



efecte

# ESG Report 2021

11 February 2022

# From CEO

We believe that our core business of helping people digitalize and automate their work enables a positive impact in the society. Every day, thousands and thousands of people are making good things happen by using Efecte software.

This Environmental, Social and Governance (ESG) Report marks the first time we at Efecte comprehensively report on our environmental, social, and governance metrics.

As the European Alternative in our space, we believe that investors and other stakeholders should be given transparent sustainability information about all their investments. That is why we decided to disclose this report, even if applicable laws do not require us to do so.

We will report key ESG metrics and have structured this report based on **Sustainability Accounting Standards Board's (SASB) Software and IT Services Standard**. We believe this approach will enable us to report the most relevant metrics to our business and for investors and analysts following us.

This report will form a foundation for Efecte's ESG work and reporting for the coming years. Both the management and Board of Directors of Efecte are committed to sustainability today and in the years to come.

Niilo Fredrikson  
CEO  
Efecte Plc



# Our culture

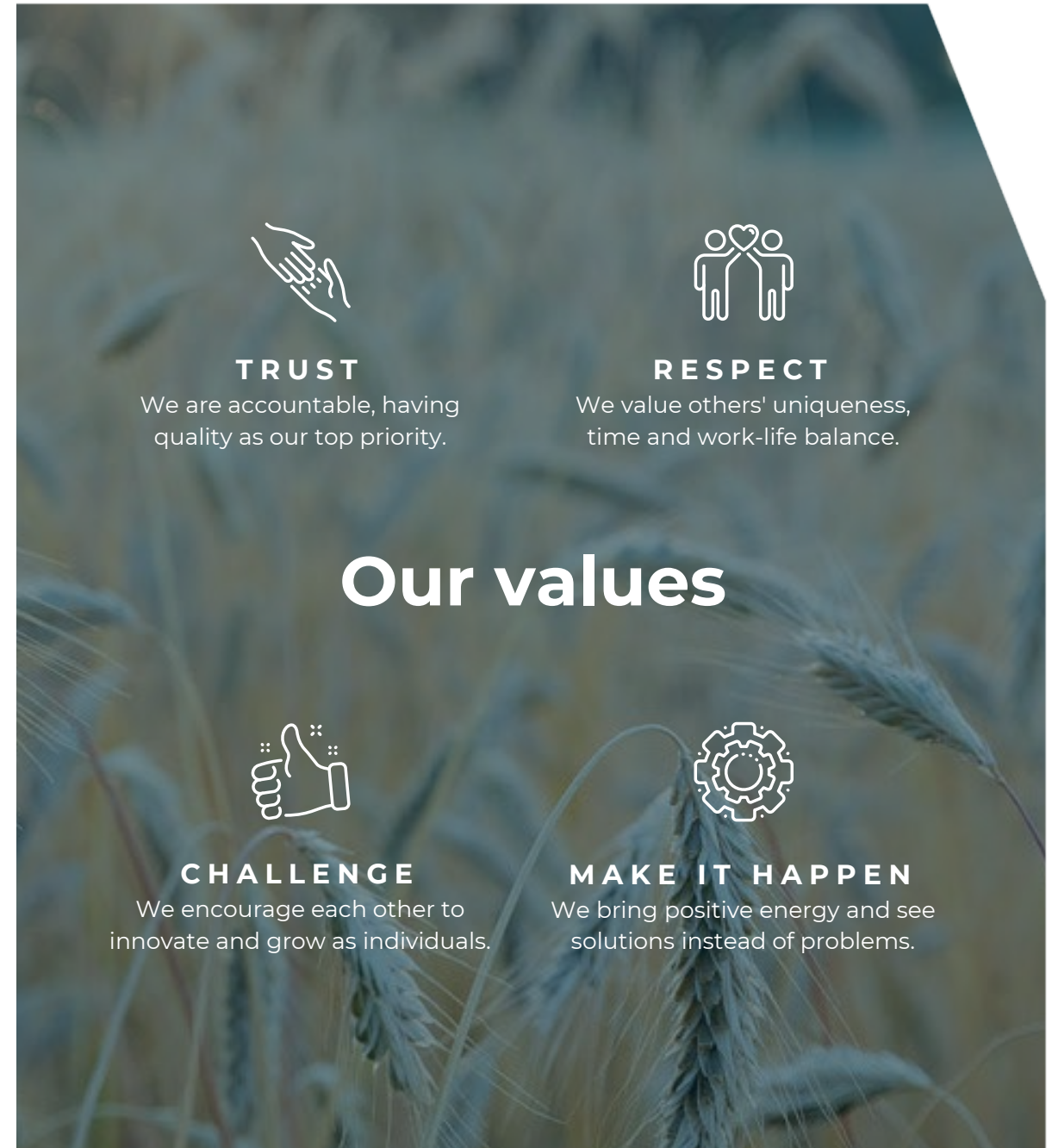
Our culture is based on our four core values: **Trust, Respect, Challenge & Make it Happen.**

