



ESG REPORT 2022

ZUMO[®]

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Message from our CEO

ESG has in its time run the risk of becoming a belaboured term. But if there was one thing we learnt amidst the volatility of the digital asset industry in 2022, it was the need to find ways to be truly sustainable: environmentally, of course, and also in the way we conduct our business, and the values we live and present to the wider world.

It's an ethos that has guided Zumo in its journey to date - and why sustainability in all its facets is a value we have aimed to embed at the core of the Zumo business from day one.

Today, we believe that the ESG imperative is clearer than ever:

- We must drive decarbonisation in our business and in the wider digital asset sector - and be clear and transparent in how we document that journey.
- We must commit to values-based principles and codes of conduct that govern the way we do business - both those we work with and those we serve.
- And we must be diligent in setting the standards and building the operational resilience - good governance, regulation and trust - that supply the engine to succeed.

In that spirit, we are delighted to share with you today the inaugural Zumo ESG report documenting our business's progress in these areas in the calendar year 2022, and reiterating our commitment to move-the-dial environmental action, fair and ethical business, and resilient operations and governance.

Recognising the scale of the journey still left ahead, we hope it serves as both a waymarker and public record of what we are doing and why we are doing it, as a business and as an industry.

Reaching the ultimate vision of harnessing the benefits of blockchain technology for all will rely on responsible, sustainable models of business, and we look forward to building on this foundation in the months and years to come.



Nick Jones
CEO at Zumo

About Zumo

We believe everyone should have access to sustainable finance, and that blockchain has the power to deliver this globally. Our mission is to provide a better planet for digital assets, delivering sustainable, accessible and secure ways to unlock the benefits of web3.

As an enterprise-focused digital-asset-as-a-service platform, our API-based infrastructure offers a fast, flexible and compliance-sensitive route to market, empowering fintechs, banks, asset managers and brands to offer their clients the tools of the future simply, securely and sustainably while also opening up new revenue streams, attracting new customers and supporting customer retention.

A values-driven business, we have underlined our commitment to a fairer society and a sustainable planet with an ambitious 2030 net zero strategy encompassing our own business; the blockchains we work with; and the wider digital asset ecosystem. Carbon-neutral since inception, we're committed to ongoing collaboration in the decarbonisation of the digital asset industry. We were an early signatory of the Crypto Climate Accord; the first digital asset business to receive UK government funding from the UK's national innovation agency, Innovate UK, to further our applied work on the decarbonisation of digital assets; and are a key contributor to industry guidance on the energy consumption of blockchain, working in tandem with the World Economic Forum and the GBBC.

Our infrastructure also powers the direct-to-consumer Zumo App, launched in the UK and registered with the Financial Conduct Authority (FCA).

Our values



Inclusion inspires

Zumo is accessible and useful to people everywhere. We believe the benefits of crypto and blockchain are for everyone. We seek to ensure our decisions and actions benefit people and the planet.



Unshakable commitment

We treat everyone in a respectful way. We provide a laid-back environment to ensure great productivity. We bring our A-game to work every day.



Transparency wins

Everything we build has usability and security at its core. We seek to make the complex seem simple, and we don't use jargon. In every situation, we speak the truth.



Love the adventure

We do not take the easy path unless it's the right one. We are constantly exploring to find the best way. We accept failure as part of the road to success.

Environmental

A note on scope: this environmental section of the ESG report is deliberately focused on carbon footprint and climate reporting, representing the single material part of Zumo's environmental impact based on its current operations. This is not to deny the importance of other considerations such as waste or water usage; however, since these are currently less relevant in the Zumo context, they are not covered in this report.



01. Zumo's net zero strategy

At Zumo, we have always been clear that for digital assets to realise their long-term potential, the business models we create must be environmentally sustainable – and leverage the native advantages we have as a sector.

Therefore, our pledged goal as a company is net zero by 2030, in our own business and in the electricity consumption associated with our digital asset-related operations.

In line with that ambition, our publicly shared **2030 net zero strategy** outlines a three-pillar roadmap encompassing our own business; the blockchains we work with; and the wider digital asset ecosystem.

Our 3 pillar commitment



Fig. 1: An overview of the three pillars of Zumo's net zero strategy

Specifically, this means:

- Committing to climate neutrality for the Zumo business¹: avoiding emissions where possible, reducing remaining emissions, and offsetting any residual emissions using a certified scheme (see the 'Carbon footprint data' section for our full 2022 report).
- Practically addressing the ways in which to neutralise the carbon footprint of digital asset holdings and transactions associated with the blockchains we support in Zumo or Zumo partner products (data for which also reported later in this chapter).
- Actively contributing to supporting industry-wide commitments, driving conversation and shaping the sector frameworks and guidelines that allows individual action to translate into lasting impact across the ecosystem (more about which in the '2022 progress report' that follows).

1 - Includes scope 1, scope 2 and non-blockchain-related scope 3 emissions, please refer to appendix 2 of this report for scope 3 screening.

The digital asset sector is a young sector with huge potential. We remain stubbornly optimistic that by acknowledging the urgency of the decarbonisation imperative - and taking strong, purposeful action today - we and the digital asset sector have the opportunity to lead the way in guiding the critical next steps in the maturation of the industry and showcasing what sector-wide decarbonisation could look like.



02. 2022 progress report

2022 was a year of significant positive momentum in the decarbonisation of digital assets - from a Zumo perspective, and in the wider industry.

In line with Zumo's overarching net zero strategy, this progress report section details the specific actions Zumo took in 2022 and the tangible progress that was made over the year.

