

# 2022 ESG Report

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**Forward-Looking Statements**

This ESG Report contains forward-looking statements within the meaning of applicable U.S. securities laws, including statements regarding: our beliefs and expectations about the impacts of climate change and other environmental risks on our business; our plans to develop and/or commit to greenhouse gas (GHG) reduction targets, measure future GHG emissions and identify GHG reduction opportunities; our plans to further develop our ESG program generally and our social impact and climate programs specifically; our expectation to be able to report in full alignment with the TCFD as our climate program matures; our expectations regarding Board oversight of our ESG program and climate targets; our beliefs about the role our company will play in restoring trust and integrity to digital transactions; our expectation regarding additional costs we will need to incur in order to comply with regulatory requirements designed to combat climate change; our plan to add additional ESG metrics to track our progress; and our hopes and expectations regarding gender diversity, employee engagement, turnover and other human capital metrics at our company. Forward-looking statements may be identified by words such as “seek”, “believe”, “plan”, “estimate”, “anticipate”, “expect”, “intend”, “continue”, “outlook”, “may”, “will”, “should”, “could”, or “might”, and other similar expressions. These forward-looking statements involve risks and uncertainties, as well as assumptions that, if they do not fully materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could materially affect our business, financial and ESG-related results include, but are not limited to: our ability to execute our strategic transformation plan; our ability to attract new customers and retain and expand sales to existing customers; our ability to effectively develop and expand our sales and marketing capabilities; our ability to hire, train, and retain sales and other employees necessary to implement our strategic transformation plan; our ability to successfully develop and market new product offerings and product enhancements; the loss of one or more large customers; difficulties enhancing and maintaining our brand recognition; competition; lengthy sales cycles; departures of senior management or other key employees; changes in customer requirements; interruptions or delays in the performance of our products and solutions; real or perceived malfunctions or errors in our products; the potential effects of technological changes; economic recession, inflation, and political instability; security breaches or cyber-attacks; and delays and disruption in global transportation and supply chains, as well as other factors described in the “Risk Factors” section of our Annual Report on Form 10-K for the year ended December 31, 2022. Our filings with the Securities and Exchange Commission (the “SEC”) and other important information can be found in the Investor Relations section of our website at investors.onespan.com. Statements in this ESG Report are made as of June 2023, and the continued availability of this ESG Report after that date shall under no circumstances create an implication that the information contained herein is correct any date thereafter. We do not have any intent, and disclaim any obligation, to update the forward-looking information to reflect events that occur, circumstances that exist or changes in our expectations after the date of this presentation, except as required by law.

# Dear OneSpan Stakeholder,

Since I joined OneSpan a little more than 18 months ago, we have embarked on a transformative journey to return to growth and become a leading global provider of trusted digital customer interactions and transactions for Web3 and beyond. Although we are in the early stages of our transformation, we have made strong progress to date, and I am excited about the opportunities ahead. Our transformation is multi-faceted, and one key component of our journey is a re-invigorated commitment to the well-being of our employees, our communities and our planet. This is not only the right thing to do; it is also critical in positioning our business for long-term resiliency and success. To that end, I am proud to present our first Environmental, Social and Governance (ESG) report.

**While this report and some of the initiatives it describes are new, OneSpan's positive engagement with the world around us is not. Since 1997, first as Vasco Data Security and now as OneSpan, we have helped many of the world's leading banks secure their customers' financial transactions. Secure and reliable transactions are foundational to our economy, and OneSpan has been a part of this foundation for more than 25 years.**

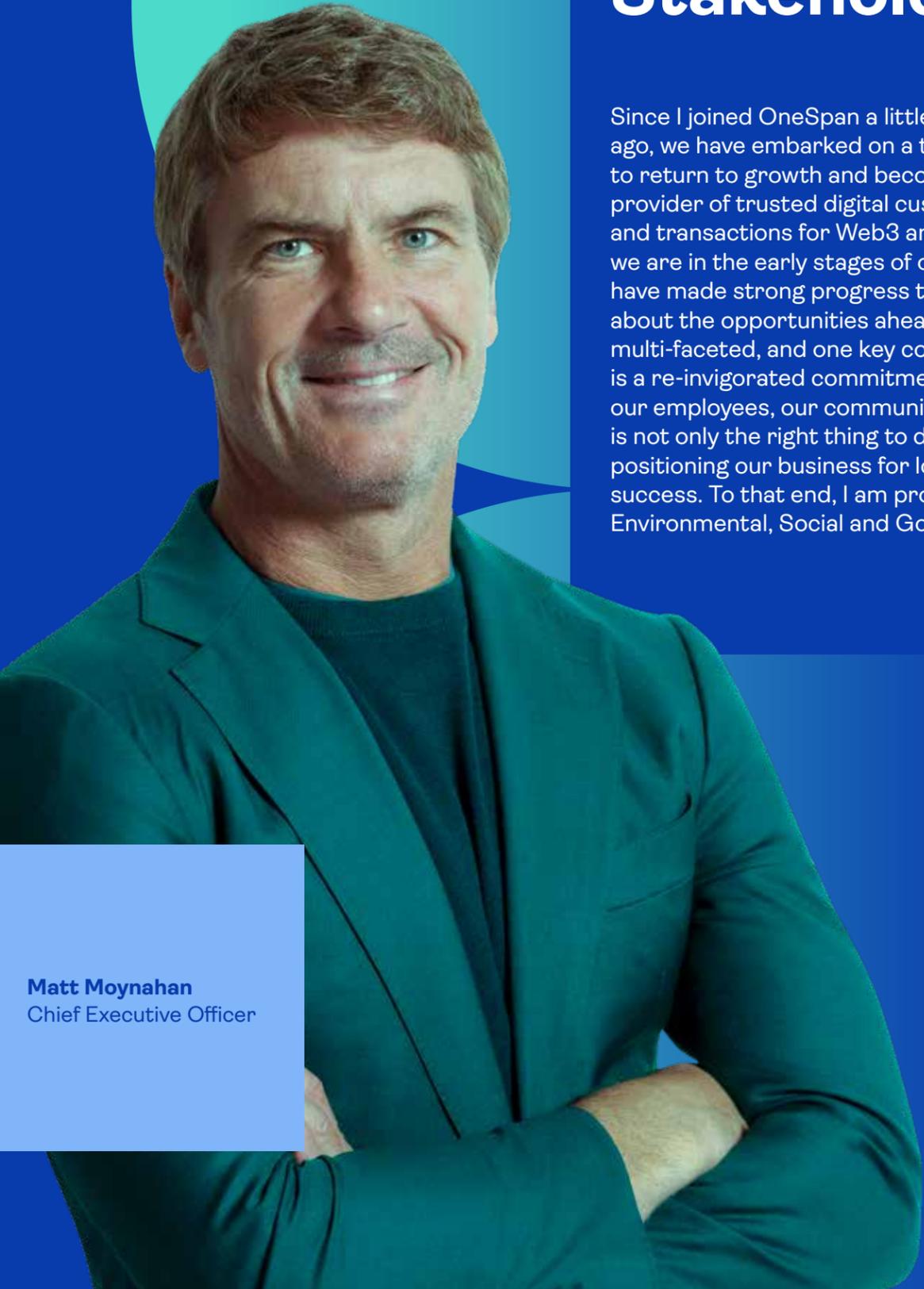
Today, however, this foundational element is under attack. As rapid digital transformation continues worldwide and the capabilities of generative AI advance exponentially, we are seeing a proliferation of deep fakes, online identity theft, manipulation of digital contracts, and persistent and increasingly sophisticated social engineering schemes. These factors are undermining the integrity of digital interactions and transactions. At OneSpan, our solution portfolio secures the digital agreement lifecycle through identity verification, authentication, online interaction, digital consent, and secure digital vaulting. We believe we will play a key role in restoring trust and integrity to digital transactions, thereby enabling the positive potential of Web3.