We have created our values as a joint team, and they play an important role in our everyday work. They are behaviors and skills that we expect from and value in our colleagues. We hire and recognize people who demonstrate our values. Our values also guide us towards our vision.

Equality, non-discrimination and fairness are key principles in recruitment, compensation and career development at Efecte. We do not accept any form of discrimination based on gender, age, nationality, religion, sexual orientation or any other similar basis.

To support gender equality in our industry, we constantly strive for equal opportunities. We do not tolerate harassment and promote an inspiring and safe work environment.

We promote continuous learning and development by having a program to support professional and personal growth. We strive for learning to use the full potential of all our employees through setting personal targets and enabling good life.



# Our team

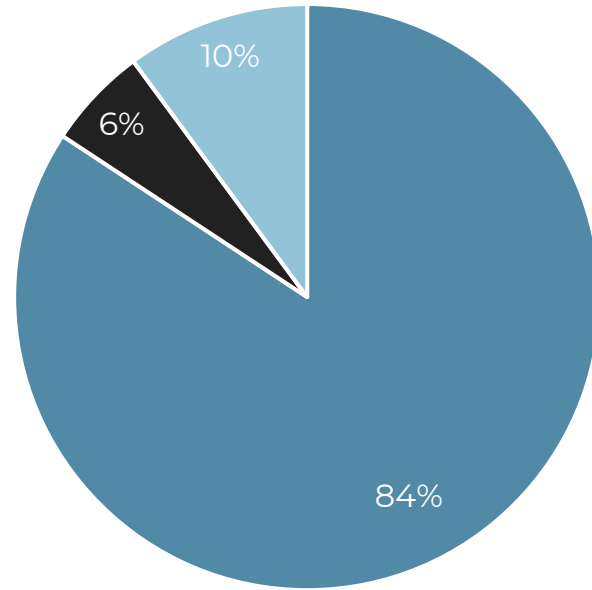
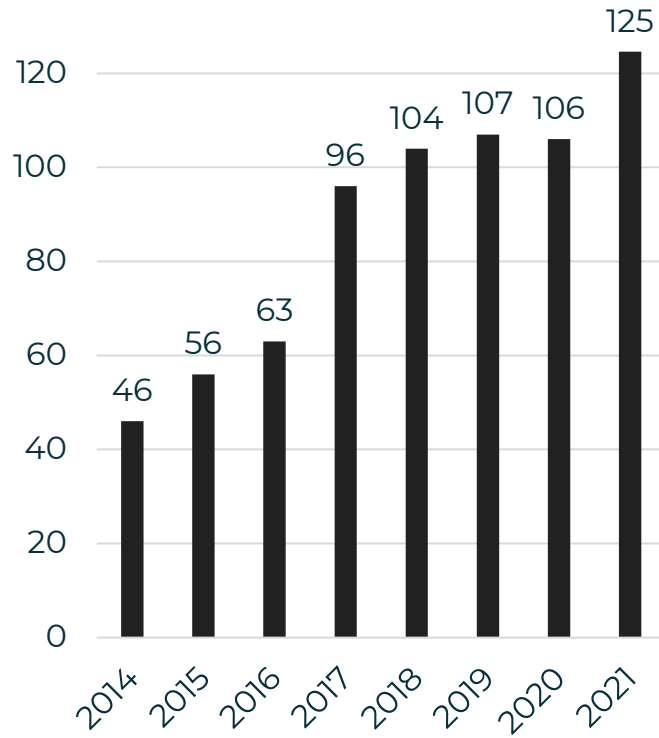
Our team forms the foundation on which our business is built. In today's competitive employment market, our success is dependent on recruiting and retaining the right talent.

