMENSION

Engaging with our stakeholders helps the continued success of our business; stakeholders provide different perspectives and expertise that can drive innovation and support our strategic direction and financial performance. We engage regularly with our stakeholders, through both direct communications and our reporting, which we ensure accurately reflect the performance of the business. We also appreciate that each stakeholder group has different interests and concerns, and we therefore tailor our method of engagement with each appropriately.

3.1 EMPLOYEES

We are passionate on making Equals a rewarding place to work and to foster attraction and retention of employees by developing our recruitment practices, offering more opportunities for growth and progression, and sharpening our focus on equality, diversity and inclusion (EDI) to ensure we are accessing the broadest pools of talent. In doing so this has resulted in a motivated workforce that feels more connected than ever to the business and its success.

The recent initiatives introduced by the Group include:

- Ex-gratia bonus schemes to help employees with cost of living – two awards were made in 2022,
- All-employee Share Incentive Plans; grants were announced in both 2021 and 2022 giving eligible employees up to 7976 shares in the Company to vest over a four year period,
- Key-employee LTIP programme which identified around 40 key staff below board level and that granted 4,245,000 share options over two years up to 44 employees,
- The Group has a referral program which allows employees (below the level of executive) to financially benefit from direct employee introductions and hence avoid paying recruitment fees externally,

- Flexible working
- Visa sponsorship
- Mental health support
- Healthcare and life assurance schemes.

Employee communication

The Group has a strong ethos of employee communication with “All Hands” being held every two weeks; Monthly Own The Outcome (OTO) awards; annual OTO Awards ceremony and strategy presentation from the CEO; use of our internal communications platform; and Base Camp days celebrating achievements and outlining strategy. To take advantage of Zoom, many departments themselves hold weekly “all-in” sessions to discuss progress, initiatives and problems.

EDI

Ensuring that equality, diversity and inclusion considerations are embedded within all facets of our business is a key priority. In 2021 we developed a new EDI strategy, and we were very pleased to introduce pronouns on our internal communications platform, to allow our employees to indicate their preferred pronouns. We conducted a review of our recruitment practices and now include an EDI statement in all job advertisements for the Group. This also supports our ambition to access diverse pools of talented candidates and demonstrate that we are an employer that can support the employees in different circumstances with flexible working practices.

Contractors

The Group regularly uses contractors in the UK and overseas to assist chiefly with engineering projects. These people are regarded as part of the Equals family and are offered the same working conditions and communication systems as regular employees.

The table below provides as summary of the number of staff within the Group based on the average for the financial year:

EMPLOYEES	2022	2021	2020
Employees by employment type			
- Number of full-time employees	255	242	268
- Number of part-time employees	13	12	9
- Number of temporary employees	0	9	8
Diversity and inclusion			
- Number of women at Board level	1	1	1
- Number of women in workforce	97	85	78
- Percentage of women in workforce (%)	36%	32%	29%
- Number of people from ethnic minorities at Board level	0	0	0
- Number of people from ethnic minorities in workforce	32 (declared, not compulsory to complete)	15 (declared, not compulsory to complete)	13 (declared, not compulsory to complete)
Employees paid a national living wage (%)	100%	100%	100%

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3.3 CUSTOMERS

The Group prides itself on providing a high level of customer service. We don't get it right all the time, but we aim to!

At the heart of this is our initial and ongoing engagement with our customers to enable us to understand their requirements and maintain clear and transparent communication with them. To this end, we have adopted the following approach:

- Created one centralised customer identity management system (Hubspot)
- Robust customer complaints process
- Logging dissatisfactions to drive improvements
- Have a Treating Customer Fairly policy, and conduct training
- Responding to customer feedback and implementing quick fixes
- Three channels for customer services
- 2 weeks of training for new starters in customer services and ongoing training for all customer services staff
- System for flagging suspicious activity

In addition, we have an obligation to identify and protect vulnerable customers. To this end we have:

- Increased awareness for customer vulnerability across the entire Group
- Rewritten the Vulnerability Policy
- Put together customer vulnerability training and delivered to customer-facing senior managers

In order to be accessible and responsive to our customers, we maintain three key channels for receiving queries:

- phone calls,
- email
- live chat.