We are proud of our role in securing digital transactions, but we also understand that our obligation to engage positively with our local and global communities is broader than that. Advances in technology and the movement of so many daily activities online have had consequences beyond fraud and security vulnerabilities. As the use of social media has grown, more and more people report feeling lonely and isolated, and mental health issues, particularly among young people, have increased significantly. Political polarization and extremism are on the rise, and the civility of public discourse has declined. At the same time, our planet is warming rapidly due to the burning of fossil fuels, and our window of opportunity to avoid the most drastic consequences of climate change is closing quickly. These are issues that affect all of us profoundly, both as individuals and as a business. As we position our company for long-term success, we must actively manage the risks they present, identify opportunities to mitigate them, and adapt to the challenges they bring.

This inaugural ESG report is our first step in what will be an ongoing journey. We look forward to updating you on our progress.

Thank you for your support of OneSpan.

**Matt**



**Matt Moynahan**  
Chief Executive Officer

# Our People

OneSpan is powered by a team of 790 employees that spans the globe, consisting of approximately 300 employees in Canada, 292 in Europe, 27 in the Middle East and Latin America, 134 in the United States, and 37 in the Asia Pacific Region.



We are currently in the early stages of a business transformation that we believe will disrupt our industry by securing the digital agreements process while taking a human-centric approach to end-user experience. We understand that achieving this ambitious goal will depend primarily on the skills, creativity, and determination of our people, and we believe that people do their best work in an environment built on a compelling shared purpose, openness, trust, mutual accountability, and the opportunity to make a meaningful impact. To that end, our human capital objectives are built on the following five pillars, which we refer to as our “People Promise”:

## Our People Promise: the Five Pillars

### Now is the time.

With a bold vision and an ambitious market opportunity, we are ready to seize the moment. There’s never been a better time to join the team and play a part in the OneSpan story.

### Start from openness.

We lead with transparency, engage with open minds, and promote diversity in our thinking and in our culture. That’s why we encourage each of our people to bring their whole self to work and be open to different ideas, new challenges, and new possibilities.

### Build it on trust.

Real connections and true collaboration are built on trust. We trust each other and have no time for internal politics. We trust our people to always bring their best. We trust ourselves to take chances and to build something bigger – together.

### Own it.

We believe in empowerment through freedom: giving our people flexibility and enabling them to carve their path, their way. We don’t just ask our team to embrace change; we ask them to own it.

### Make a global impact.

We challenge the now by thinking ahead, speaking up, and working together to constantly improve. Everyone is an integral part of the work we do with an equal opportunity to participate and make a global impact.

The goal of our People Promise is to create an environment that will attract, retain and develop talented people who are motivated to find opportunities and create new possibilities for our customers, for themselves and their teams, and for OneSpan. To achieve this goal, we focus on the areas described below.



#### **Competitive Compensation and Benefits.**

We seek to provide our employees with competitive and fair compensation and benefit offerings, and use market benchmarks to ensure external competitiveness while maintaining equity within the organization. We tie incentive compensation to both business and individual performance and provide a range of health, wellness, family leave, savings, retirement, and time-off benefits for our employees, which vary based on local regulations and norms.



#### **Engagement.**

We regularly request input from employees, including through a broad employee engagement survey conducted annually and through more frequent “pulse” surveys. These surveys are intended to measure our progress in promoting an environment where employees are engaged, productive, and have a strong sense of belonging. As part of our commitment to acting on employee input, we also use survey results to identify areas where we can do better and expect our managers to actively work to improve those areas.



#### **Hybrid Workplace Policy.**

For our employees who live near one of our offices, we have adopted a hybrid work model whereby employees generally come to the office in person once a week, on a day designated by local office leadership. For the rest of the week, employees may work either remotely or from their local office. We believe this approach maintains the flexibility of remote work while also providing a regular opportunity for in-person interactions to collaborate, innovate, and build relationships with colleagues.



#### **Diversity and Inclusion.**

With almost 800 employees around the world and customers in more than 100 countries, we understand the importance of diversity in perspectives, experience, backgrounds and cultures. As part of our efforts to encourage diversity and inclusion, all employees take an annual diversity and inclusion training and an unconscious bias training. We also work with diversity focused job sites and candidate application platforms to increase access to diverse talent, and have implemented an affirmative action plan covering our U.S. operations. In addition, we have an active employee resource group, Women at OneSpan, focused on providing support, mentoring and other resources for our female employees.

## **We monitor the gender diversity of our workforce regularly. We measure gender diversity overall, by job level, and by job category.**

As of December 31, 2022, approximately 31% of our employees identified as female, up from 27% at the end of 2021. The percentage of women in all job levels and categories also improved year over year. Although our gender diversity metrics may fluctuate from period to period, over the longer term, we hope and expect to see continued improvement in the representation of women across the company.



**Samy Ibrahim**  
Chief Revenue Officer



**Stuti Bhargava**  
Chief Customer Experience Officer



**Tom Aurelio**  
Chief People Officer



**Jorge Martell**  
Chief Financial Officer



**Lara Mataac**  
General Counsel and  
Chief Compliance Officer

We are also proud of the strides we have made during 2022 in the diversity of our executive leadership team. As a result of new management hires during 2022, more than half of our 13 person executive team identifies as female, LGBTQ, and/or a person of color, which represents significant progress as compared to the prior year.



**Caroline Vignollet**  
Senior Vice President  
of Research & Development

### **Training and Talent Development.**

We promote and support employee development, compliance and organizational effectiveness by providing compliance training and professional development programs. All of our employees take a required annual training on the following topics: our code of conduct and ethics; cybersecurity; diversity and inclusion; and preventing sexual harassment. In addition, in 2022, we added a training on psychological safety at work, which covers ways managers and employees can promote an open, trusting and non-judgmental environment that encourages creativity and the free exchange of ideas.

### **Employee Recognition.**

We regularly recognize our employees for driving business results and exemplifying our company values. We believe that these recognition programs help drive strong employee performance. Employees also have access to an internal communications channel to recognize their peers for their contributions to the company.

### **Feedback and Coaching.**

We believe regular feedback is an integral component of employee development, and that creating a culture of ongoing performance coaching is critical to our success. To that end, we conduct quarterly coaching sessions, where each employee is evaluated by their personal manager. Employee performance is assessed in significant part based on the achievement of goals set collaboratively by the employee and their manager. We also encourage managers to provide ongoing feedback and performance coaching to their direct reports, and to solicit their teams' feedback on their own performance.

