

Payhawk Impact Report 2023

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Welcome to our first Payhawk Impact Report

We're proud to present our first Impact Report. We recognize that our journey toward environmental and social responsibility is ongoing, and while we're not perfect, we're committed to learning and improving each year.

Our roadmap for this journey is guided by the B Corp Impact Assessment (BIA) we've been using since 2021. The framework helps us benchmark our efforts and identify areas for improvement and is followed by many other companies. So far, it's given us valuable insights into our performance across various Environmental, Social, and Governance (ESG) criteria.

To date, our BIA score is below 80, which is the minimum score required to apply for certification. However, since we started completing the assessment in 2021, we've improved our score every year. We've also identified gaps in our governance and community aspects, which we've addressed and continue to enhance. In addition, in 2022, we started using another tool to measure our carbon footprint: Plan A.

Our team is our greatest asset, and we recognize that many of our current and prospective employees are deeply committed to making a positive global impact. The new generation of professionals is increasingly conscious of their employers' social and environmental footprint. By making Payhawk an attractive workplace for top talent who share our vision of a sustainable and equitable world.

All our above efforts have been achieved through the dedication and passion of a talented group of volunteers within our organization. Their commitment to making sustainability a core value of our company culture is truly inspiring. Their hard work and innovative ideas have driven our sustainability initiatives forward.

At our current stage of growth, it can be challenging to dedicate as much attention to sustainability as we would like. However, we're taking the right measures to understand our impact across all our locations. By doing so, we're laying the foundation for a more comprehensive approach to sustainability that will grow alongside our company.



Letter from our CEO

Reflecting on the past year

In 2023, we achieved significant milestones in our commitment to positive societal impact at Payhawk.

Firstly, we **amended our Articles of Association** to formalize this commitment. This impact report fulfills a requirement of that amendment, but more importantly, it allows us to share our efforts with you transparently.

A major highlight of the year was the **launch of Payhawk Green** in September 2023. This new product feature, free of charge, enables users to estimate the carbon emissions from all their card transactions, simplifying Scope 3 emission measurements.

In partnership with Plan A, we **accurately measured our carbon footprint** across all our offices for 2022 and 2023.

Lastly, we hired a **new Chief People Officer** (starting in 2024) to drive our DEI and Social policies.

Looking ahead

As we look to the future, we're excited about the possibilities that lie ahead. We're committed to continuous improvement in all areas of our business, with a particular focus in 2024 on enhancing our social responsibilities towards our employees and the community. Our commitment to being a responsible and impactful company is unwavering, and we will continue seeking new ways to make a positive difference for our employees and community.

Thank you for being part of this journey with us.

Warm regards,



Hristo Borisov
CEO and Co-founder, Payhawk

A handwritten signature in white ink that reads "Hristo Borisov". The signature is written in a cursive, flowing style.

Our ESG journey. A timeline.

Every company decides how to improve its impact, and at Payhawk, we believe it's important to share our approach so that other growing companies can follow our example. Building an impact strategy is complex, and we've faced many challenges along the way, but we also recognize that not having one would mean losing in the long run.

Below, you'll find a quick timeline of our ESG efforts.

October 2021

In October 2021, we established a dedicated Impact Team that meets bimonthly to review our progress, discuss necessary data for the assessment, and draft new policies as needed. We wrote about our commitment in a [blog](#).

January 2022

By January 2022, after gathering data and completing the initial BIA, we achieved a score of 58. While this was a solid start, it fell short of the 80 points required for certification. As an Impact Team we also realized we needed to include data from all our offices, not only our HQ. We held a session with a B Corp expert to better understand the B Corp certification process and timeline.

May 2022

In May 2022, we launched an ESG survey to gather more information. The survey revealed that 82 out of 88 respondents believe it's important for Payhawk to be socially and environmentally responsible. On a scale from 1 to 5, the team rated the importance of working at a socially and environmentally responsible company at an average of 4.25. Additionally, 50% of respondents expressed interest in participating in volunteering activities organized by Payhawk.

January 2023

In January 2023, the leadership team reviewed and discussed the next steps regarding ESG. The Impact Team established a roadmap for ESG in Q1 2023.