Zumo's sustainability journey

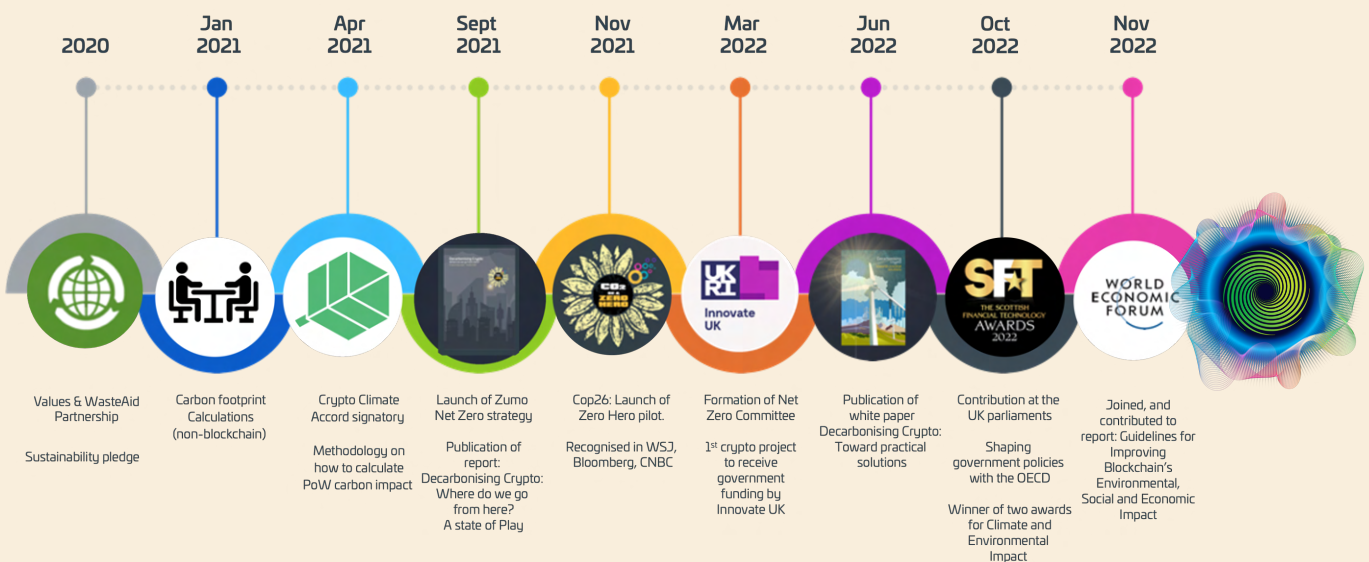


Fig. 2: An illustrated timeline of Zumo's sustainability journey to date

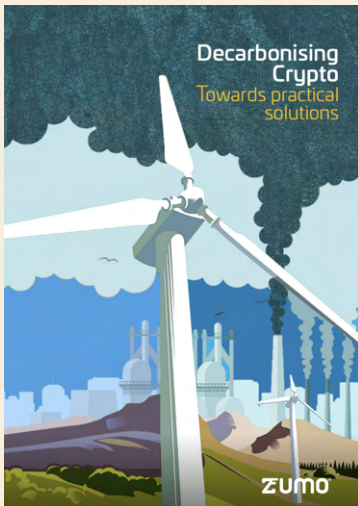
Practical action

Having invested significant time in 2021 carefully laying net zero strategy groundwork, preparing potential attribution methodologies for blockchain electricity consumption and collaborating with leading representatives of the ecosystem to frame the problem to be addressed in the most accurate way possible, 2022 was for Zumo a year of practical testing.

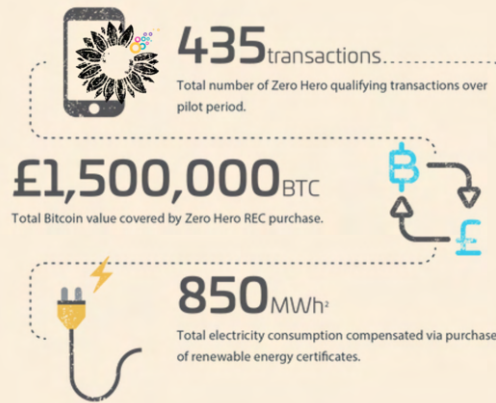
Running over the first part of 2022, the 'Zero Hero' pilot was a first practical test run by Zumo to apply its proposed methodologies to attribute the electricity consumption of bitcoin in a fair and transparent way. The goal: live test a way to offer Zumo customers a means to compensate for their bitcoin purchases based on the procurement of renewable energy certificates (RECs).

A short definition of RECs

A Renewable Energy Certificate (REC) is a market instrument that represents a verified claim to one MWh of clean energy generation. RECs allow energy consumers and market participants to produce renewables where renewables may not have been available at point of use, or on a shared grid, and therefore have a central role to play in scaling the renewable market.



By the numbers



*850MWh = 50BTC assuming 17MWh per Bitcoin (please refer to 'Decarbonising Crypto - towards practical solutions' for calculation details).

Fig. 3: Illustrated results of the Zero Hero pilot project to compensate for Bitcoin electricity consumption with Renewable Energy Certificates

Proving both the need and client-side demand for digital asset decarbonisation, the test bed of the Zero Hero pilot provided a valuable opportunity to analyse and refine methodologies, and gather data and insights in a live environment.

In June 2022, the results of the Zero Hero pilot programme were fed into a comprehensive review and analysis focused on the outcomes of the Zero Hero pilot implementation and a wider solutions discussion of preferred methodologies to calculate electricity consumption and the details of REC procurement.

In this context, in June 2022 Zumo became the first digital asset business to receive UK government funding from the UK's national innovation agency, Innovate UK, to continue its work on the decarbonisation of digital assets.



Zumo receives government funding to continue crypto decarbonisation push

In June 2022, following a successful app-based pilot project to buy Renewable Energy Certificates (RECs) to account for the electricity usage associated with bitcoin purchases, Zumo and its partner were awarded a grant by Innovate UK, the UK's national innovation agency, to further fund research into the decarbonisation of crypto. The RenewableCrypto project has seen Zumo working with partners to find practical ways in which wallets and platforms can scale the use of renewable energy.

Knowledge sharing

Zumo has always aimed to be transparent and open in documenting its journey and thinking. In 2022, we continued our 'Decarbonising Crypto' report series with a practical solutions paper that lays out in further detail some of the key progress and considerations encountered over 2022.

In addition, the business has continued to be extremely active in representing its views in the wider industry, with highlights including panel and events appearances at COP27 fringe events, Money 20/20, the Impact Summit, Westminster Business Forum and the Sustainable Blockchain Summit, a guest speaker invitation to the University of Stathclyde's MSc in Financial Technology, and media features including the WSJ, Bloomberg and CNBC.

Driving progress

A lot of this work has interacted with the third 'ecosystem' pillar of the Zumo net zero strategy - where collaboration is vital and the maximum impact can be achieved.

In 2022, Zumo was privileged to contribute to, and align with, a number of active wider collaboration projects driving progress in the digital asset decarbonisation space. These included invitation and active input as a coalition member to the Energy Usage working group of the **World Economic Forum's newly created Crypto Sustainability Coalition**; feedback and contributions to the **RMI/Crypto Climate Accord's Guidance** for Accounting and Reporting Electricity Use and Carbon Emissions from Cryptocurrency (December 2021) as well as the **guidance** output of Global Digital Finance's ESG working group; and input to parliamentary and OECD consultations on the topic of energy consumption of digital assets.

Ecosystem developments

As is clear from the preceding content of this chapter, the strands are coming together for the digital asset ESG space as a focus point of urgent and required action, both in terms of sector frameworks, coordinated guidance, and attention from policymakers and dedicated industry bodies.

In addition, 2022 was of course a year of major development for the digital asset ecosystem as a whole. Viewed through the environmental sustainability lens, much of this was in the right direction, particularly in terms of the digital assets 'majors' Bitcoin (BTC) and Ethereum (ETH).

Most notably, the successful Ethereum 'merge' from a proof-of-work consensus model to proof-of-stake in September 2022 resulted in an **estimated** 99+% reduction in annualised electricity consumption, and this is already positively reflected in our ETH blockchain data for 2022. And while Bitcoin is, on its own proposition, prevented from making a similar switch based on its current setup, the data view was enhanced in 2022 with the **addition** to the Cambridge Bitcoin Electricity Consumption Index of a separate Greenhouse Gas Emissions Index that aims to visualise carbon footprint in addition to electricity consumption. This is a valuable addition, although the authors recognise the limitations and assumptions required to extrapolate based on the limited data available and the known difficulty of estimating actual proportions of renewable energy use.

As we look ahead to 2023, Bitcoin remains in our view a priority focus as the single largest electricity consumer, and we will be working to maintain the momentum in ensuring that mitigation solutions - both ours and in the wider industry - have maximum real-world impact as they begin to be rolled out at scale.



03. Carbon footprint data

Sustainability and transparency are core values of the Zumo business, and we are committed to publicly documenting our sustainability journey.

This section of our ESG report sets out our carbon reporting data for 2022 split into three component parts: Zumo's total Scope 1, 2 and 3 footprint; a breakdown of our carbon footprint for Zumo the company (pillar 1 of our net zero strategy); and a breakdown of Zumo's blockchain carbon footprint (pillar 2 of our net zero strategy).