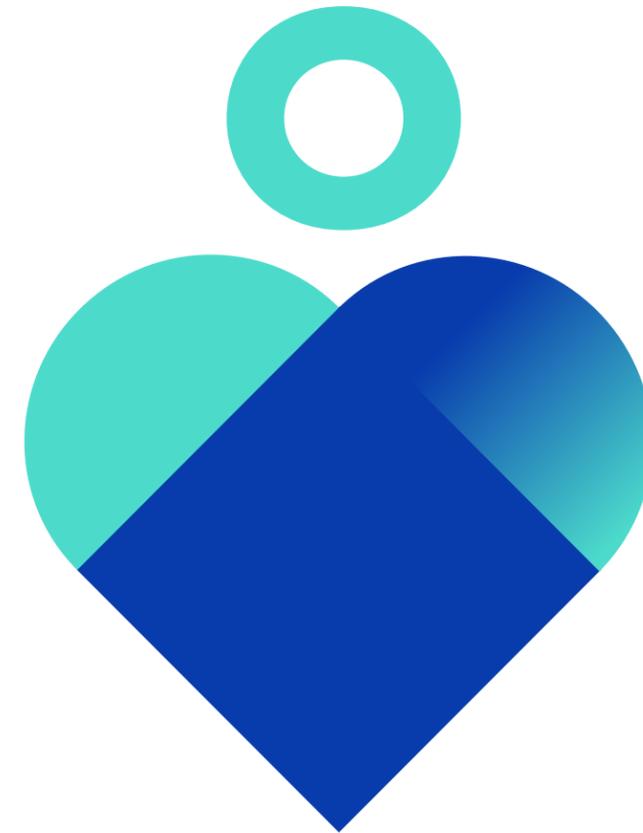


### **Community Outreach and Support.**

We believe it is important to promote community outreach through corporate giving and employee volunteerism in the communities where we live and work. We provide each employee with one paid day off each year to participate in volunteer activities of their choice. During 2023, we plan to launch a global social impact platform that will help our employees to find volunteer opportunities and collaborate with colleagues on social impact efforts.

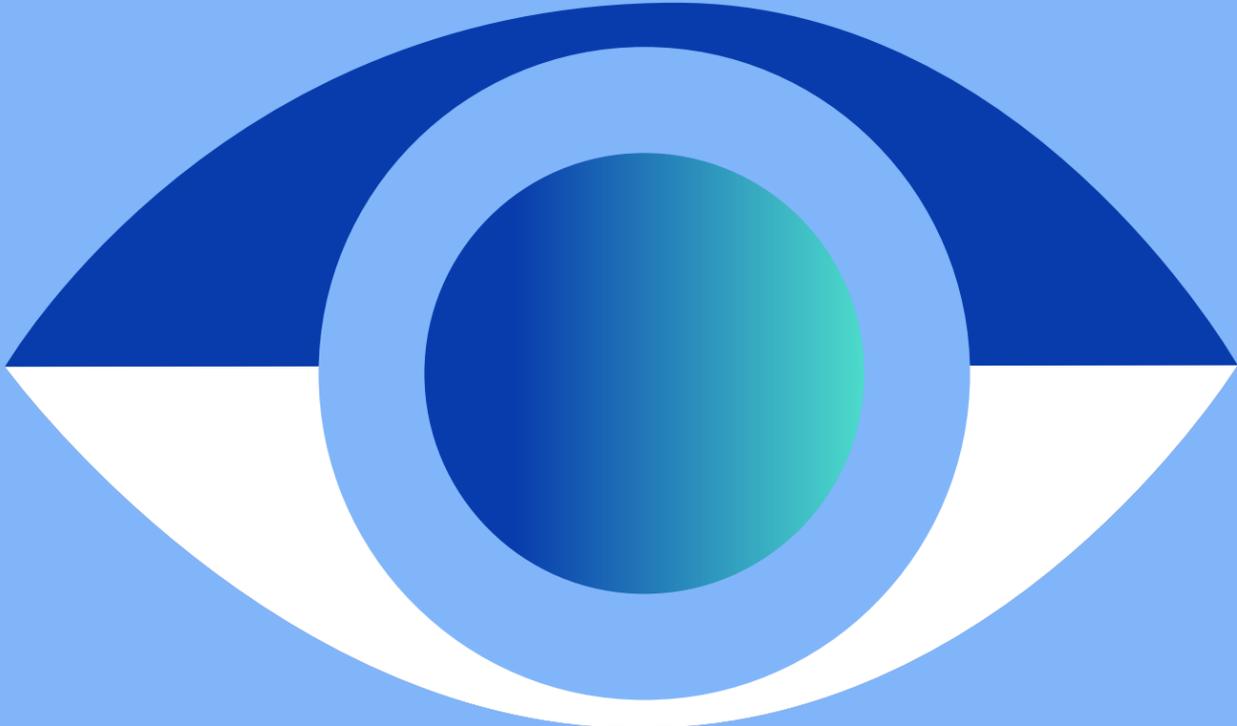
### **Commitment to Human Rights and Well-Being, Near and Far.**

We maintain a variety of policies and procedures to promote positive workplace conduct, employee well-being and human rights both within OneSpan and beyond, including a code of conduct and ethics, a compliance concern reporting hotline, anti-discrimination and equal opportunity policies, human rights and anti-trafficking policies, and a supplier code of conduct.



# Monitoring our Progress

We monitor our progress toward the goal of our People Promise by tracking the following metrics:



### Employee Survey Results.

We conduct a comprehensive employee engagement survey annually and compare participation rates and responses for each survey question from year to year.

#### Highlights from our 2022 Employee Engagement Survey



say they feel respected at OneSpan



say they can be themselves at work



say their manager genuinely cares about their wellbeing

### Employee Turnover.

We monitor attrition, voluntary turnover, and total turnover, as a whole and by tenure, region, and job family. Attrition captures all reasons employees leave, including voluntary turnover and involuntary turnover due to job eliminations or performance reasons, whereas voluntary turnover is limited to elective departures by employees. Total turnover is the sum of attrition plus voluntary turnover. Our voluntary turnover across our global employee base in 2022 was

16%, which we believe compares favorably with global turnover rates in the technology industry.

### Diversity.

As discussed above under “Diversity and Inclusion”, we measure gender diversity at least annually overall, by geography, by job role, and by job level. We also monitor the racial and ethnic diversity of our U.S.-based employees, to the extent that our employees disclose their race and ethnicity to us.

# Our Planet

**Climate change is widely considered one of the defining issues of our time, and the scientific consensus is that humanity must act quickly to reduce carbon emissions if we are to avoid its worst effects.**

The Paris Agreement calls for participating countries to cut carbon emissions sufficiently to keep the global temperature increase in this century well below 2 degrees Celsius over pre-industrial levels, with a goal of limiting it to 1.5 degrees Celsius. Global temperature increases of 2 degrees Celsius or higher, and particularly the 4 degrees or higher scenario that would result from continuing the current level of carbon emissions, are likely to bring about irreversible and devastating impacts to human and nonhuman life and the ecosystems we depend on to survive and thrive. Closely connected to climate change are other environmental issues that profoundly impact the viability and quality of life of earth, including food and water scarcity, pollution, plastic waste, ocean acidification, deforestation, desertification and biodiversity loss.