July-August 2022

By July 2022, the Impact Team had received all the necessary information from our offices for the previous year, allowing us to proceed with Plan A carbon emission estimations for 2021. In August, we began working with Plan A to develop our carbon emissions strategy. Concurrently, we planned a diversity, equity, and inclusion (DEI) talk by a chosen speaker to be held before the end of the year. This talk only happened in 2023. We also started talking to a carbon estimation supplier about building a feature in Payhawk to allow our users access to carbon emission data.

Our ESG journey. Continued.

February 2023

In February, our Impact Team started collecting environmental data and launched ESG surveys for the France and the Netherlands offices. Subsequently, we compiled all the information from all our other offices. The legal team started the process of amending the Articles of Association to fulfill the B Corp legal requirement.

March-September 2023

From March to September 2023, we focused on gathering information for Plan A, mainly from suppliers and business travel. Nine months after we started, we finally got Plan A's report on Payhawk's 2022 carbon emissions in September.

November 2023

After a key meeting in November 2023, our Senior Leaders and the Impact Team agreed on three key next steps:

- Gathering 2023 data for the BIA to identify gaps to address in early 2024.
- Collecting office data for Plan A carbon emission calculations for 2023.
- Deciding on carbon offsetting for 2022 and 2023.

June 2024

By May 2024, we finalized our BIA with a score of 69.1 points and progressed on Plan A's carbon emissions strategy. In June 2024, during a leadership meeting, it was agreed to implement a volunteer policy, offset our Scope 1 and 2 emissions of 2022 and 2023 and publish our first Impact Report. We also met with a B Corp expert on how to improve our score.

February 2024

As of February 2024, the Impact Team continued gathering data for the BIA and Plan A. We launched the ESG Survey to the team, with a 58% completion rate. 75% of respondents believe that working for a company that is socially and environmentally responsible is important to them. And 91% believe that ESG is important for Payhawk. The Impact team had some delays due to the heavy workload in Q1.



Five lessons learnt from our ESG journey

01. | Build a team and make a plan

Team formation: Assemble a dedicated team to focus on the initiative. If your organization lacks a specific role for this matter, utilize tools that can help guide the process.

Strategic planning: Develop a comprehensive plan outlining goals, timelines, and responsibilities.

02. | Use tools for guidance

Guidance tools: Leverage software and frameworks designed for sustainability reporting to streamline processes and ensure accuracy.

03. | Early data gathering

Start early: Begin collecting data as soon as possible. Initial data collection for carbon footprint analysis can be time-consuming, potentially taking up to nine months to finalize the first report, based on our own experience.

Regular updates: Establish a routine for continuous data gathering to simplify future reporting cycles.

04. | Engage leadership early

Leadership buy-in: Secure the commitment of the leadership team from the outset.

Data-driven advocacy: Present concrete data to illustrate the importance of Environmental, Social, and Governance (ESG) factors.

05. | Highlight ESG Benefits

Talent acquisition: Emphasize how strong ESG practices can attract top talent who are increasingly seeking employers with sustainable practices.

Market and investor access: Demonstrate how ESG initiatives can open new markets and attract investors who prioritize sustainability.

What did we do in 2023?

Governance

In the context of ESG (Environmental, Social, and Governance), governance refers to the system of rules, practices, and processes by which a company is directed and controlled. It encompasses the company's leadership, executive pay, audits, internal controls, and shareholder rights. Good governance ensures that a company operates transparently, ethically, and in the best interest of all stakeholders, which includes employees, customers, investors, and the community.

In October 2023, Payhawk embedded a 'mission-lock' clause within its governing documents, protecting its social purpose against the tendency of some shareholders to prioritize maximizing return on investment above all other factors. A mission-lock clearly establishes from the outset that the company is committed to pursuing important social and ethical goals alongside profit. Investors and shareholders explicitly understand and accept this commitment when they join the company.

"In ESG, governance means the rules and practices that guide a company. It's about leadership, transparency, and ethics. In October 2023, Payhawk added a 'mission-lock' clause to our governing documents to ensure our commitment to social and ethical goals alongside profit. Our 'mission-lock' is a meaningful step that reinforces our dedication to these values, ensuring investors understand and embrace our mission from the start."