In 2021, we succeeded in maintaining a high employee satisfaction, retaining key employees and recruiting high-level talent for our growing team and ended with 18% higher headcount than the year before.

## Key metrics:

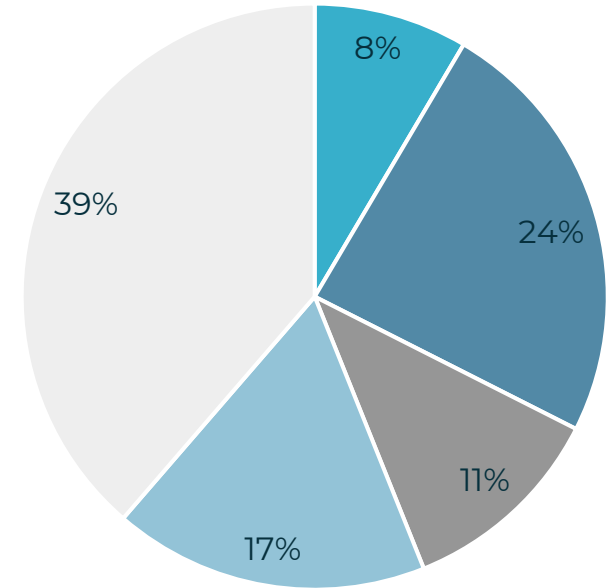
| Metric   | 2021          |
|--|---------------|
| <b>Number of employees at end of the period (full-time equivalent)</b> | 125           |
| <b>Employee attrition (unmanaged)</b>                                  | 9,6           |
| <b>Employee engagement measured by eNPS</b>                            | 66            |
| <b>Number of different nationalities</b>                               | 14            |
| <b>Ratio of women to men among personnel</b>                           | 23%/77%       |
| <b>Ratio of women to men among technical personnel</b>                 | 18%/82%       |
| <b>Ratio of women to men among Board</b>                               | 50% / 50%     |
| <b>Ratio of women to men among leadership team</b>                     | 33.3% / 66.7% |
| <b>Ratio of fixed term to permanent employees (fixed / permanent)</b>  | 7%/93%        |

# Team in numbers



■ Finland ■ Sweden ■ Germany

Our central team in Finland acts globally supporting customers, partners and sales in all markets and includes the headcount responsible for our new markets operation.



■ Admin ■ Sales & marketing ■ Cloud operations & support ■ Products (incl. R&D) ■ Services & Training

# Data security and privacy

Our business is based on the trust of our customers. This trust is built on a software solution that is secure and respects the privacy of its users.

## Data security

- Efecte is **ISO/IEC 27001** certified and we only use ISO/IEC 27001 certified data center providers in producing our cloud services. ISO/IEC 27001 is an international standard that sets out the best practices on how to manage information security
- We continuously train our employees in information security. **Mandatory data security trainings** and tests are required regularly from all employees
- We have appointed a full-time **Chief Information Security Office (CISO)** responsible for the data security of our operations
- We have a **comprehensive set of policies** and plans, covering information security, physical security, data classification and handling, risk management, incident management, vulnerability management, risk treatment, information security communications and cloud continuity

## Privacy and Data Protection

- We process personal data only when it is necessary for our operations. We do not use customers' or employees' personal data for any secondary purposes
- We have appointed a data protection officer and comply with all applicable data protection laws and process customer data only as agreed with the customer
- Further information on Efecte's processing of personal data can be found at <https://www.efecte.com/privacy-policy>



# Risk management and business continuity

## Risk management

- Information security and other risks are managed systematically based on our ISO/IEC 27001 compliant risk management process. The process is run on Efecte's own product and enables us to centrally identify, manage and mitigate our information security and other risks
- All material information security and other business risks are reviewed quarterly in the leadership team and at least annually with the Board of Directors
- We regularly scan our software for vulnerabilities and implement any required corrective measures without delay
- Information security risks are managed by group CISO. Employees are also encouraged to report information security risks using Efecte self-service portal

## Business continuity and availability

- As Efecte software is used for various purposes in critical industries such as healthcare, we recognize that the availability of our cloud platform is essential for our customers.
- As a token of our continuity work, we did not suffer any major service disruptions or performance issues in 2021 that would have affected all or most of our customers.
- Minimizing performance issues, service disruptions, and total customer downtime is an integral part of the five-star customer experience we aim to provide. These metrics are actively monitored and regularly reviewed with senior management. All major issues with our customers are escalated to the Leadership Team.
- Business continuity risks are managed using Efecte's ISO/IEC 27001 certified information security management system



# Human rights

We at Efecte respect human rights in everything we do and expect our suppliers and business partners to do the same. This applies to every interaction regardless of age, ethnic origin, location, language, religion, ethnicity, or any other status.