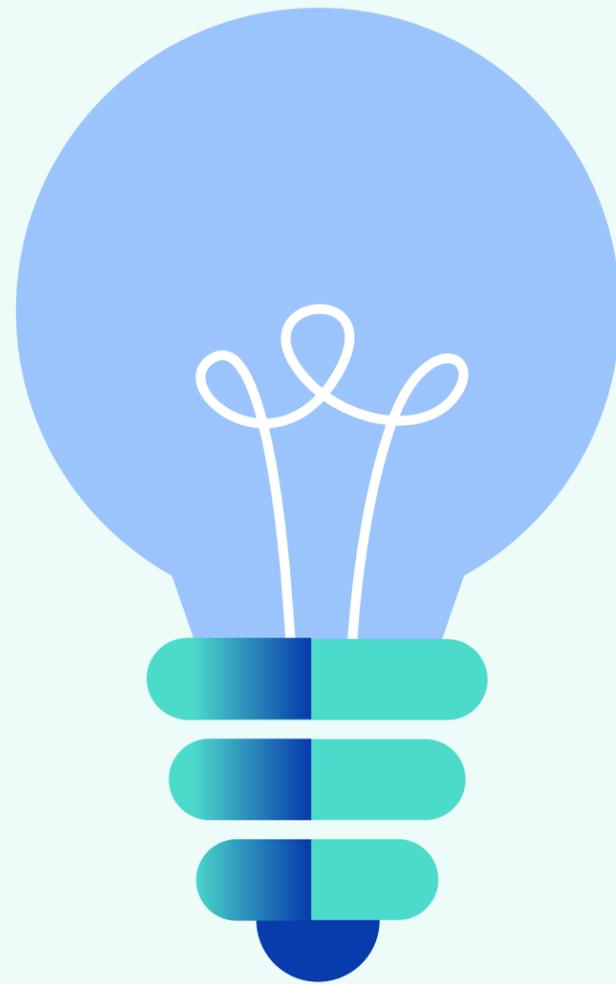
With respect to OneSpan specifically, we believe our climate change and environmental risks are relatively modest when compared to the other risks we face, such as risks pertaining to the growth of our business, our transformation plan, competition, products and technology and other risks set forth in our form 10-K filed with the SEC on February 28, 2023. Nevertheless, we fully expect to be impacted by climate change, both directly and indirectly through impacts to our customers, investors, employees, partners, suppliers, communities and other stakeholders. While it is difficult to predict the extent, nature and timing of these impacts, it is clear that we need to actively address climate change in order to build a business that will be resilient, responsive to our stakeholders, and successful in the years to come.

To that end, we have begun the first stage of what we expect will be an ongoing effort to monitor and manage our own climate and environmental impacts and do our part to support global efforts to limit the impacts of climate change and preserve a livable planet.

In this inaugural ESG report, we are reporting on our climate change risks and opportunities in partial alignment with the recommendations of the Task Force on Climate-Related Financial Disclosure, or TCFD, beginning on page 18 of this report. TCFD is a widely recognized framework for the reporting of climate related risks and opportunities across industries. We expect to be able to report in full alignment with the TCFD as our sustainability program matures.



# Task Force on Climate-Related Financial Disclosures (“TCFD”) Report



## Core Elements

# Governance

## TCFD Disclosure Recommendation

- (a) Describe the board’s oversight of climate-related risks and opportunities.
- (b) Describe management’s role in assessing and managing climate-related risks and opportunities.

## Disclosure

Establishing a robust ESG program is one of our key priorities of our Board and senior management team. The Corporate Governance and Nominating Committee (the “CGN”) of our Board of Directors (the “Board”) is responsible for overseeing our ESG program, including climate-related issues. In 2022, the CGN discussed ESG matters and reviewed progress in the development of our ESG program at all four of its regular meetings.

At a management level, Lara Mataac, our General Counsel and Chief Compliance Officer, is responsible for OneSpan’s ESG efforts. Ms. Mataac joined OneSpan in June 2022, and since then she and her team have been working with the CGN and other members of the Company’s management team to advance our ESG program. Ms. Mataac’s ESG and climate responsibilities include: developing a plan to build out our ESG program; working with the management team and other stakeholders to identify our climate risks and opportunities; updating the CGN and Board on ESG progress;

consulting with individual members of the Board for input on specific aspects of our ESG efforts; and monitoring and informing the broader management team about ESG and climate-related issues. Ms. Mataac’s 2023 bonus under our annual cash incentive program will be based in part on OneSpan’s progress in establishing our ESG program, as determined by the Compensation Committee of the Board with input from our CEO and the members of the CGN.

We are currently in the process of developing a formal framework for considering ESG issues, including climate issues, when reviewing the company’s strategy and business plans. Pending development of that framework, Ms. Mataac and her team are working with other company stakeholders to consider ESG impacts in company decisions such as new facility leases and acquisitions. Although we have not yet adopted climate-related goals or targets yet due to the early stage of our ESG program, once we adopt goals and targets, we expect that the CGN and Board will monitor progress towards them regularly.

## Core Elements

# Strategy

### TCFD Disclosure Recommendation

- (a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
- (b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.
- (c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

## Disclosure

### Supply Chain and Operations

Our Digipass authenticator devices are currently manufactured by third party contract manufacturers in four factories located in Southern China and one factory located in Romania. Manufacture of the Digipass devices requires materials and components sourced from suppliers around the globe, including microprocessors, glass, liquid crystal, plastic housing, silicon, and batteries. After they are manufactured, the devices must be shipped either to our Belgium warehouse, to a third-party warehouse or temporary storage location, to our customers, which are typically banks and other financial institutions, or directly to our customers’ end users. We ship our devices to

customers using sea, land and/or air transport, depending on the shipping destination and the preferences of the customer.

Due to the logistics involved in obtaining materials and components and in manufacturing, assembling and shipping our Digipass devices, our Digipass business is vulnerable to physical risks driven by climate change. The scientific consensus is that climate change is already causing more frequent natural disasters and extreme weather, and that these events are likely to become more severe in higher warming scenarios. Floods, wildfires, sea level rise, hurricanes, extreme heat waves and similar events could disrupt shipments of raw materials necessary for manufacturing or packaging of the devices, or the finished devices themselves. As a result, we may experience delays in

processing customer orders, delays in revenue recognition, and higher costs for materials and shipping. In 2022, we experienced delays and increased costs in obtaining microprocessors for our Digipass devices, due in part to energy shortages affecting our China-based contract manufacturers. These energy shortages were driven by extreme heatwaves and drought.

Risks related to the transition from fossil fuels to alternative energy sources in order to mitigate climate change, or “transition risks”, could also impact our Digipass supply chain. High demand for microprocessors to power electric vehicles was another key factor in the microprocessor delays and increased costs we saw in 2022. It is possible that we may see similar supply chain dislocations as the world increasingly transitions to alternative energy, and that these dislocations will negatively affect our Digipass operations.

Our software-as-a-service (SaaS) offerings, such as our OneSpan Sign electronic signature solution and our OneSpan Notary offering, are also vulnerable to physical risks posed by climate change. Our office facilities, our third party data centers that host our SaaS offerings, and the locations where our employees reside may be impacted by more frequent heatwaves, flooding, drought, higher average temperatures, and changes in precipitation patterns. Most of our office facilities and employees are not located in regions that are considered highly vulnerable to climate change; however, severe weather events can nevertheless impact the physical well-being of our employees located in the impacted areas, which may result in increased absences and loss of productivity. Although we believe our third party data center providers have well-developed business continuity and risk mitigation plans, it is possible that our data center facilities could be negatively impacted by weather events, or

that rates they charge to us will increase to reflect weather-related challenges (for instance, an increase in data-center cooling costs due to higher average temperatures or droughts).

The physical and transition risks of climate change may also present opportunities for our business. Our solutions enable secure virtual agreements and interactions, which are likely to become increasingly important due to climate change. Both physical and transition factors may reduce in-person meetings. More frequent heatwaves, floods, and other extreme weather events, as well as the impact of those events on fuel prices, may interfere with commuting to offices or traveling to meetings. Employers may also increasingly adopt “hybrid” office policies, both in response to employee preferences and in order to reduce their facilities expense and the carbon footprint of their office locations. Local or regional governments may also adopt policies encouraging remote or hybrid work as a mechanism to reduce carbon emissions, air pollution or traffic congestion. All of these factors may lead to an increase in digital interactions and transactions, which may drive additional demand for our solutions.