Maor Fishman

General Counsel at Payhawk

Workers

Employees are the backbone of any company, and their satisfaction and motivation are crucial to the success and growth of the business. At Payhawk, we recognize the immense value our employees bring to the table and understand that their happiness directly influences productivity, innovation, and overall company performance.

We're committed to fostering a positive work environment where employees feel valued, supported, and inspired to achieve their best. Investing in their well-being and professional development and creating a culture of respect and recognition ensures that our team remains engaged and motivated, which is core to our mission and success.

In 2023, we undertook several initiatives to enhance employee well-being, engagement, and development within the company:

Employee engagement survey: We implemented an employee engagement survey to gather feedback, understand employee sentiments, and identify areas for improvement.

Management training: Management training was provided for all team members to enhance leadership skills and ensure effective team management.

Clear career paths: Clear career paths were established and communicated across all departments, providing employees with a roadmap for career development and progression within the company.

Employee commuting allowance: Since January 1st, 2023, all Payhawk employees are eligible for a monthly commuting allowance of €150/£150/300 лв. The allowance should cover the costs incurred by the employees to get from and to work during business days — all modes of transportation and parking costs, except for fuel.

Community

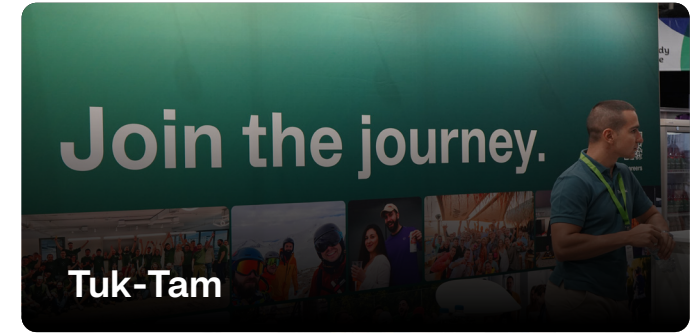
Community evaluates a company's engagement with and impact on the communities it operates within, hires from, and sources from. Topics include diversity, equity & inclusion, economic impact, civic engagement, charitable giving, and supply chain management.

In 2023, Payhawk actively participated in various community activities:



Christmas Bazaar

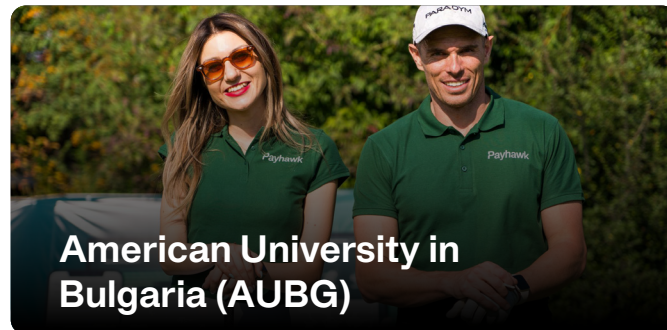
- **Charity bake sale:** Held at our Sofia office on December 15th, raising 4,260.50 BGN for the December cause of 1% Change, which is dedicated to helping the elderly, adults with learning difficulties, and arts and culture veterans.
- **Food donations:** We donated food to Rozovata Kyshta, a support center for people with drug/ alcohol addictions.



Tuk-Tam

Tuk-Tam provides a network of social, educational and career opportunities to students in underdeveloped regions in Bulgaria. We participated in 2 actions with this organization:

- **Hive Annual Event:** Notably, joined a panel discussion during the job fair/networking event and knowledge-sharing platform.
- **Scholarship fund:** A C-suite member was involved in candidate selection for the annual scholarship



American University in Bulgaria (AUBG)

- **Elevate start-up accelerator:** Provided \$10,000 in support and organized a field trip for participants.
- **Charity golf tournament:** Our participation resulted in a named, merit-based scholarship worth \$2,300 for a first-year student.
- **Annual AUBG StartUP conference:** Hristo, our CEO, was a keynote speaker at this event.