Total carbon footprint 2022 - Scopes 1, 2 and 3²

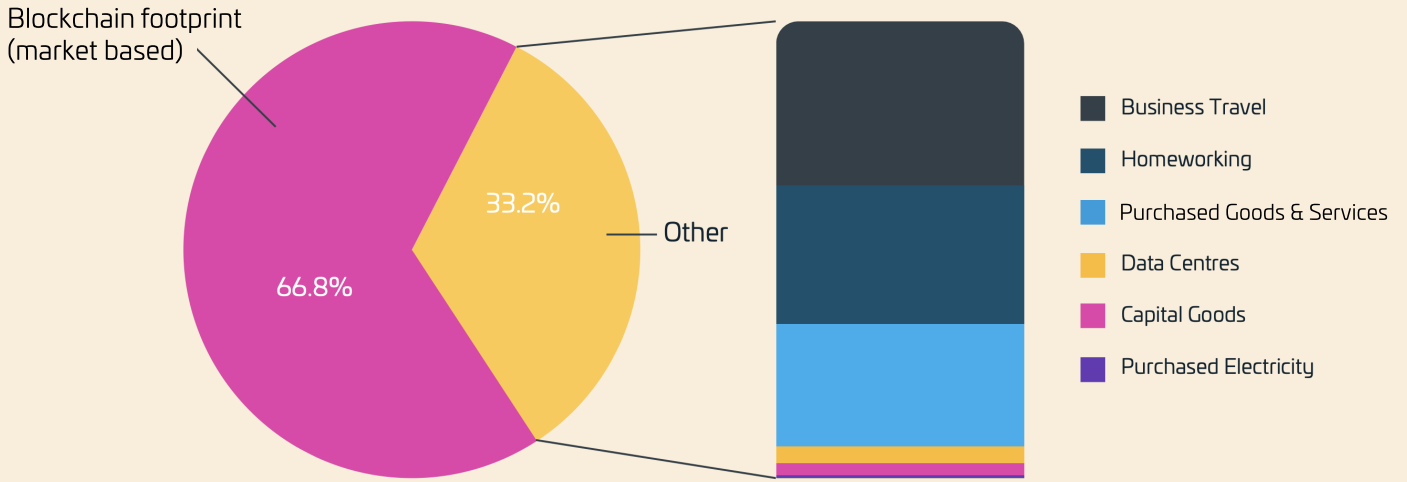


Fig. 4: Zumo's total carbon footprint (company operations and blockchain) for the calendar year 2022 (market-based)

Zumo company carbon footprint 2022

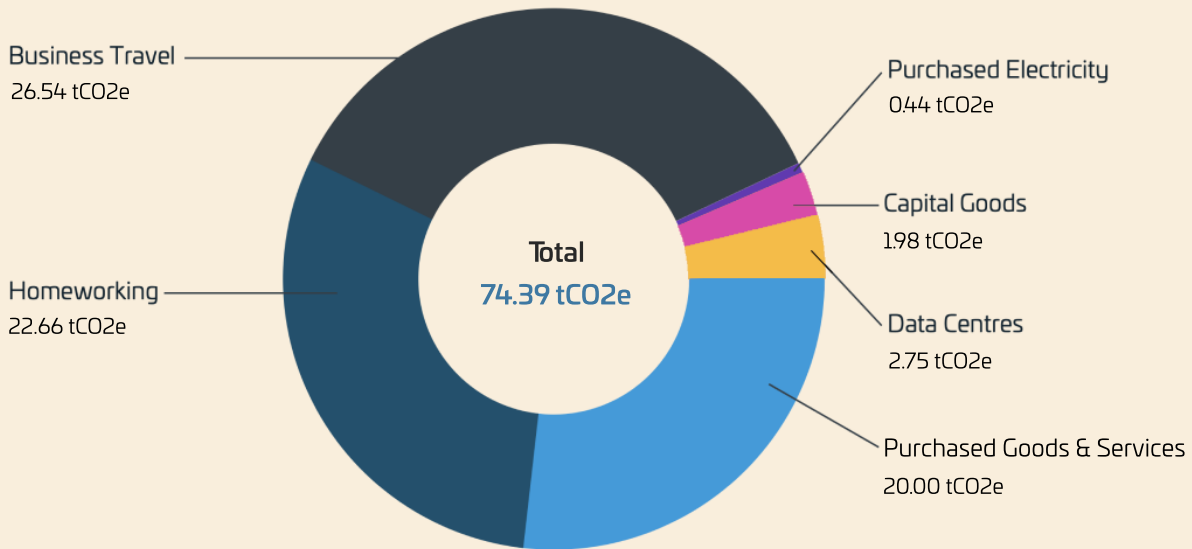


Fig. 5: 2022 footprint for Zumo company operations only (pillar 1 of Zumo Net Zero Strategy)

Zumo blockchain carbon footprint 2022

	Location-based ³	Market-based	Further details
Bitcoin carbon footprint	246.05 tCO ₂ e	149.54 tCO ₂ e	Link to details
Ethereum carbon footprint	38.54 tCO ₂ e	0 tCO ₂ e	Link to details
Total digital asset carbon footprint	284.59 tCO ₂ e	149.54 tCO ₂ e	

Fig. 6: 2022 footprint for Zumo's blockchain-related emissions only (pillar 2 of Zumo Net Zero Strategy) based on its core digital asset offering (BTC and ETH).

Mitigation action

In line with the data reported above, Zumo has, for the year 2022, used carbon offsets to address its calculated company carbon footprint and renewable energy certificates (RECs) to address its blockchain-related carbon footprint. As outlined in the Zumo [Decarbonising Crypto reports](#), RECs have been used for the blockchain component in preference to carbon offsets because of (a) RECs being a recognised market instrument in the Greenhouse Gas Protocol's 'Market-based accounting method' (b) the predominance of electricity consumption as the key input in the environmental impact of blockchain, meaning that, in our view, the clearest line of sight and path of least assumptions is to decarbonise with an electricity generation-targeted instrument such as the REC. At the time of writing of this report:

- We have procured carbon offsets for every year of the company's operations going back to our inception in 2018, using the Gold Standard, and will be procuring offsets to cover the full amount of residual company emissions in 2022, as outlined in the Zumo company carbon reporting section above, with a purchase to be made by the end of 2023.
- For the Zumo App's Bitcoin-related operations, a purchase of RECs covering 850 MWh⁴ was made at the close of the Zero Hero pilot ([purchase certificate viewable here](#)), leaving a remaining 2022 balance of 295 MWh based on the new industry-aligned CCRI / Southpole hybrid calculation methodology adopted in May 2023 (the methodology reasons for this are outlined in the data sources and clarifications section below).
- Finally, the Zumo platform's Ethereum-related operations were fully accounted for with the purchase of RECs covering 126 MWh from the block.garden Ethereum decarbonisation project. This purchase has been recorded on the blockchain and may be viewed [here](#).

This results in the following progress report for Zumo's carbon footprint up to year end 2022.

³ - The location-based method reflects the average emissions intensity of grids on which energy consumption occurs (in this case, we have used the Cambridge Centre for Alternative Finance modelled CO₂ emissions). The market-based method reflects emissions from electricity that companies have

⁴ - As explained in the data sources and clarifications section of this chapter, the 850 MWh REC purchase covers a greater amount than is outlined in Zumo's Bitcoin blockchain carbon footprint for 2022. This is because (a) the methodology was changed around the mid-year (with the whole 2022 figure calculated based on the new methodology) (b) the 850 MWh purchase covers a time period including some months in 2021 during which the Zero Hero pilot project was active.