We have a target in place to ensure that customers wait no more than 30 seconds before their call is answered and email queries will be responded to within the working day, and utilise live chat to enable even faster responses from the team.

To ensure our Customer Services Team are best placed to provide the support required, we provide 2 weeks of training for all new employees, followed by ongoing training including support when they begin receiving customer phone calls. Additionally, all customer services employees receive Anti-Money Laundering (AML) and cybersecurity training, and in 2022 we have also completed vulnerable customer training. The integration of our online training platform, Meta Compliance, will support this programme, increasing

accessibility to the training modules and enabling us to monitor rates of completion and send reminders to employees when necessary.

In addition to our three key communication channels, we also receive customer feedback through our Trust Pilot and app review pages, and we reach out to all customers who express dissatisfaction to see if we can improve their experience. We are very proud that both FairFX and Equals Connect are rated as 'Excellent' on Trustpilot. Messages to our social media pages – Twitter and Facebook – are filtered into our ticketing system, so that the team can stay on top of all feedback provided.

We have a robust complaints process in place. Following receipt of a complaint, our key objective is to resolve the issue within three business days and send a summary resolution to the customer. In the event of an issue not being resolved within that time period, the Complaints Executive is brought into both investigate and to advise the customer on the timescale for resolution, to ensure the customer remains informed. We are very proud that our Customer Services Team continues to close 100% of all complaints and that, in 2021, over 85% of complaints across the Group were closed out within 35 business days. If we identify a complaint that we feel has not been dealt with effectively, we conduct a root cause analysis and the Complaints Executive will feedback to the team and provide guidance on where the process could have been improved.

Concurrently, we log dissatisfactions. Whilst these are not complaints, tracking all feedback from customers can drive improvements across the business, as we can identify if an issue (albeit a very small issue) is repeatedly arising and then implement a change to improve our service. Our dedicated AIM channel provides another medium through which both employees and customers can feedback with suggestions. These are reviewed regularly, with an assessment of the resources available to make immediate changes and discussion with the Product Team as to what can be achieved.

There are fortnightly meetings with Customer Services Managers, chaired by the Complaints Executive, in which all ongoing complaints, feedback from completed investigations, and necessary changes to internal processes are discussed. Conduct and reputation risk indicators, including complaints, Trustpilot reviews, and vulnerability, are fed back on a quarterly basis to the Subsidiary Board meetings, and information is also provided to the Group Risk Committee.

An important innovation to our processes has been the creation of one central customer identity in our Customer Relationship Management (CRM) system. By centralising this customer information, we aim to improve customers' internal data lifecycle.

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Safeguarding our customers

To ensure the continued protection of our customers we maintain transparent, fair practices and update processes to make sure they are fit for purpose. Our Treating Customer Fairly (TCF) Policy, developed in line with the Financial Conduct Authority's (FCA) Principles, encapsulates the best practice we expect of our employees at all levels of the business, and this is reinforced through our TCF training.

Since 2021 we introduced a new policy on the processing of Faster Payments to strengthen security, including updating the personal identifying information we ask for from customers

and addressing the value at which payments must be checked before they are processed. The process of updating all our existing policies and procedures is ongoing, as we want to ensure all are in line with Group expectations.

Details of our fees are available on our websites and included in our FAQs. In addition to providing annual AML training, there are controls in place in the system to recognise and flag unusual activity, including customers who are potentially being scammed. A member of the team will raise anything suspicious with the Anti-Fraud Manager, who will then consider further action as necessary.