Dimitar Berbatov Foundation

- **Charity football tournament:** Payhawk participated with two teams, contributing 10,000 BGN to the foundation, which is dedicated to supporting Bulgarian youth's education and talent development.



Teach for Bulgaria


- **Inspirational Leaders Charity Auction:** Hristo, our CEO, participated in raising 80,000 BGN for the Bulgarian education charity by offering the opportunity to work with him on a personal idea.
- More actions are planned for 2024, such as a tennis tournament to raise funds to improve education in all Bulgarian schools.


Community continued

In 2023, we started our commitment to Diversity, Equity, Inclusion, and Belonging (DEIB) by organizing two employee workshops. [Vessy.com](https://vessy.com) conducted these workshops, and despite being non-mandatory, more than 50% of participants joined, reflecting strong employee interest and engagement in DEIB topics. The sessions provided:

- An in-depth understanding of DEIB.
- Addressing unconscious bias.
- The importance of allyship.
- The practical steps towards fostering an inclusive workplace.

Intro into DEIB


 **June 14th**


 **Attendance:** 115 - 133 employees

 **Agenda:**

- What are Diversity, Inclusion, and Belonging?
- Areas of DEI and Intersectionality
- Why should any business be concerned with DEI?
- Privilege, Allyship, and Unconscious Bias
- DEI and Your Values
- DEI and Your Business
- Q&A Session

From Unconscious Bias to Conscious Inclusion

 **June 21st**

 **Attendance:** 125 - 140 employees

 **Agenda:**

- Understanding Unconscious Bias Requires Knowledge
- Communicating Requires Empathy
- Transforming Unconscious Bias into Conscious Inclusion Requires Action
- Allyship = Knowledge + Empathy + Action
- Q&A Session

Environment

In 2023, we once again measured our carbon emissions in partnership with [Plan A](#). To compile our annual carbon emission report, we must gather data from all our offices, including electricity usage, heating, and waste. Additionally, we conducted a staff survey to understand commuting patterns, which is relatively straightforward. The most challenging aspect is collecting data for Scope 3 emissions. Our finance team meticulously reviews all transactions, categorizing them to calculate the emission factors. Furthermore, we must examine each business trip individually to record the origin and destination details.

In 2024, we aim to streamline these processes to minimize the amount of manual effort involved. The table below displays our carbon emissions for 2022 and 2023, revealing that most of our emissions are indirect, falling under Scope 3. Within Scope 3, most emissions are associated with procuring goods and services. We're currently discussing with a European carbon offset provider to offset our emissions.