It is also possible that the destabilizing impacts of climate change, particularly in a 2°C or greater warming scenario which features food scarcity, mass migrations, natural disasters and conflict over scarce resources, will enable further proliferation of scams, identity theft, deepfakes, and cybercrime, all of which thrive in times of crisis and disruption. While we hope that these more severe impacts can be avoided by prompt global action to limit temperature increases, we believe our solutions can play a role in maintaining security and trust in digital agreements and transactions during unpredictable times.

## Compliance

We expect to incur additional costs in order to comply with regulatory requirements designed to combat climate change. The U.S. Securities and Exchange Commission (“SEC”) is currently finalizing disclosure rules that we expect will require us to report and eventually obtain a third party audit of our Scope 1 and Scope 2 greenhouse gas emissions, provide financial footnote disclosure regarding any material climate impacts, and make a number of qualitative climate-related disclosures. We will also need to disclose Scope 3 GHG emissions if Scope 3 emissions are material or if we commit to a Scope 3 reduction target. We expect these SEC requirements to begin to take effect as early as our financial reporting cycle for 2024.

Due to our significant operations in the European Union, we also expect to be subject to the EU Corporate Sustainability Reporting Directive (“CSRD”), which will require us to make, and obtain a third party audit of, extensive sustainability disclosures starting with the financial reporting cycle for 2025. The EU CSRD is expected to consist of approximately 85 disclosure topics and covers matters beyond climate change, including human rights, equality, diversity, water/marine resources, circular economy, pollution and biodiversity. The CSRD would require that we consider not only the material ESG risks facing our own business and operations but also the material risks posed by our operations to society and the environment. We would also need to disclose our plans to ensure our business model and corporate strategy are compatible with limiting global warming to 1.5 °C.

We expect that we will need to devote significant resources to compliance with these regulations, particularly the EU CSRD. However, we also anticipate that compliance with these

regulations will be complementary to our efforts to meet the ESG expectations of our EU-based customers and our investors, as discussed below.

## Customers and Investors

A majority of our customers are banks and other financial institutions. Many of these organizations are subject to material climate risks, in part because their asset portfolios span a wide range of industries and geographies, including industries that will be heavily impacted by the physical and transition risks of climate change, such as agriculture, oil and gas, and mining.

Banks are also subject to significant new regulations requiring reporting and mitigation of their climate-related impacts, particularly in the European Union. Since climate risks and regulations reach their entire supply chain, banks are now expecting their suppliers, including OneSpan, to measure, report and mitigate our climate related impacts.

We believe that the imperative to partner with our customers in addressing climate risk is at once a risk and an opportunity. If we are unable to demonstrate to our customers and potential customers that we are committed to measuring, monitoring and improving our own climate and ESG impact, they may be more likely to look elsewhere for their solutions. Conversely, if we can show them that we will partner with them to achieve their ESG goals, we believe we will be more likely to win their business and retain it long-term.

Similarly, our investors and prospective investors and lenders, many of whom are

subject to similar risks and regulations as our bank customers, are also increasingly requiring additional ESG information as part of their investment or lending decisions. We therefore believe that developing a robust ESG program will be important in attracting investors and other financing sources in the future.

## Employee Hiring and Retention

A number of recent studies have indicated that employees are increasingly considering the ESG programs of potential employers in deciding where to work. This trend appears to be particularly notable among younger

workers. Several studies have also found a correlation between a company’s focus on ESG and employee retention. We believe this presents both a risk and opportunity for us in a competitive market for hiring and retaining high quality talent.

## Scenario Planning

We have not yet conducted a scenario analysis of our strategy based on different climate-related scenarios, including a 2°C or lower scenario, but plan to do so in the future. Generally, we believe that the severity of the all of the risks described above, particularly the supply chain risks related to our Digipass business, will be greater in higher warming scenarios.



Core Elements

# Risk Management

## TCFD Disclosure Recommendation

- (a) Describe the organization’s processes for identifying and assessing climate-related risks.
- (b) Describe the organization’s process for managing climate-related risks.
- (c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.



## Disclosure

In 2022, we assessed our climate-related risks and opportunities by surveying our senior management team. For the senior management survey, we developed a list of potential climate risks based on disclosures from other comparable companies and based on our own business circumstances, and asked that members of senior management rate both the impact and likelihood of these risks as high, medium or low. Our list of climate-related risks included the following:

We may not be able to meet the ESG/climate requirements of our customers or potential customers on the timeframes they request or require

More frequent heat waves, wildfires, and extreme weather events may negatively impact the health, safety and productivity of our employees

We may not be able to meet the ESG/climate standards of certain investors and lenders on the timeframes they request or require

Higher data center cooling costs due to an increase in average temperatures may result in an increase in our data center expenses

Our competitiveness in the hiring market may be negatively affected by lack of a robust ESG/climate program

More frequent natural disasters may increase our insurance costs

More frequent natural disasters such as floods, hurricanes, and wildfires may cause supply chain disruptions for our Digipass devices and related components

Carbon taxes or trading schemes, if adopted in countries we operate in, may increase our operating costs

More frequent natural disasters may impact our data centers, contract manufacturing facilities, and offices

Additional climate-related regulations may increase our operating costs

With respect to assessment of climate risks relative to other risks we face, our internal audit team conducted an enterprise risk survey of 10 members of our senior management team. Respondents were asked to rate the impact, likelihood and velocity of 19 risk categories. Respondents identified ESG as a low risk area for the Company relative to other risks we face; however, supply chain risk, which is our most significant area of climate-related risk, was rated 8th out of the 19 risk categories.

We are currently developing more comprehensive processes to integrate climate risk management into our overall enterprise risk management framework.

Core Elements

# Metrics and Targets

TCFD Disclosure Recommendation

- (a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
- (b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
- (c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Disclosure

We use the metrics below to assess climate-related risks and opportunities:

- Scope 1, 2, 3 and total greenhouse gas (GHG) emissions in accordance with the Greenhouse Gas (GHG) Protocol
- GHG revenue intensity
- Total energy used
- Percentage renewable energy used
- Approximate percentage of top 50 vendors with an ESG program
- Approximate percentage of top 50 vendors committing to GHG reduction targets
- Percentage of new vendors reporting that they have an ESG program

We expect to add additional metrics as our ESG program develops.

We have measured each of the GHG and energy-related metrics for 2021 and plan to conduct our 2022 measurements later this year.

These metrics are as follows:

Metric	
<b>2021 Scope 1, 2, and 3 greenhouse gas emissions:</b>	
Direct (Scope 1) GHG emissions (tCO <sub>2</sub> e)	68
Indirect (Scope 2) GHG emissions (tCO <sub>2</sub> e)	215
Other indirect (Scope 3) GHG emissions (tCO <sub>2</sub> e)	19,341
Total GHG emissions (tCO <sub>2</sub> e)	19,624
GHG emissions intensity (tCO <sub>2</sub> e per USD \$1M revenue)	91.5
<b>2021 Energy usage:</b>	
Total energy used	1,542 MWh
Percentage renewal energy used	6.57%
Approximate percentage of top 50 vendors with an ESG program	68%
Approximate percentage of top 50 vendors committing to GHG reduction targets	48%
Percentage of new vendors reporting that they have an ESG program (Q1 2023 and Q4 2022)	16%

As our ESG program develops, we are actively evaluating opportunities to reduce our GHG emissions. We recently signed a new lease for our Belgium warehouse facility that offers a number of energy-saving features as compared with our current warehouse facility, including: full insulation to minimize energy loss; an energy-efficient heating and cooling system; a flat roof designed to accommodate solar panels over the warehouse portion of the building; and electric vehicle charging stations. We plan to assess and identify additional GHG reduction opportunities in the coming months.