Zumo total carbon footprint 2019-2022

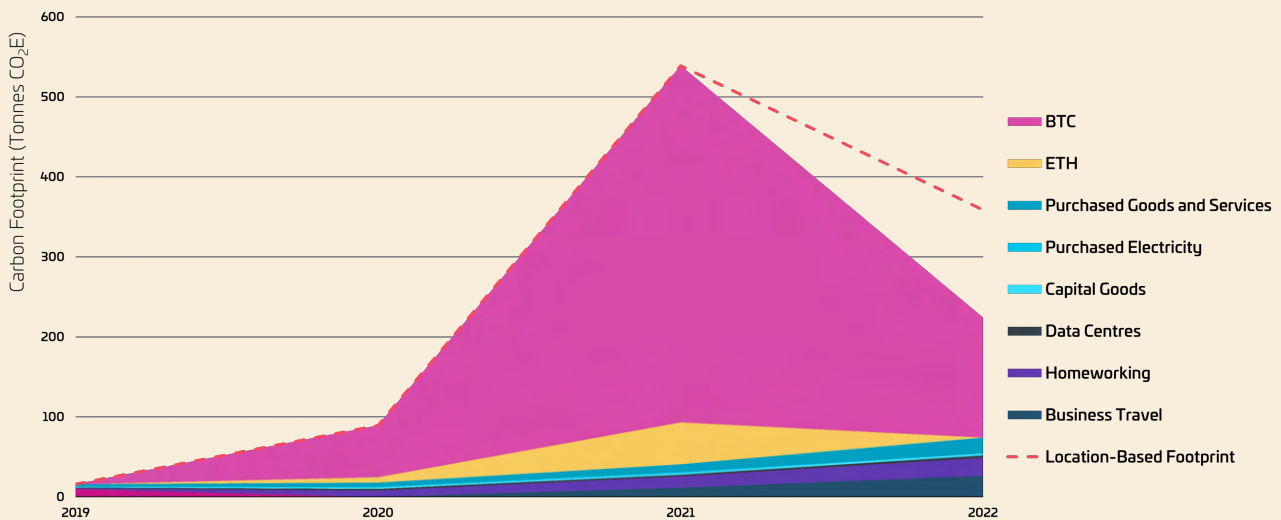


Fig. 7: Zumo carbon footprint from 2019 (year of Zumo app launch) through to 2022 based on Zumo's net zero strategy (market-based, with dotted line to show location-based footprint). Blockchain-related emissions form the bulk of Zumo's footprint, peaking in 2021 as the scale of the problem became evident and Zumo started its work to calculate impact and develop mitigation strategies, and tapering down into 2022 based on subsequent renewable energy procurement processes put in place.

Data sources and clarifications

Zumo company footprint:

Zumo has no Scope 1 emissions to report, and only a very small Scope 2 footprint (incurred early in 2022 before the company's Edinburgh office was covered by a 100% renewable energy tariff). For Scope 3, a comprehensive screening was undertaken and this is included in Appendix 3 to this report.

DEFRA GHG emissions factors for 2022 have been used where these are available. We have used the [market based accounting method](#) described in the Greenhouse Gas Protocol to account for greenhouse gas emissions in relation to electricity.



Bitcoin

Bitcoin calculations rely on the public data on Bitcoin electricity consumption and carbon footprint made available via the [Cambridge Bitcoin Electricity Consumption Index](#).

From January-April 2022, we applied the 'mined since genesis model' - resulting in a calculated 850 MWh of usage. From May-December 2022, this was revised to the CCRI / Southpole 'hybrid' model, resulting in a further 295 MWh of usage. These models, and rationale for switching to the network share / hybrid model as most suited to platform-level reporting, are explained in our accompanying white paper [here](#) (cf. particularly Appendix 1).

It is important to note that the 'mined since genesis' model is a one-off calculation based on total bitcoin purchased as opposed to a specified time period, which therefore gives a higher figure, whereas the hybrid model requires an ongoing (e.g. annual) calculation. This is why the Zero Hero pilot yielded a total of 850 MWh of usage, whereas the annualised calculation for calendar year 2022 based on the network share / hybrid model gives a total 2022-attributable figure of 485.58 MWh.



Ethereum

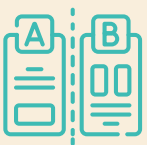
Ethereum calculations rely on the dataset from [Kyle Macdonald](#). Like Bitcoin, these calculations needed to be split into two for the calendar year 2022, in Ethereum's case into 'pre-merge' and 'post-merge' calculations. Given the significant energy efficiency gains from Ethereum's proof-of-stake 'merge', this resulted in a Zumo liability of 125.5 MWh for the 2022 pre-merge period, and <0.5 MWh for the 2022 post-merge period, compensated in a single REC purchase of 126 MWh.



Limitations

It should be noted that this inaugural ESG report is restricted to carbon/electricity consumption of blockchains only, and does not encompass other factors such as, for example, IT waste associated with the mining process. We recognise the importance of these auxiliary considerations, and hope to build on the scope in future versions of this report as far as the still limited data allows.

Likewise, the reader will note that the blockchain component is limited to discussions of Bitcoin and Ethereum only. At the time of writing, the Zumo platform supports three blockchains: Bitcoin, Ethereum and Bitcoin SV. Bitcoin SV has however been omitted from this report on the basis that it is not actively tradeable via the Zumo platform and did not pass the threshold of meaningful activity in the period in review. We continue to monitor this and, as further blockchains are integrated into Zumo products, will consider whether these should be included in the reporting scope, providing rationale for any that are not included.



RECs vs carbon offsets

Carbon offsets are the mechanism Zumo uses to offset its company operations emissions. Renewable energy certificates (RECs) are the mechanism Zumo uses to mitigate blockchain electricity usage related carbon footprint using the 'market-based' accounting mechanism. The differences between the two in carbon accounting terms are explained in the reference table below. For visualisations where we present a combined view of Zumo's company operations and blockchain-related carbon footprint, we have performed an additional calculation to convert the MWh of electricity consumption into an associated carbon footprint.

	RECs	Carbon Offsets
Unit	MWh	Tonnes CO ₂ e
End user's claim	'I've decarbonised my electricity consumption / crypto holdings' 'I use 100% renewable electricity'	'I've offset my carbon emissions' 'I'm carbon neutral'
Project types	Renewable electricity – wind, solar, hydro	Various – tree planting, projects that reduce CO ₂ emissions elsewhere e.g. efficient cooking stoves
Accuracy	Allows direct calculation: MWh = RECs	Requires further calculation from MWh (or other unit) to carbon footprint
Carbon footprint	Addresses emissions associated with electricity	Addresses all types / scopes of emissions
Market impact	Provide revenue that accelerates investments and deployment of clean energy resources to decarbonise electric grids.	Prevent emissions elsewhere, but don't solve the source of emissions

Fig. 8: A visualisation of the two mechanisms used by Zumo to account for its carbon footprint: RECs for blockchain-related electricity consumption and carbon offsets for Zumo's company operations.

Progress evaluation and concluding remarks

Summing up this carbon data section of the report, as in previous years blockchain-related electricity consumption has represented the lion's share of Zumo-attributable footprint. Blockchain electricity consumption, particularly where the Bitcoin network is concerned, remains an area over which we have little direct control. The scale of the challenge is, however, apparent, which is why we have aimed to be proactive in engaging with the wider industry where at-source impact can ultimately be made, and in the meantime making every possible effort to decarbonise our own operations as urgently and as robustly as possible. Certainly, the predominance of blockchain electricity consumption and lack of direct control at platform provider level is a unique component of operating a business in the digital asset sector.

In terms of the company's own operations, carbon footprint viewed on a per FTE basis has not increased significantly as company headcount has grown (see chart below). We continue to monitor our impact factors and refine our approaches and strategies with the development of the business and our blockchain offering.