# Environment and energy management

As a SaaS company, our main material environmental impacts relate to data centers, energy consumption at office locations and business travel.

In this report we disclose energy consumption data regarding the environmental impact of our HQ in Espoo, covering over 70 % of total personnel. As our other locations grow, we aim to include them in the reporting as well.

- Our Espoo headquarters used **308.9 gigajoules of energy** in 2021 (excl. energy used for heating). We moved to the new HQ in April 2021 and have calculated energy usage from that date.
- All of our data center providers are ISO 14001 and OHSAS 18001 certified and use 100% renewable energy
- We recognize the impact of unnecessary business travel on the environment. We avoid business travel where remote meeting options are available
- We aim to save natural resources through sustainable waste management, including waste minimization, re-use and recycling (“reduce, reuse, recycle”)
- Our goal is to decrease waste by operating as a paperless office and by recycling waste at our offices
- We have a written environmental policy, applicable to all our employees and operations
- We expect similar environmental standards from our suppliers, contractors and partners through our supplier code of conduct
- Based on our assessment, water usage is not material in any of our locations and as the information is not readily available, we therefore elect not to disclose it

# Business ethics, anti-corruption and reporting concerns

- In 2021, we introduced our renewed Code of Conduct that sets the ethical guidelines for all our operations, including policies relating to anti-corruption and anti-bribery
- We maintain regular and mandatory trainings concerning our Code of Conduct for all employees
- In late 2021, we launched our Supplier Code of Conduct, setting out minimum ethical standards for our suppliers, partners or any parties acting on our behalf. The Supplier Code of Conduct can be found here <https://www.efecte.com/supplier-code-of-conduct>
- We encourage employees to speak up regarding any concerns. We have implemented an internal whistleblower channel that allows employees report their concerns



# SASB index

The below tables are compiled in accordance with and refer to SASB's Software and IT Services Standard, Version 2018–10. The inclusion of metrics in this report is not an admission of materiality of the information. Unless otherwise specified, the data and descriptions are current as of 31.12.2021 and concern the entire Efecte group

| Environmental Footprint of Hardware Infrastructure |   |                         |  |  |
|--|---|-------------------------|--|--|
| Code   | Accounting metric   | Category                | Unit of measurement                                      | Response   |
| TC-SI-130a.1                                       | (1) Total energy consumed<br>(2) Percentage grid electricity<br>(3) Percentage renewable  | Quantative              | Gigajoules (GJ), Percentage (%)                          | Espoo headquarters for 4/2021-12/2021:<br><br>1) 308.9 GJ (excl. energy used for heating)<br>2) 100%<br>3) 25% |
| TC-SI-130a.2                                       | (1) Total water withdrawn (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress | Quantative              | Thousand cubic meters* (m <sup>3</sup> ), Percentage (%) | N/A  |
| TC-SI-130a.3                                       | Discussion of the integration of environmental considerations into strategic planning for data center needs                         | Discussion and analysis | N/A  | N/A  |

## Data Privacy & Freedom of Expression

| Code         | Accounting metric  | Category                | Unit of measurement    | Response   |
|--------------|--|-------------------------|------------------------|--|
| TC-SI-220a.1 | Description of policies and practices relating to behavioral advertising and user privacy  | Discussion and Analysis | N/A                    | See Efecte group privacy policy here <a href="https://www.efecte.com/privacy-policy">https://www.efecte.com/privacy-policy</a> |
| TC-SI-220a.2 | Number of users whose information is used for secondary purposes   | Quantative              | Number                 | 0  |
| TC-SI-220a.3 | Total amount of monetary losses as a result of legal proceedings associated with user privacy  | Quantative              | Reporting currency     | 0  |
| TC-SI-220a.4 | (1) Number of law enforcement requests for user information (2) number of users whose information was requested (3) percentage resulting in disclosure | Quantative              | Number, Percentage (%) | 1) 0<br>2) 0<br>3) 0   |
| TC-SI-220a.5 | List of countries where core products or services are subject to government required monitoring, blocking, content filtering, or censoring             | Discussion and analysis | N/A                    | 0  |