We have not yet adopted climate-related goals or targets yet due to the early stage of our ESG program, but expect to do so in the future.

# Security

As a global digital agreements security company, OneSpan enables secure and compliant transactions for thousands of organizations who rely on us to help safeguard digital transactions from cybercrime and fraud.

We and our customers are subject to complex and evolving regulations in the various countries and jurisdictions where our products and services are used, which requires us to maintain high standards for security and data protection.



## Security Governance

OneSpan has established a strong security culture over many years. We operate our security program under a global Information Security Charter approved by the Audit Committee of our Board of Directors, and the Audit Committee receives security updates from management at least quarterly. At the management level, a Security Steering Committee consisting of senior management representatives meets quarterly to oversee the Company's security program and monitor the evolution of various cyber, physical and product security risks. Our Security team is responsible for ongoing cybersecurity risk management, and collaborates with the Internal Audit team and Legal and Compliance team to align enterprise risk and cybersecurity risk.

To support our security program, OneSpan has developed and implemented an extensive set of security policies, standards and processes aligned with ISO/IEC 27001/27002. These policies and standards apply across our operations, including the systems OneSpan develops and operates for the benefit of our customers.



Also supporting OneSpan's security program is a globally distributed security workforce consisting of highly trained professionals in the fields of cybersecurity, risk management, security architecture, data protection, application security, audit, compliance, incident response, identity governance and governance of enterprise IT. The Security team's role ranges from physical security of our facilities to secure product design, development and testing, to systems operations and certification, whether on our corporate network, in our data centers, or in the various cloud environments we operate.

In light of the potential impact of third party breaches on our company or customers,

OneSpan's vendor security risk management program covers all vendors that require access to OneSpan systems, confidential information, or personal data. Security reviews of existing vendors are performed periodically, based on vendor criticality, to identify potential security issues with the vendor systems or practices. New vendor contracts are reviewed by our Legal and Security teams to ensure security and data protection are appropriately addressed.

OneSpan maintains a cybersecurity risk insurance policy and utilizes the services of an independent insurance broker that also provides insurance advisory support.

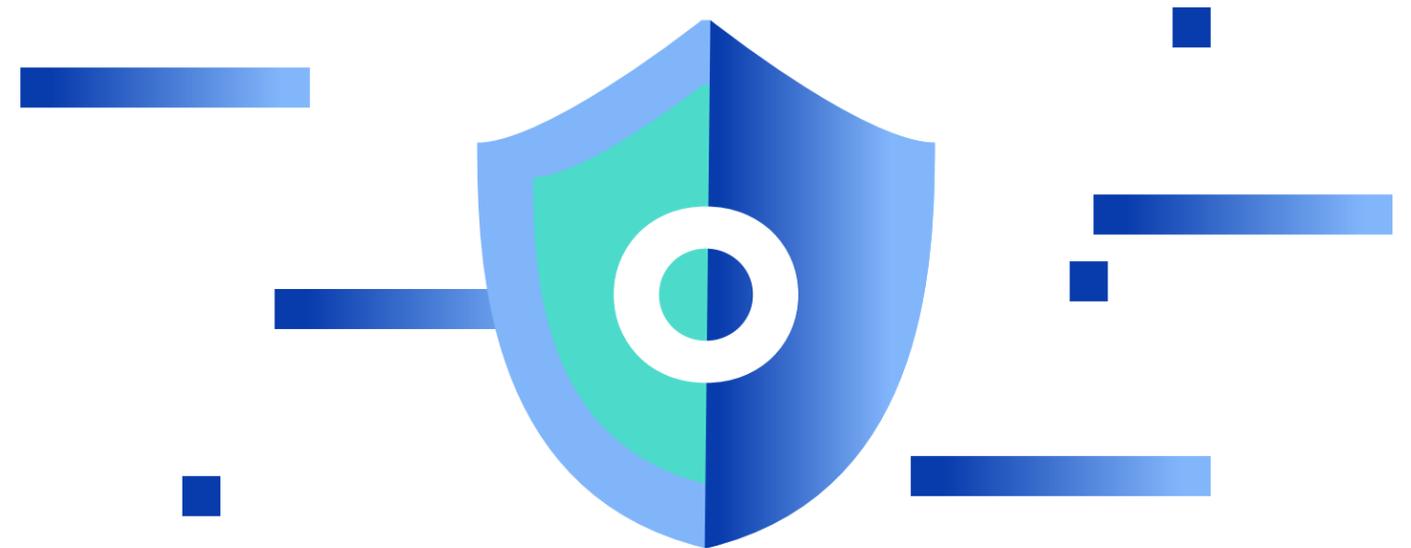
## Personnel Security

Recognizing this is a key requirement for our customers in many industry sectors, OneSpan conducts background/reliability checks on prospective employees. In addition, our security awareness program requires all employees (as well as contractors with access to our systems) to take security, privacy and code of conduct trainings when hired, and yearly thereafter. Additional training is offered on various topics throughout the year, including role-based training such as secure development

and incident response. A permanent simulated phishing program helps ensure that employees are able to rapidly recognize and handle fraudulent email messages.

## Physical Security

OneSpan has implemented a physical security program for building and workplace security featuring periodic security assessments of our various facilities. We also maintain strict guidelines for physical security measures at third party data centers and cloud hosting partners.



## Product Security

Since a majority of our customers operate in regulated industries, we strive to ensure our products meet rigorous security standards to protect our customers' data. OneSpan follows a secure development lifecycle where products are tested on an ongoing basis throughout their lifecycle to limit the introduction of vulnerabilities that could be exploited by malicious actors. Security tests are automated in our product development pipelines as much as possible to promote early detection of potential issues.

We strive to apply DevSecOps principles (the practice of integrating security throughout the software development process) to ensure that security is prioritized from development to operations, and that we take a proactive approach that reinforces early detection of potential security issues. In our SaaS environments, systems and products are updated and patched periodically following a rigorous process in order to keep them up to date and avoid potential vulnerabilities. We also rely on our global infrastructure security to keep our product development process secure.

### Infrastructure Security

Protecting OneSpan's systems and data and our customers' data from common threats such as ransomware and data breaches requires good security hygiene. OneSpan's systems are configured according to strict standards. Our corporate network limits access and network traffic to only what is required for authorized business purposes, dynamically blocking malicious behavior and access to dangerous sites. All systems are scanned regularly for weaknesses, and any identified vulnerabilities are appropriately managed. Remote connectivity to OneSpan systems requires multifactor authentication for all employees and contractors. Email protection mechanisms help protect our employees, partners and customers from malicious messages, including Business Email Compromise (BEC) and impersonation scams.

As a response to the constantly evolving threat landscape, OneSpan has deployed dedicated people, processes and technology to monitor

the various components of our infrastructure to detect and alert us to suspicious activity, including from our remote workforce working from home. OneSpan's security program is adapted on an ongoing basis to respond to changes in the threat landscape. A Cybersecurity Incident Response program is in place and tested periodically to enable rapid response to identified or potential security incidents.