Zumo company carbon footprint 2019-2022

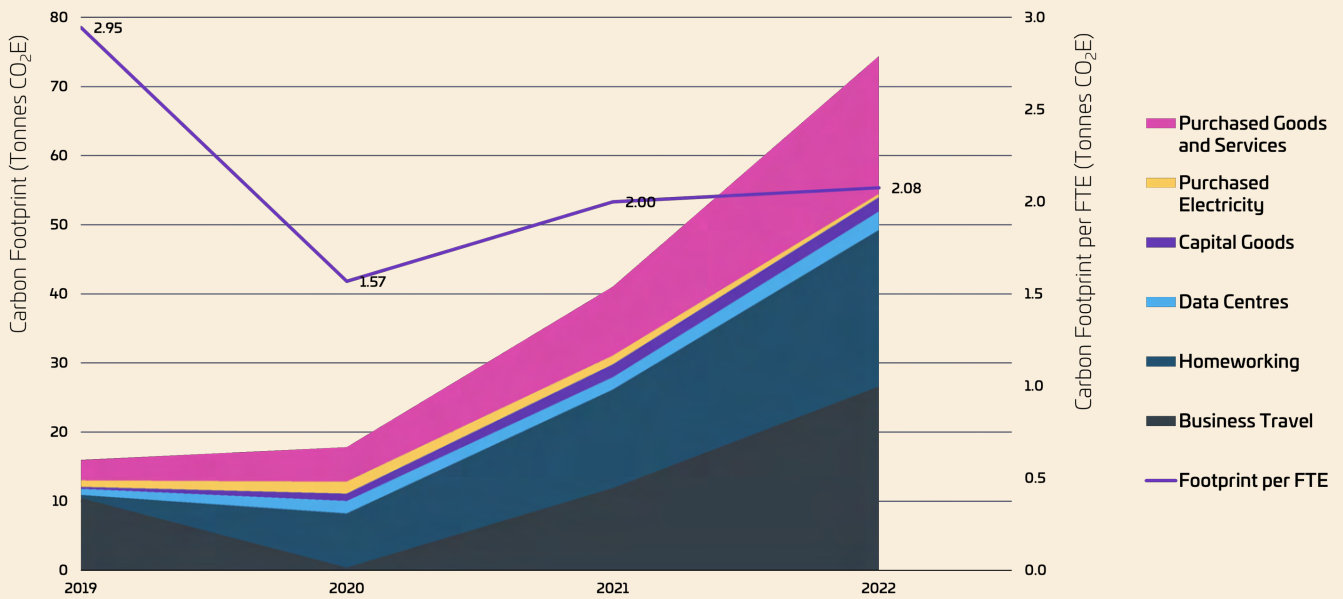


Fig. 9: Evolution of Zumo company carbon footprint over time (area chart) and as calculated per full-time employee (line).

To that end, we will continue to share these figures on an annual basis, and look forward to building on this first reported benchmark in future versions of the Zumo ESG report.

Social



01. Social Impact

Corporate Social Responsibility

Crypto and digital assets more broadly have grown out of the vision to rethink existing ways of doing things, and deliver innovative, fairer and more equitable solutions that work for people everywhere, whoever they might be.

At Zumo, we believe in the real-world potential of blockchain technology to positively impact people and the planet – and the need to live and showcase shared values. Since the company was founded, Zumo has nurtured a close partnership with waste management charity WasteAid, finding common ground in a wider mission to empower communities and create sustainable livelihoods, at scale.

In 2022, the Zumo team joined forces for the latest in a series of fundraising initiatives for WasteAid as our charity partner, raising a sum of almost £6,000 (including from Zumo corporate donations) and bringing the cumulative total of funds raised in only three years to over £33,000⁵.

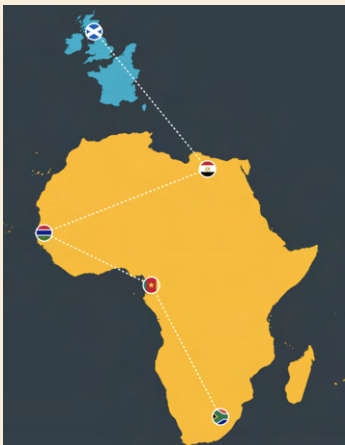


Fig. 10: In 2022, Team Zumo undertook a range of fundraising activities to make the 5,965-mile virtual journey from Zumo HQ in Edinburgh to WasteAid's Circular Economy Network initiative in South Africa, with pit stops at key WasteAid project locations across the continent.

"We are grateful to the Zumo team for their superb fundraising activities, part of the company's longer-term support to WasteAid. From reducing climate emissions to protecting the oceans and public health, waste management is a vital yet often overlooked area. Zumo is helping raise awareness and funds to support better waste management where it's most needed."

Ceris Turner-Bailes, CEO, WasteAid

5 - Including ongoing corporate donations by Zumo

Financial inclusion and education

Blockchain and digital assets represent a paradigm shift, in the financial world and potentially far beyond. But for that potential to be fully realised, there is a huge amount of work to be done to communicate the technology, showcase the risks and opportunities, and ensure the benefits of digital assets are open, inclusive and accessible to all.

Based on our core value of inclusion, Zumo has developed a range of free educational resources and inclusively designed initiatives to ensure anyone can be comfortable with and enjoy the benefits of digital assets in an informed and sustainable way.

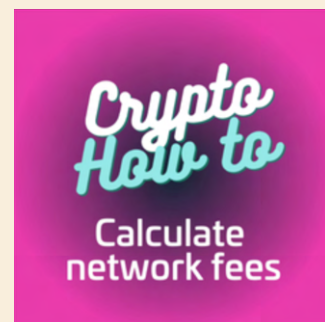
Crypto Confidence live podcast

Launched in March 2022, the Zumo Crypto Confidence live podcast is a monthly schedule of relaxed and open-access drop-in sessions that explores a wide range of topics in digital assets and web3, breaking down knowledge barriers, educating consumers about risks and pitfalls as well as opportunities, and providing an outlet to get closer to the digital asset space. We were privileged to welcome a range of expert speakers in 2022, covering topics from environmental impact to careers in web3, emerging blockchain applications to personal tax management.



Crypto 101

From an education perspective, we continue to invest in the resources and educational materials that allow anyone to successfully navigate the fast-evolving digital asset space. Across our blog, podcast and insights pages, the aim has been to develop clear and accessible materials that treat topics concisely and holistically, with an end-consumer focus on financial wellness, transparent communication of risks and security best practice, and unbiased and well-sourced information to enable individuals to make their own and informed decisions. An important part of this has involved outreach across communities and user groups, and spokespeople from across the Zumo business have been extremely active in speaking at events and initiatives designed to ensure that the benefits of crypto can reach as wide an audience as possible.





02. Working at Zumo

Building on mutual values, a commitment to people and a shared vision of success, Zumo aims to provide career-defining work and a place for colleagues to thrive.

Values action and employee engagement

As a **values-driven business**, we want to create a working environment where shared values are celebrated and recognised.

Every quarter, the Zumo Values Awards hold up those nominated by their colleagues as exemplifying the Zumo values (see the introduction section of this report). In 2022, we received 325 nominations in total and crowned 16 values award winners, with a 'Spirit of Zumo' prize going to the colleague voted by their peers as exemplifying the Zumo values the most over the course of the year.