Feedback from customers

CUSTOMERS	2022	2021	2020
Trust Pilot scores			
- FairFX	4.4	4.6	4.6 – Excellent
- Card One Money	4.4	4.6	4.6
- Equals Connect	4.7	4.9	4.9 – Excellent
Training			
- Number of hours of customer services training available	25+ hours	25+ hours	25+ hours
Calls			
- Calls answered within 30 second target (%)	80%	80%	80%

	2022	2021	2020
Percentage of complaints closed (%)			
FairFX	100%	100%	100%
Spectrum Payment Services	100%	100%	100%
Fair Payments Limited	100%	100%	100%
Equals Connect	100%	no complaints	no complaints
Percentage complaints closed in less than 35 business days (%)			
FairFX	95%	87%	60%
Spectrum Payment Services	91%	85%	67%
Fair Payments Limited	93%	92%	72%
Equals Connect	80%	no complaints	no complaints

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3.4 SUPPLIERS

The key issues for us with suppliers are:

- Their integrity
- The reliability
- Their governance and business ethics

Many of our suppliers have been with us for a number of years and hence we have built up a good understanding of them and their values. For all new significant suppliers, we ask them to complete a due-diligence questionnaire and annually review the supplier.

3.5 REGULATORS

Equals endeavours to have an open dialogue with every one of its regulators. We constantly seek demonstrate our high standards of governance and business ethics, this may range from telephone and email communication, the prompt and professional responses to queries they may have, and the timely submission of all scheduled returns (examples: corporation tax, vat, P60's compliance returns).

Subsidiaries of the Group have licences from a variety of regulators and these are updated on our investor relations website, the link to which section is: <https://www.equalsplc.com/content/company/our-permissions>

3.6 BANKS AND LIQUIDITY PROVIDERS

Equals has banking relationships with a number of banks and liquidity providers. We are in regular – often daily – contact with these and at all times adhere to the rules and customs imposed on us by these banks. The principal banking/liquidity partners we have include: Citibank, Barclays, NatWest, Crown Agents Bank, Blackrock, Valitor, Suden and Velocity.

3.7 SHAREHOLDERS AND THE ANALYST COMMUNITY

Shares in Equals Group PLC are publicly traded on London's AIM. Under AIM rules we are obliged to have a NOMinated ADvisor ("NOMAD") and broker with whom we work closely on all AIM and MAR (Market Abuse Regulations) matters.

The broker is the prime interface with our shareholders.

In 2022, in addition to the Annual and Interim results, Equals released four trading updates. At the final and interim results, the Executive directors present the results to investors and handle regular analyst calls. Our investor presentations and audio-casts are included in our Investor Relations website, the link to which is here: <https://www.equalsplc.com/content/investors/results-and-reports>



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4. ESG – THE GOVERNANCE DIMENSION

To execute our strategy flawlessly we maintain strong governance practices. These practices are streamlined and harmonised across the Group. Our full Report on Corporate Governance is on pages 23 to 27.

4.1 IT and data security

As a financial services business, IT and data security is critical; we endeavour to continually improve our cybersecurity procedures and have focussed upon increasing security awareness among our colleagues.

Central to cybersecurity for the business is having robust oversight and effective governance. The importance of IT and data security is driven from the very top of the business, with CEO recognition and direct involvement in cybersecurity

matters. The Security Council, Architecture Council and Technical Risk Committee oversee, among other matters, the security design and risk associated with our systems and are all accountable to the Group Board.

There are strong lines of communication between the Executive Team and the Security and Architecture Councils, with regularly scheduled meetings and dedicated channels on the internal communications platform allowing a continual flow of information. There is ever-present Executive and senior management participation at the Technical Risk Committee, which facilitates appropriate communications upwards within the business when required. To support the secure operation of our IT systems, there are a comprehensive series of security policies and procedures in place¹, and employees are updated on any material changes to the policies.

Security Council	Architecture Council	Technical Risk Committee
<p>Chair: Chief Product Officer</p> <p>Purpose:</p> <ul style="list-style-type: none"> • Evaluate security threats to the group, • sign off new technical decisions or system changes, • sign off new third party integrations, • ensure compliance with relevant regulations, • maintain certifications as required (such as PCI), • organise and evaluate penetration testing, • maintain DR & BCP plans, • write appropriate group policy on security 	<p>Chair: Head of Architecture</p> <p>Purpose:</p> <ul style="list-style-type: none"> • To review architectural sign off requests • To discuss new architectural changes • To review practices and standards • To create architectural control for auditing purposes 	<p>Chair: Head of Infrastructure</p> <p>Purpose:</p> <ul style="list-style-type: none"> • To maintain a technical risk register • To feed risks up to the Group Risk Committee • To risk assess and discuss the outcome for changes to the status quo

Cybersecurity encompasses oversight of all manner of security matters including ensuring Payment Card Industry (PCI) compliance, annual targeted penetration testing, and monthly vulnerability scanning. We conduct an annual audit of our existing technology suppliers to ensure that they are still meeting the required standards. Whenever we engage a new supplier, we run data protection checks, and if the supplier is providing a core service, we conduct an in-depth assessment and the organisation is incorporated into our Business Continuity & Disaster Recovery Procedure, for which the Security Council has signed off.