## Data Security

| Code         | Accounting metric   | Category                | Unit of measurement    | Response                   |
|--------------|---|-------------------------|------------------------|----------------------------|
| TC-SI-230a.1 | (1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of users affected     | Quantitative            | Number, Percentage (%) | 1) N/A<br>2) N/A<br>3) N/A |
| TC-SI-230a.2 | Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards | Discussion and Analysis | N/A                    | See discussion on page 6   |

## Recruiting & Managing a Global, Diverse & Skilled Workforce

| Code         | Accounting metric   | Category     | Unit of measurement | Response  |
|--------------|---|--------------|---------------------|---|
| TC-SI-330a.1 | Percentage of employees that are<br>(1) foreign nationals and<br>(2) located offshore   | Quantitative | Number              | 1) 5 %<br>2) 0%   |
| TC-SI-330a.2 | Employee engagement as a percentage   | Quantitative | Percentage (%)      | 66 %<br><br>We measure employee engagement through a third-party survey with a question “How likely is it that you would recommend your employer to a friend or colleague?” on a scale of 1 – 10 using the NPS scale          |
| TC-SI-330a.3 | Percentage of gender and racial/ethnic group representation for (1) management (2) technical staff, and (3) all other employees | Quantitative | Percentage (%)      | 1) 33,33% female / 66,67% male (Leadership Team)<br>2) 18% female / 82% male<br>3) 23% female / 77% male<br><br>Based on applicable legislation, we do not maintain any statistics of racial / ethnic origin of our employees |

## Intellectual Property Protection & Competitive Behavior

| Code         | Accounting metric   | Category     | Unit of measurement | Response |
|--------------|---|--------------|---------------------|----------|
| TC-SI-520a.1 | Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations | Quantitative | Reporting currency  | 0        |

## Managing Systemic Risks from Technology Disruptions

| Code         | Accounting metric   | Category                | Unit of measurement | Response  |
|--------------|---|-------------------------|---------------------|---|
| TC-SI-550a.1 | Number of (1) performance issues and (2) service disruptions; (3) total customer downtime | Quantitative            | Number, Days        | <ol style="list-style-type: none"> <li>1) 0. No significant performance issues affecting all or most of the customers during 2021</li> <li>2) 0. No significant service disruptions affecting all or most of the customers during 2021</li> <li>3) We elect not to disclose total downtime at this time.</li> </ol> |
| TC-SI-330a.2 | Description of business continuity risks related to disruptions of operations             | Discussion and Analysis | N/A                 | See discussion on page 7.   |



## Activity metrics

| Code        | Activity metric   | Category     | Unit of measurement       | Response   |
|-------------|---|--------------|---------------------------|--|
| TC-SI-000.A | (1) Number of licenses or subscriptions, (2) percentage cloud based | Quantitative | Number, Percentage (%)    | <p>1) Efecte has over 300 customers. Efecte does not report the number of licenses/subscriptions</p> <p>2) As noted in our financial statements, 61.3% of revenue comes from SaaS. We elect not to disclose further data at this point.</p>  |
| TC-SI-000.B | (1) Data processing capacity, (2) percentage outsourced             | Quantitative | See note                  | <p>1) N/A</p> <p>2) Efecte solutions can be implemented with both private cloud and public cloud deployment models. A majority of customers elect for public cloud hosted in Efecte's outsourced data centers. As we do not consider this data to be material to assess Efecte's sustainability efforts, we elect not to disclose further data at this time.</p> |
| TC-SI-000.C | (1) Amount of data storage (2) percentage outsourced                | Quantitative | Petabytes, Percentage (%) | Amount of data storage information is not immediately relevant to our business performance nor readily available. We therefore elect not to disclose the data at this time   |

A person wearing a bright yellow raincoat and a blue and white patterned hat stands with their back to the camera, arms raised in a gesture of joy or freedom. They are in a field of tall grasses, with a body of water and a line of trees in the background under a cloudy sky. The word "efecte" is overlaid in white text on the right side of the image.

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