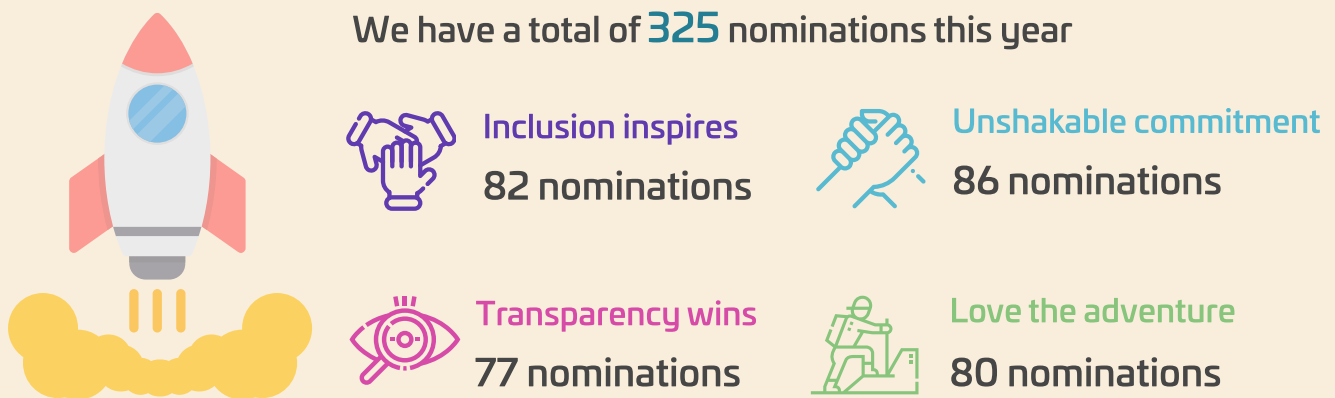


Fig. 11: Combined 2022 Zumo Values Awards nominations across the Zumo values categories

Testament to the level of collaboration and teamwork within the business, every colleague at Zumo was nominated for a values award at least once, with well over 100 recognitions and messages of ongoing support shared day-to-day in the all-company 'Gratitude, praise and values' Slack channel.

A positive working environment is something we at Zumo want to encourage - and be mindful of - on a daily basis, and in 2022 this was valuably supported by the work of the newly established Zumo Employee Engagement Committee. Bringing together representatives from all teams in the business, the Zumo Employee Engagement Committee listens to company-wide feedback from colleagues to improve life at Zumo based on our shared range of perspectives, ideas and experiences.

"As the Zumo Employee Engagement Committee, we're here to work together to improve employee engagement for the benefit of the business and all the people who work within it. Being part of the Employee Engagement Committee has benefitted my own self development but also the teams and the wider company. Seeing everyone problem solve and work together as a team to benefit us all has been really enjoyable."

Chloe Guy

Compliance Team Employee Representative, Zumo Employee Engagement Committee

Supporting our people

As a forward-thinking, remote-first employer, Zumo has a range of initiatives in place to ensure a supportive and nurturing work environment for all our people.

Unlimited holiday

We understand how important it is for our team to recharge, spend meaningful time with the people close to them and explore new experiences. In January 2022, we launched an unlimited holiday policy to give Zumo team members more flexibility in their leave planning and have the time and space to do these things as they wish.

To ensure that everyone could feel empowered to take advantage of this arrangement, at the same time we introduced a holiday minimum of 28 days per year and a holiday bonus scheme of £500 to be spent on a minimum 5-day break over the course of the year. In 2022, there was a 56% take-up of the holiday bonus perk.

Inclusion and engagement

Zumo is committed to building an inclusive environment where everyone feels psychologically safe and can feel a sense of belonging.

To ensure we are supporting our staff effectively - as well as proactively monitoring and responding to overall sentiment and engagement levels - we run a bi-annual Employee Engagement survey, delivered anonymously via the CultureAmp platform.

In H2 of 2022, overall employee engagement was measured at 90%, based on a participation rate of 81%. This 90% engagement score compares to scores of 79% for the top quartile and 86% for the top decile in CultureAmp's survey of 200 benchmark professional services organisations.



Fig. 12: Zumo employee engagement compared to top quartile and top decile results for benchmark professional services organisations

Identification and delivery of improvements arising out of employee engagement surveys is conducted on an ongoing basis, spearheaded by the work of the Zumo Employee Engagement Group.

Remote working, team building and support

At Zumo, we are a distributed and remote-first team, but we also understand the importance and value of in-person connection; which is why, on a quarterly basis, we enjoy coming together for our quarterly all-hands meetings. Not because we believe work is done better in person - in fact, we aim to give all our colleagues as much freedom and flexibility as possible to do their best work - but because our business is built on the strength of our relationships with each other.

We acknowledge that this has a knock-on impact on our carbon footprint, and therefore seek to balance the benefits of personal interaction with virtual meetings where it makes sense to do so.

Outside of the day-to-day, we also run a range of flexible, informal activities designed to support 'out-of-work' interactions and relationship building, including:



weekly mindfulness sessions



fortnightly Zumo social get-togethers



monthly lunchtime fun sessions



monthly yoga

This includes regular campaigns and activities throughout the year, which in 2022 included our first (and very well received) 'digital detox' retreat, as well as - to mark Mental Health Awareness week and the theme of 'loneliness' - simple but meaningful things such as giving £20 for all our colleagues to have lunch in person with a co-worker or friend.

Fair working

Fair work means fair working conditions, equality of treatment and opportunity, and a safe and healthy working environment.

As Zumo employees, all our colleagues are entitled to:

- A clear communication - and enforcement - of workplace rights and expected codes of conduct as outlined in the Zumo Grievance, Harassment & Bullying and Disciplinary policies.
- Equality of opportunity as codified in our Equal Opportunities policy and supported by our ongoing efforts to ensure an ethos of diversity, development and inclusion in the workplace (see also the DDI section that follows).
- The right to a safe and healthy working environment, as supported by our Health & Safety Policy, including assistance with DSE workstation assessments and purchasing of additional desk equipment if needed.

Zumo is a fair wage employer, and will always encourage employees to bring a colleague or representative to any meetings where a trade union representative would normally be advised to attend.



03. Diversity, development and inclusion

Zumo aims to be a place where everyone can feel welcome and receive equal treatment, and that means working to foster diversity and opportunity for all.

This section outlines our key workforce diversity and inclusion metrics for 2022, and the work we are doing to actively support and develop our people.

Workforce data 2022

Workforce



Fig. 13.1: Gender distribution, full-time/permanent Zumo employees

Fig. 13.2: Gender split, management team

Fig. 13.3: Overall salary distribution by gender, management team

Executive Team

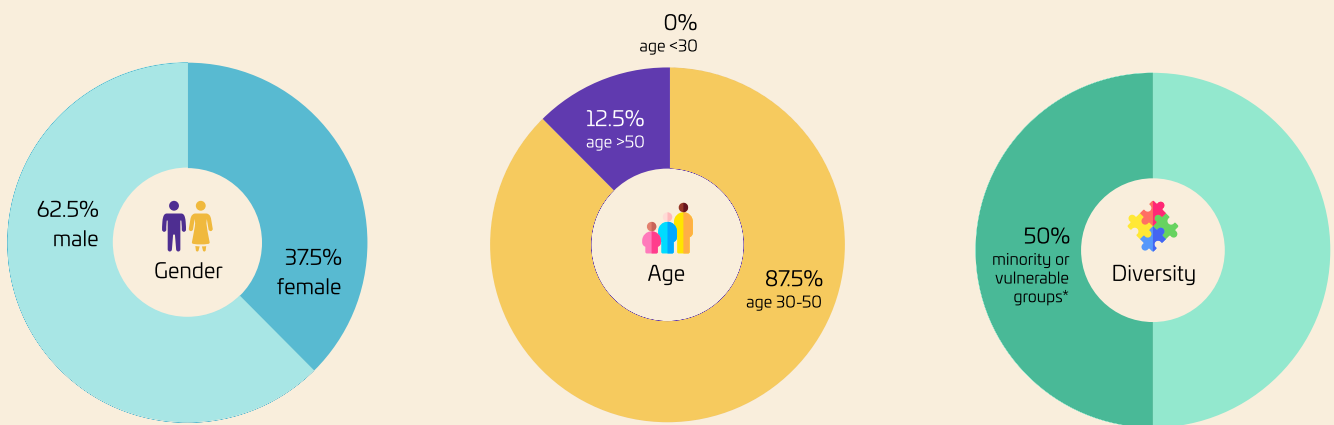


Fig. 14.1: Gender distribution, executive team

Fig. 14.2: Age distribution, executive team

Fig. 14.3: Proportion of executive team belonging to minority/vulnerable groups

*UN definition

All job applications to Zumo are handled via the Workable application tracking system to ensure a consistent and fairer recruitment process, and we run all our job adverts through Gender Decoder to publish inclusive job adverts.