4.2 Continuous improvement

IT and data security practices are constantly improved, as we react to developments and implement adjustments to existing systems and procedures to facilitate efficiencies. In the past year, we undertook a number of such actions. The appointment and retention of a Cybersecurity Manager in 2021, solidifies the seriousness with which we approach IT and data security, and highlights our drive to make security a way of life rather than an add-on to the working day.

¹ Policies and procedures for IT and data security: Cloud Storage Usage Policy; Computer Usage Policy; Data Classification Policy; Data Protection Impact Assessment Procedure; Data Protection Policy; Data Retention Policy; Instant Messaging Policy; Password Policy; Business Continuity & Disaster Recovery Procedure.

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Since 2021, we commenced the process to achieve ISO 27001 certification. The Chief Technology Officer (CTO) is the Executive Sponsor of the initiative, and it is being driven by the Cybersecurity Manager. The gap analysis day took place in October, conducted by our external certifying approver, with the objective to become accredited within 2023.

To ensure that concerns flagged are dealt with effectively and efficiently, employees that raise an issue are now invited to attend the Security Council meetings which means that the issue is articulated to the Council first-hand. We will also simplify the issue identification and information sharing process to enable ease of use and understanding.

As internal employee actions pose the greatest risk to IT and data security, the overarching objective is to raise awareness for cybersecurity across the Group. We have begun targeted phishing campaigns on our own staff to improve awareness and reduce the risk of employees clicking through on suspicious emails.

All employees must complete annual security awareness, general cyber and data security, GDPR and AML training. With the integration of our new online training platform, Meta Compliance, we can monitor levels of training completion, and push out reminders via email and our internal communications platform. We will be introducing security awareness training as part of our onboarding process for new employees. Meta Compliance will also enable the setting of KPIs to measure ongoing performance, as well as monthly mini-training sessions on different IT and data privacy topics.

4.3 Privacy of customer data

We handle sensitive customer information, thus our data privacy practices are of paramount importance, and we

approach all data security scenarios from the perspective that no employee is necessarily secure. We have two-factor authentication for all systems that contain customer data. Where an employee must use a personal device for work, we require the use of remote sessions to ensure that information cannot be exported. Customers are also kept informed of the information we will ask from them, to mitigate the risk of external parties accessing their data whilst posing as an employee of Equals.

4.4 Risk management

We increased the capabilities within the risk management side of the business. Fundamental to this has been the onboarding of our new Group Head of Risk and Compliance, who has restructured the risk and compliance framework to ensure that it underpins business operations and supports our financial objectives. There is a Risk Committee for each operating subsidiary undertaking. There is a Change Council, comprising of senior members of staff, which receives suggested changes and advise on the potential governance, operational, and customer impacts before further investment is approved.

4.5 Governance and business ethics

We continue to strengthen our internal governance and ensure we are conducting business correctly even when we are not being scrutinised. We have created a conduct policy, rolled-out in 2022 alongside a wider conduct framework. Using our new online training platform, "Meta Compliance+", we are also able to deliver compliance and ethics training easily.

We have established better feedback loops and our internal knowledge sharing has greatly improved. As a result of our continued harmonisation efforts, we are now better placed as a business for innovation and improvement of the customer experience.

OUR GOVERNANCE	2022	2021	2020
Number of data breaches	–	–	–
Employees completed Meta Compliance Security Awareness training (%)	98.3%	95.6%	90%
Employees completed Meta Compliance* Anti-Money Laundering training (%)	97.2%	98.1%	–
Employees completed Meta Compliance* GDPR training (%)	95.3%	74.6%	–