### Resilience and Business Continuity

In order to meet strict customer requirements for availability, OneSpan has developed and implemented our systems with resilience in mind. We rely on mature hosting providers that enable us to meet our availability commitments to customers and partners. Backups are performed regularly and are securely stored to prevent unauthorized access or tampering. Business continuity and disaster recovery plans help ensure OneSpan can promptly restore critical systems in the event of a service disruption.

### Certifications and Compliance

The nature of our business makes it critical for our customers to be able to trust us with their data. To this end, we have an extensive security assurance program in place for our SaaS services. The program consists of a combination of manual and automated tests to help ensure systems remain secure. This includes regular vulnerability assessments and periodic intrusion tests. OneSpan's SaaS services undergo a SOC 2 type II attestation every year, confirming appropriate controls are in place to meet strict security, confidentiality, availability and privacy requirements. Our SaaS services are also ISO 27001, 27017, 27018 and CSA STAR Level 1 certified.



# Responsible Vendor Management

**OneSpan understands that responsible vendor management is a key component of our ESG program, and we are working towards making ESG factors an integral part of our vendor screening process.**

We require that all vendors either agree to our Supplier Code of Conduct or confirm that they will adhere to a substantially equivalent policy of their own. Our Supplier Code of Conduct addresses human trafficking, worker's rights, compliance with regulations, diversity, and health and safety, among other topics.

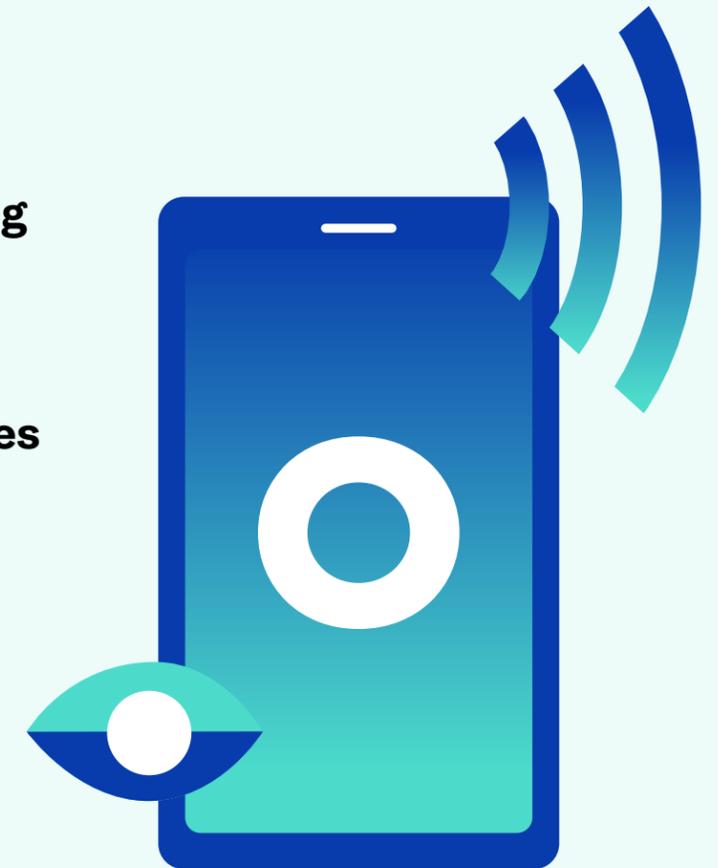
We require that our contract manufacturing partners who manufacture our Digipass devices agree to our supplier code of conduct, represent they use no conflict minerals or forced/child labor, make commitments to responsible sourcing and sustainability, allow compliance audits, and sign annual compliance certifications.

We conduct a security and privacy review of vendors who will have access to OneSpan systems, confidential information, or personal data.

We are in the process of building a supplier diversity program that will enable us to measure the diversity of our suppliers and set supplier diversity goals. To that end, we recently adopted a Supplier Diversity Policy that reflects our commitment to actively seek opportunities to conduct business with a competitive, diverse set of suppliers.

# Accessibility

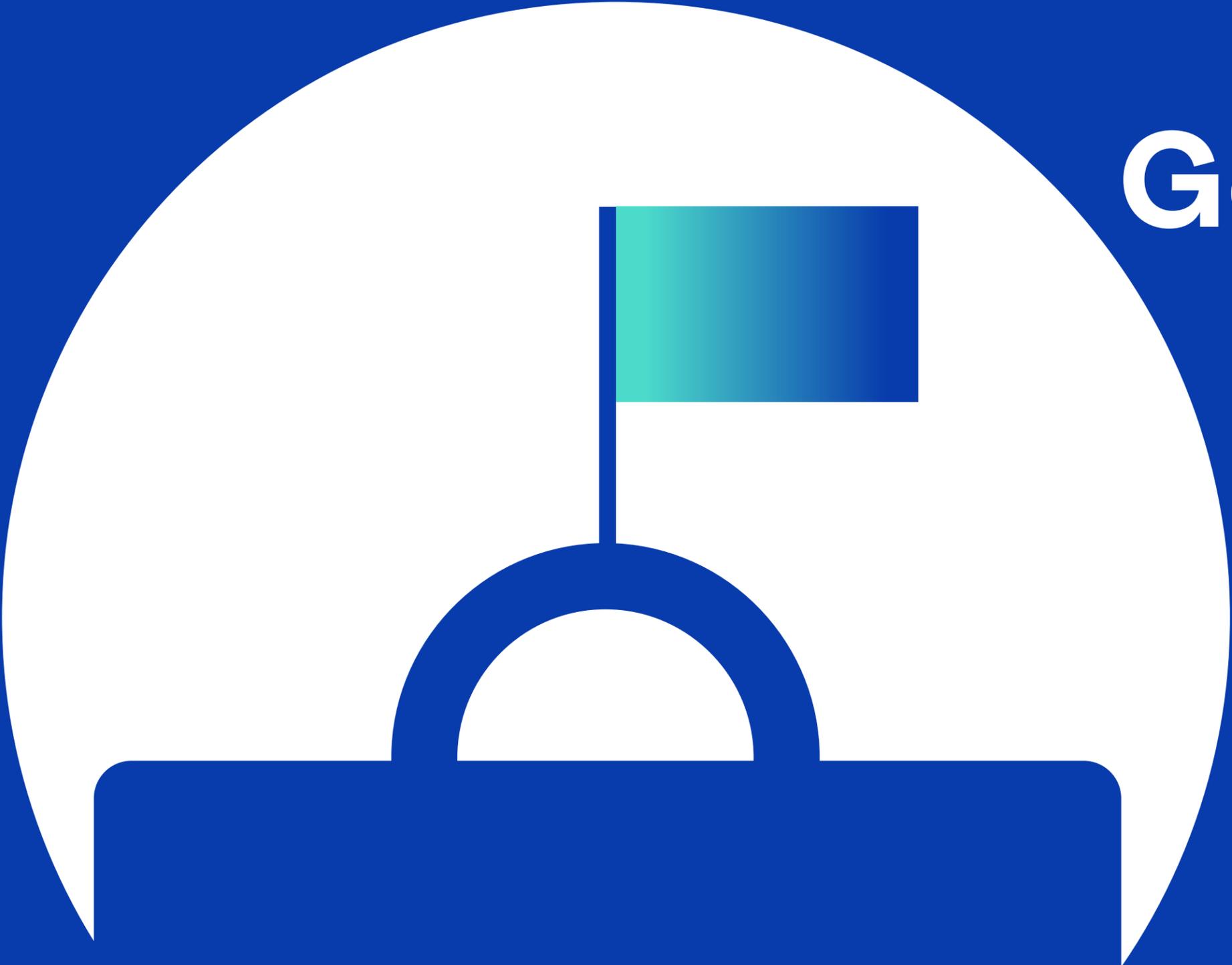
**OneSpan is committed to providing solutions that are accessible to individuals of all abilities. We work on an ongoing basis to improve accessibility across our product portfolio in accordance with the Web Content Accessibility Guidelines (WCAG), Section 508 of the Rehabilitation Act of 1973, and other applicable laws.**



OneSpan Sign, our e-signature solution, offers an Accessibility Support component that enables blind and visually impaired signers to review and click-to-sign PDF documents that are presented with a supported browser. OneSpan Sign strives to conform with Web Content Accessibility Guidelines (WCAG) 2.1 Level AA. At each new OneSpan Sign release, we provide a Voluntary Product Accessibility Template ("VPAT") accessibility conformance report that describes the accessibility features of OneSpan Sign. In 2022, our customers used OneSpan Sign to provide more than 3 million accessible transactions.