Mentorship and support

As one of the signatories to the UK Government's £2 billion Kickstart scheme to get young people into work, Zumo has been active in its efforts to bring the next generation of talent into the workforce. Targeting those in the 16-24 age bracket, the Kickstart initiative provides high-quality, partly government subsidised work placements. Of the eight Kickstarters to have joined Zumo since 2020, we are delighted to have been able to convert five into permanent employees, the latest of whom assumed a permanent role in 2022.

In addition, Zumo strives to provide an environment that is supportive in allowing employees to seek out growth opportunities and be proactive in their own personal and career development. This includes mentorship opportunities from others in the business and so far ten colleagues have been able to take advantage of free coaching from experienced mentors and coaches.



Governance



01. Governance

Corporate governance and ESG oversight

We operate at a time when there is a greater need than ever in the wider industry for good governance, regulation and trust.

As a business, Zumo has been set up from the outset to maintain full regulatory compliance and take the most sustainable path - not just the easiest one.

We operate our business on the belief that the clear competitive advantage will be with businesses that act in good faith to ensure sustainable business practices and a considered and resilient operating model. That is why we have spent the last four years building a governance-driven, regulated and highly secure platform ready for the mass adoption of web3 and digital assets.

Zumo Executive Team

Zumo is led by a highly experienced senior leadership team with a diversity of professional experience across technology, digital assets and financial services, and a track record of building scalable, resilient businesses.

Executive team members



Nick Jones
Co-Founder and CEO

Nick is a respected veteran of the tech start-up scene. As Co-Founder and CEO, he leads Zumo's mission to bring the benefits of blockchain and digital assets to people and businesses everywhere, providing sustainable, simple and secure technologies to unlock the power of crypto and Web 3.0. Beginning his career at the height of the dot-com boom in 2000 with the launch team of Goto.com, Nick has spent his whole working life at the bleeding edge of the digital industry and has been involved in the early stages of the commercial internet, mobile, social media, big data, machine learning/AI and now blockchain technology.



Paul Roach
Co-Founder
Chief Product Officer

Paul is an experienced product developer with 20 years' project management, technical product design and user acquisition experience under his belt. He heads up the development of Zumo's award-winning suite of products, informing the iterations that underpin the company's pioneering position within the industry. Paul has been at the forefront of digital development since 2001, in a career spanning international agencies, publishers and global businesses. Between 2007 and 2011, he was responsible for the audience development strategy at The Guardian, overseeing its transformation into one of the world's most accessible publishing sites.



Tim Sabanov
CTO



Devina Paul
CFO



Dagmara Aldridge
Chief People &
Culture Officer



Vicky Byrom
Chief Data &
Analytics Officer



Michael Johnson
Head of Compliance



Clark Povey
Director of Operations

Zumo's sustainability commitment and governance oversight

As a values-driven business, sustainability has been at the core of what we do since the company was founded. In that spirit, it has been a point of ongoing importance that sustainability and an ESG-aligned outlook should be baked into Zumo governance processes as an integral part of decision-making at the company.

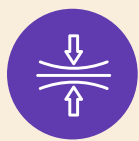
To that end, our pledge and founding commitments are encapsulated in Zumo's founder-signed [Sustainability Pledge](#), and ensuring that these values are lived and respected is prioritised at the highest levels of the business.

Practically, a large part of oversight and direction comes from the work of the Zumo Net Zero Steering Committee, which brings together colleagues from across the business as well as our CEO to formally ensure that the business is following and prioritising sustainable practices. We are also fortunate to be able to draw on the expertise and experience of Kirsteen Harrison, Environmental and Sustainability Adviser to the Zumo Board, who has been instrumental in shaping Zumo's net zero strategy and decarbonisation initiatives in her capacity as an external environmental consultant active across industry sectors and as a leading voice for decarbonisation within the digital asset sector.

Decision-making structures

In the wider business, decision-making processes have been built out to be similarly transparent, structured and accountable.

In addition to the work of the Net Zero Committee, Zumo has a number of formalised structures in place to manage operational decisions in all areas of the business and encourage aligned and effective decision-making. These include the Audit, Risk & Compliance Committee; Pricing Committee; and a structured pattern of supervisory and oversight meetings at Board, C-suite leadership, and team manager levels.



02. Operational resilience and risk management

Interest in web3 and digital assets remains high, but confidence has been shaken by bad actors, unsustainable business models and poor governance. This section outlines Zumo's approach to the tracking and assessing of risk, and ensuring the necessary operational processes are in place to ensure maximum business resilience.

Risk monitoring and assessment

Core to the business's ongoing risk management process is the Zumo Risk Register, which covers a spectrum of identified risk factors regularly re-evaluated at committee level by the Audit, Risk & Compliance Committee. Monitored risk categories encompass a wide range of enterprise-relevant risk factors including commercial, project and programme delivery, regulatory licensing and cyber and information security considerations as well as ESG-specific risk factors.

The risk register feeds into the wider Zumo regulatory business plan that ensures, as the business grows, it has in place the appropriate people and expertise, supervision and regulatory reporting lines, financials and forecasting, insurance and information security arrangements, and overview of group and organisational structure.

Any material changes to Zumo products and services as outlined in the regulatory business plan are carefully considered by the Audit, Risk & Compliance Committee before proceeding to Board approval to ensure a considered, structured and risk-weighted approach to any proposed expansion of activity.

Financial controls

Financial controls are enforced through a combination of implemented policy; checks and balances on movement of funds; and staff awareness and training.

Zumo maintains and monitors dedicated policies covering Anti-Bribery and Corruption (including gifts and hospitality); Whistleblowing (including a non-executive director nominated as whistleblowing champion); Financial Sanctions & Politically Exposed Persons; Fraud; Know Your Customer (KYC); Customer Risk Assessment; Anti-Money Laundering (including AML & Financial Crime Prevention manual and framework); Know Your Business (KYB); and Introducer Approval and Oversight.

All processes requiring movement of funds are designed with 'doer/checker' steps to reduce the risk of extortion and fraudulent abuse; and cryptoasset wallet addresses associated with the Zumo business are clearly identified in the regulatory business plan. In addition, all staff expenses are monitored for policy breach by the Zumo finance team, with none reported to date.

All staff are encouraged to familiarise themselves with these policies and processes through the shared firm Knowledge Base platform, proportionate to their position and risk levels in the business, and employee awareness sessions are planned to be augmented with e-learning delivery in 2023. These processes are continually being monitored and updated based on latest supervisory rules and industry guidance and best practice.

Tech and cyber security

Our partnership with leading payment, data, security & compliance infrastructure providers helps us achieve the very best data security and compliance standards in our products – while still maximising flexibility and functionality.

As part of that commitment, our technology infrastructure undergoes independent external audit by recognised experts in cyber security and risk mitigation. An updated audit was completed in September 2022, covering AWS configuration (server hosting), infrastructure assessment, wallet and vault API review, and mobile application assessment for iOS and Android, the results and actions from which are available to interested parties on request.

Within the business, all staff are required to attend data and cyber security awareness sessions, with data protection presentation material forming a compulsory part of employee onboarding, and dedicated information security and cyber security e-learning delivered in 2022. This is planned to be followed up with the launch of a managed IT solution (including single sign-on, phishing defence and app locking) in 2023.