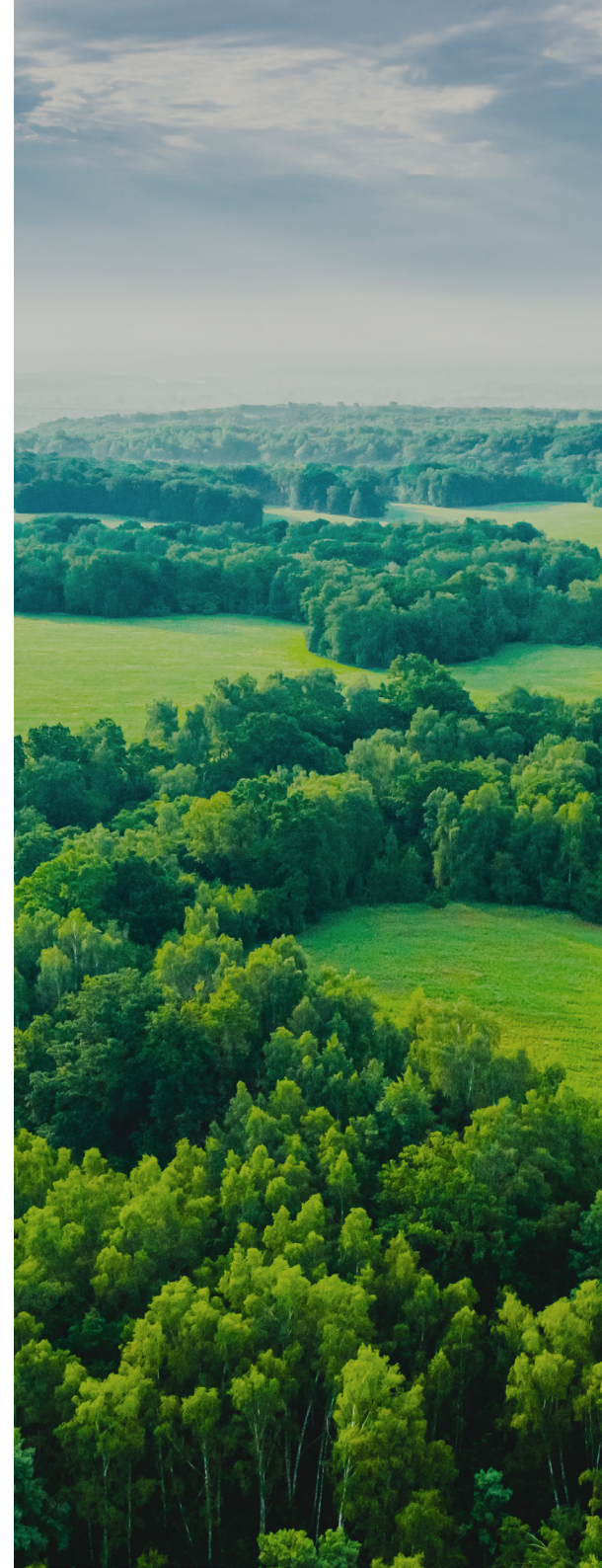
	Scope 1	Scope 2	Scope 3	Total
2022	0	115.16	3,538.46	3,653.10
2023	0	37.27	4,189.76	4,227.02

Customer goals

At Payhawk, our customers are our main stakeholders, and our culture reflects this by ensuring that everyone is dedicated to Customer Success in addition to their primary roles. This commitment to our customers is a cornerstone of our company values.

Since 2022, we've been collaborating with our partner [Lune.co](#) to provide our users with carbon estimations based on their card spend. An previous survey revealed that 65% of our customers were very interested in accessing carbon estimation information.

In September 2023, [we successfully launched the carbon estimations feature](#). To date, hundreds of accounts have enabled this feature, demonstrating strong customer interest and engagement. We're committed to continuously improving this feature to better serve our customers and support their sustainability goals.



Goals for 2024

Our primary objective for 2024 is to cultivate employee satisfaction and retain top talent in the market. As our team continues to grow, we aim to attract the best and brightest individuals. We plan to implement a comprehensive health and sports program, a robust learning and development initiative, and an employee volunteering policy to achieve this. Internal surveys have highlighted the significance of these programs to our current staff, reinforcing our commitment to their well-being and professional growth.

Regarding community, we would like to build a civic engagement and donations policy focusing on sports and education initiatives.

We're further strengthening our compliance culture by introducing various whistleblowing policies on group entities, initiated by the Whistleblowing regulations across EU and the UK.

On the environmental front, we're committed to initiating our offset program focusing on Scope 1 and 2 emissions and developing a comprehensive emissions reduction strategy. This approach aligns with our dedication to sustainability and our responsibility to mitigate environmental impact.

Finally, for our customers, we would like to improve the carbon estimation feature so that it estimates data from other types of spending, such as mileage.



Governance

- Implemented corporate regulations and policies that allow for hybrid and online meetings of our Management Boards and Boards of Directors to limit travel.
- Implemented the B-Corp Legal Requirement in the Articles of Association of Payhawk Limited



Workers

- Implement a health and sports benefit program
- Implement a Learning and Development Program
- Implement an employee volunteering policy
- Evaluate employees satisfaction with benefits program to understand the value of a an Employee Assistance Program



Community

- Create a Civic Engagement and Donations Policy with sports and education as main areas of engagement.



Environment

- Offset Scope 1 and 2 emissions of 2022 and 2023
- Start tracking water usage in all our locations (necessary for B Corp not Plan A)
- Streamline data gathering for carbon emission reporting



Customer goals

- Improve Payhawk Green carbon estimations feature to include other types of spend

Payhawk