Our Digipass family of authentication devices includes Digipass devices that are specially designed for blind or visually impaired signers. These devices include large keypads, displays, and a voice feature that can audibly speak the items displayed on the device. Since 2019, we have provided over 250,000 of these accessible Digipass devices to our customers.

We employ a dedicated web and mobile accessibility expert who is fully focused on advancing our commitment to accessibility.



# Governance

**We are committed to effective corporate governance and high ethical standards.**

We believe that strong corporate governance policies and practices strengthen the accountability of our Board and management, lead to better business performance and align the long-term interests of our management team with our stakeholders, including our stockholders, our customers and our employees.

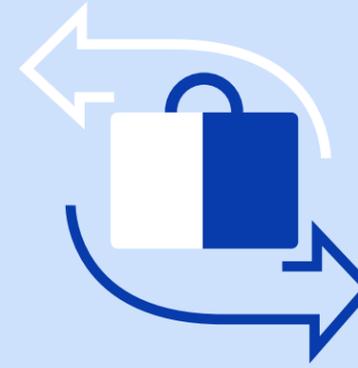
Highlights of our current corporate governance policies and practices and features of our Board include:

### Board Composition

- ✓ Seven out of eight directors are independent under Nasdaq listing standards
- ✓ Significant board refreshment over the last three years
- ✓ Declassified Board
- ✓ Average tenure of our directors of approximately 2.5 years
- ✓ Disclosure of Board skills, qualifications and characteristics matrix
- ✓ More than one-third of our directors are female or diverse
- ✓ Separate Chair and CEO, with independent Chair
- ✓ Two female directors

### Board Governance

- ✓ Majority vote standard for uncontested director elections
- ✓ Regular executive sessions of the independent directors
- ✓ All standing Board committees comprised solely of independent directors
- ✓ Active stockholder outreach program with continued focus on disclosure and governance
- ✓ Regular Board self-evaluation and assessment of Board composition
- ✓ Particular key risk management functions designated to Board committees
- ✓ Annual Board review of overall risk management program
- ✓ Executive officers and directors prohibited from hedging and pledging OneSpan securities
- ✓ Stock ownership requirements for directors, CEO and CFO
- ✓ Code of Ethics and Conduct administered by management under the supervision of our Board



#### Board Refreshment

Since 2019, our Board has actively assessed itself against the Company’s current and expected future needs by seeking the advice of outside experts and large stockholders. This resulted in the addition of eight total new directors, which represents a full refresh of the Board, since 2019.

Our Board is committed to assessing its composition as it balances the knowledge and experience of our longer-tenured directors, the benefits of the fresh perspectives of new directors and the evolving needs of the Company and the input of our stockholders. The average tenure of our directors is now approximately 2.5 years.

#### Board Leadership Structure

The current leadership structure of the Company provides for the separation of the roles of the CEO and the Chair of our Board. Alfred Nietzel serves as the independent Chair of our Board and Matthew Moynahan serves as our President and CEO. At this time, in light of the Company’s size and the nature of our business, our Board believes that the separation of these roles serves the best interests of OneSpan and our stockholders. If in the future the Board decides to appoint a Chair who is not independent from management, our Board will appoint a Lead Independent Director pursuant to our Lead Independent Director Policy adopted in 2017.

#### Our Board’s Role in Risk Oversight

Our Board is primarily responsible for overseeing the assessment and management of the Company’s risk exposure, including the balance between risk and opportunity and the totality of risk exposure across the organization. Our Board does so directly and through each of its committees. Our Board and its committees regularly discuss with management the Company’s major risk exposures, their likelihood, the potential financial impact such risks may have on the Company and the steps

the Company takes to manage any such risks. The Audit Committee oversees the Company’s risks and exposures regarding financial reporting and legal and regulatory compliance. The Management Development and Compensation Committee oversees risks relating to our overall incentive compensation programs and succession planning, including those for senior management. The Corporate Governance and Nominating Committee oversees ESG-related risks and risks related to compliance with our Corporate Governance Guidelines and Code of Conduct and Ethics.

Our Board reviews the Company’s overall risk management program at least annually, including the corporate insurance program. Throughout the year, management updates our Board and relevant committees about factors that affect areas of potential significant risk. In addition, our internal audit director is involved with our enterprise risk management process and reports directly to our Audit Committee on all matters, without other members of management present.

For more information regarding our Governance practices, please review our Proxy Statement for our 2023 Annual Meeting of Stockholders.

## ESG Datasheet

People	2022	2021
<b>Employees<sup>1</sup></b>		
Total	790	879
<b>By Region (No. / %)</b>		
Canada	300 / 38%	323 / 37%
Europe	292 / 37%	369 / 42%
United States	134 / 17%	126 / 14%
Asia-Pacific	37 / 5%	35 / 4%
Middle East	15 / 2%	12 / 1%
Latin America	12 / 1%	14 / 2%
<b>By Gender</b>		
Women (No./ %)	244 / 31%	242 / 27%
Men (No./ %)	534 / 68%	633 / 72%
% Gender by Management Level – Managers (Women/Men)	27% / 71%	19% / 79%
% Gender by Management Level – non-Managers (Women/Men)	32% / 67%	29% / 70%
<b>Employee engagement</b>		
Voluntary Turnover Rate	16%	20%
% Participation in Employee Engagement Survey	93%	93%
Overall Employee Engagement <sup>2</sup> - % Favorable	75%	68%

1 Employee numbers are as of December 31 of the years shown.

2 Engagement is a measure of people's connection and commitment to the Company and its goals.

Environment	2021
<b>Carbon Emissions</b>	
Direct (Scope 1) GHG emissions (tCO <sub>2</sub> e)	68
Indirect (Scope 2) GHG emissions (tCO <sub>2</sub> e)	215
Other indirect (Scope 3) GHG emissions (tCO <sub>2</sub> e)	19,341
Total GHG emissions (tCO <sub>2</sub> e)	19,624
GHG emissions intensity (tCO <sub>2</sub> e per USD \$1M revenue)	91.5
<b>Energy Use</b>	
Total energy use (MWh)	1,542 MWh
Renewable energy (% of total energy use)	6.57%
<b>Vendors</b>	
Approximate percentage of top 50 vendors with an ESG program	68%
Approximate percentage of top 50 vendors committing to GHG reduction targets	48%
Percentage of New Vendors with an ESG Program (Q1 2023 and Q4 2022)	16%