03. Business ethics and compliance

As a UK-headquartered cryptoasset business, Zumo is committed to complying with all relevant regulations and laws to the fullest possible extent - and has prioritised laying these important regulatory foundations since the inception of the business. We are committed to sustainable business models, and holding ourselves to the highest standards of compliance and business ethics.

Regulatory status

In regard to cryptoasset holdings, since December 2021 Zumo has been registered with the UK's Financial Conduct Authority (FCA) as a cryptoasset firm. This registration confirms that Zumo has successfully passed through the FCA's assessment process as applied to cryptoasset firms, and that it is supervised and subject to enforcement by the FCA for its compliance with the UK's Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations (MLRs).

In regard to pound sterling (GBP) funds, Zumo partners with Modulr, which is an Electronic Money Institution (EMI) authorised by the FCA. Through this relationship as a registered agent of Modulr, we are able to provide digital wallets to store and transact in pound sterling.

As the UK regulatory landscape continues to evolve, we continue to closely monitor and ensure our full compliance wherever additional activities fall into the regulatory perimeter.

Business policies and best practice

As outlined earlier in this chapter, Zumo has put in place a comprehensive range of policy and due process in order to assure that it operates with integrity and in compliance with all relevant rules and regulations.

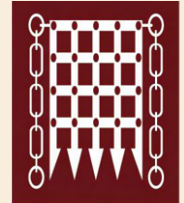
As an FCA-registered cryptoasset business, this includes a wide range of implemented operational compliance processes including ongoing transaction monitoring and alerts; AML and financial crime prevention frameworks; sanctions and PEP compliance; KYC & due diligence for customer on and off-boarding; and proper process for suspicious activity reports and subject access requests.

These policies also extend to consumer considerations such as data protection, privacy, complaints procedure and IT/cyber security, and tie in with the wider suite of business policies outlined in the other sections of this report.

Commitments and industry engagement

Finally, as a member and supporter of industry organisations, associations and membership bodies including the Global Blockchain Business Council, CryptoUK, UN Global Compact, Crypto Climate Accord, SME Climate Hub, TechNation Zero Taskforce and World Economic Forum Crypto Sustainability Coalition, Zumo is committed to playing its part in the ongoing progress of the sector.

Given the rapid pace of innovation and evolving guidelines in the industry, in 2022 Zumo input into a wide range of sector initiatives and public consultations including the FCA's two-day sprint workshop to inform UK policy-making; the work of the Scottish Government's Expert Reference Group (ERG) into the accommodation of digital assets under Scots private law; the OECD's call for evidence around the environmental impact of crypto-asset and broader digital asset activity; the Crypto and Digital Assets All Party Parliamentary Group (APPG)'s Crypto Inquiry; and the topical response of the Global Digital Finance working group for decentralised finance.



WESTMINSTER
BUSINESS
FORUM



Appendix 1

Zumo is directly contributing to the following Sustainable Development Goals:



Appendix 1



PROMOTE EMPOWERMENT OF WOMEN THROUGH TECHNOLOGY

Ran dedicated 'Crypto Confidence' webinar series, launched on International Women's Day 2022, to encourage accessibility and participation among all groups in blockchain technology.

Fostered and promoted gender diversity and equality at all levels of the Zumo business.



PROMOTE POLICIES TO SUPPORT JOB CREATION AND GROWING ENTERPRISES

As a fast-growing scale-up active in the Scottish start-up ecosystem and supported by enterprise bodies, created new, future-facing jobs including targeted support to young people through the UK Government's Kickstart scheme.

FULL EMPLOYMENT AND DECENT WORK WITH EQUAL PAY

As a values-driven business, committed to providing career-defining work and a place for colleagues to thrive, building on a range of initiatives to ensure a supportive and nurturing work environment.

UNIVERSAL ACCESS TO BANKING, INSURANCE AND FINANCIAL SERVICES

Provided self-custody (non-custodial) digital asset wallets for the financial empowerment of customers and inclusive access to financial services.



INCREASE ACCESS TO FINANCIAL SERVICES AND MARKETS

Developed B2C and B2B solutions to broaden access to digital asset products and services integrated with existing financial services and markets.

SUPPORT DOMESTIC TECHNOLOGY DEVELOPMENT AND INDUSTRIAL DIVERSIFICATION

From a UK base, brought to market patented wallet technology to provide customers with digital asset services, and continued to work to facilitate mass adoption of blockchain technology.



BUILD KNOWLEDGE AND CAPACITY TO MEET CLIMATE CHANGE

Worked together with wider industry and on own initiative to pioneer and drive forward progress, information and debate on decarbonisation in the digital asset sector.



DEVELOP EFFECTIVE, ACCOUNTABLE AND TRANSPARENT INSTITUTIONS

Worked to further the accepted use of blockchain technology to provide transparency and accountability in all publicly-facing goods and services.



ENHANCE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

Worked with charity partners such as WasteAid to support and uphold sustainable standards in business and in the digital asset industry.

Appendix 2

Scope 3 screening

Category	In scope?	Calculated?	Comments	2022 Tonnes CO ₂ e
Upstream Scope 3				
Purchased goods and services	Yes	Partially calculated, remainder estimated	Zumo has defined this as all non-blockchain related purchasing. The data centre hosting component of this has been calculated and is shown here. The carbon footprint of other purchased goods and services (e.g. software and professional services) has not yet been calculated accurately but has been estimated at 20 tonnes per annum for the purpose of offsetting.	2.7 (datacentres) 20 (other, estimated)
Capital goods	Yes	Calculated	Includes all capital goods (largely IT equipment).	2.0
Fuel and energy related activities (not in Scope 1 or 2)	No	No	Not material.	Excluded
Upstream transport and distribution	No	No	There is no upstream transport and distribution.	-
Waste generated in operations	No	No	Not material. Zumo operates a remote-first working policy and does not operate from any location where operational waste is produced.	Excluded
Business travel	Yes	Calculated	All business travel by air, train, bus, taxi and car is included.	26.5

Category	In scope?	Calculated?	Comments	2022 Tonnes CO ₂ e
Employee commuting / teleworking	Yes	Calculated	Working from home is a significant part of Zumo's carbon footprint, but there is no commuting. We use EcoAct's white paper to calculate home working emissions.	22.7
Upstream leased assets	No	No	There are no upstream leased assets.	-
Downstream Scope 3				
Downstream transportaion and distribution	No	No	There is no downstream transportation and distribution.	-
Processing of sold products	No	No	There is no processing of sold products.	-
Use of sold products	Yes	Calculated	Zumo currently considers all blockchain and cryptocurrency related electricity use under this category. This is therefore the most significant element of our carbon footprint.	149.5 (market-based)
End of life treatment of sold products	No	No	There is no end of life treatment of sold products.	-
Downstream leased assets	No	No	There are no downstream leased assets.	-
Franchises	No	No	There are no franchises.	-
Investments	Yes	No	Zumo acknowledges the carbon footprint associated with company pensions but this is not yet included.	Excluded
Total Scope 3 emissions				223.4

Acknowledgement

As we conclude this ESG report, we express heartfelt gratitude to all who contributed to its success.

We appreciate the dedicated team at Zumo, whose commitment to sustainability laid a strong foundation for our ESG initiatives.

To our stakeholders—shareholders, employees, customers, and partners—thank you for shaping our ESG strategies with your invaluable feedback and support.

We acknowledge the external experts and consultants for their guidance throughout the reporting process.

Lastly, we thank activists, NGOs, regulators, and concerned citizens advocating for a sustainable future.

Together, we can create positive change for a more sustainable world.

Thank you for your support on this transformative journey.

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