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ESG Report 2022

1 March 2023

From CEO

In our strategy update last year, we set an ambitious goal to become the Leading European Alternative in service management while contributing to a "world of sustainable prosperity, happiness and growth". We believe that our core business of helping people to digitalize and automate their work has a positive net impact in the society and helps create sustainable prosperity, happiness and growth.

Our customers in industries such as healthcare, technology and higher education use Efecte platform to drive positive impact by increasing efficiency, improving experiences and saving costs. We offer secure cloud services from Europe that respect the users' right to privacy.

We also aim to minimize any negative impact of our business may have on the environment and society, as showcased in this report. As an example, we only use data center providers that utilize renewable energy, take proactive steps to increase diversity, and abide by rigorous data security standards in all our operations. This is our second dedicated report on Environmental, Social and Governance (ESG) metrics. Each year, we strive to increase our transparency on these topics. This year, we have expanded our reporting of energy consumption, provide further details about our diversity and inclusion policies and elaborate our privacy practices.

Like last year, we continue reporting our key ESG metrics 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 that are of interest to our customers, investors, analysts and other stakeholders.

We hope that this report will provide valuable insight into Efecte and our commitment to sustainable prosperity, happiness and growth – today and for years to come.

Niilo Fredrikson
CEO, Efecte Plc

Culture is our values

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

We are a values-based organization and a values-based culture. 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.

We promote continuous learning and development by having a personal development 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.

When our people, talent and technology come together, we're not only helping our clients to digitalize and automate their work, we're contributing to our purpose to create a "world of sustainable prosperity, happiness and growth".

In 2022 we launched an Efecte culture book to make sure that our network understands and becomes a part of our culture.

Our values

TRUST
We are accountable, having quality as our top priority.

RESPECT
We value others' uniqueness, time and work-life balance.

CHALLENGE
We encourage each other to innovate and grow as individuals.

MAKE IT HAPPEN
We bring positive energy and see solutions instead of problems.

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Diversity, equality and inclusion

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

We have open and transparent organization, where people feel safe and can safely speak up and report any misconduct they observe.

Respect being one of our core values, we are welcoming diversity in all its forms. We support our people at every step of the way and hope that our people are who they are and bring their full self into everything they do.

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Culture is
our values

Values are behaviours and skills that we expect and value in our colleagues.

We hire and recognise people who demonstrate our values. Our values also guide us **towards our vision.**

Our team

Efecte culture is all about our people. It's a special group of people and a special culture. Our people create the foundation on everything we do. In today's competitive talent market, our success is dependent on recruiting and retaining the right talent.

In 2022, we succeeded in maintaining a high employee satisfaction, attract new talent, grow people and build world class teams. We ended with 36% higher headcount than the year before.

InteliWISE made our team stronger than ever not only through new talent but also through internationalization and diversity.

Key Metrics

Metric	12/2022
Number of employees at end of the period (full-time equivalent)	194
Employee attrition (unmanaged)	4,34%
Employee engagement measured by eNPS	59
Number of different nationalities	14
Ratio of women to men among personnel	29% / 71%
Ratio of women to men among technical personnel	18% / 82%
Ratio of women to men among Board	40 % / 60 %
Ratio of women to men among leadership team	33% / 67%
Ratio of fixed term to permanent employees (fixed / permanent)	9% / 91%

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Our diverse team in numbers

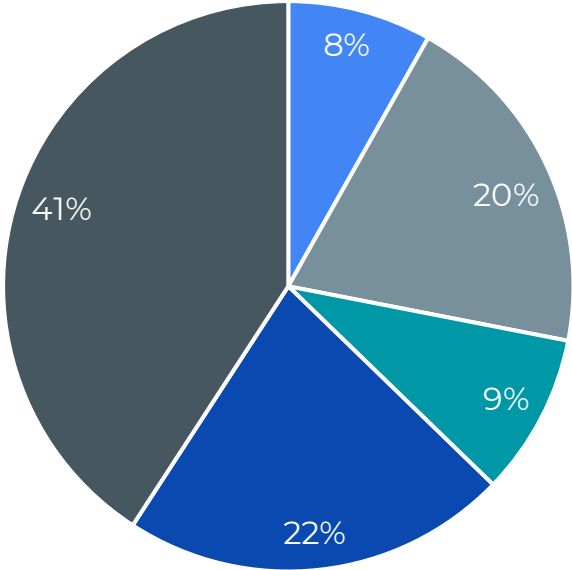**Amount of employees (FTE)**
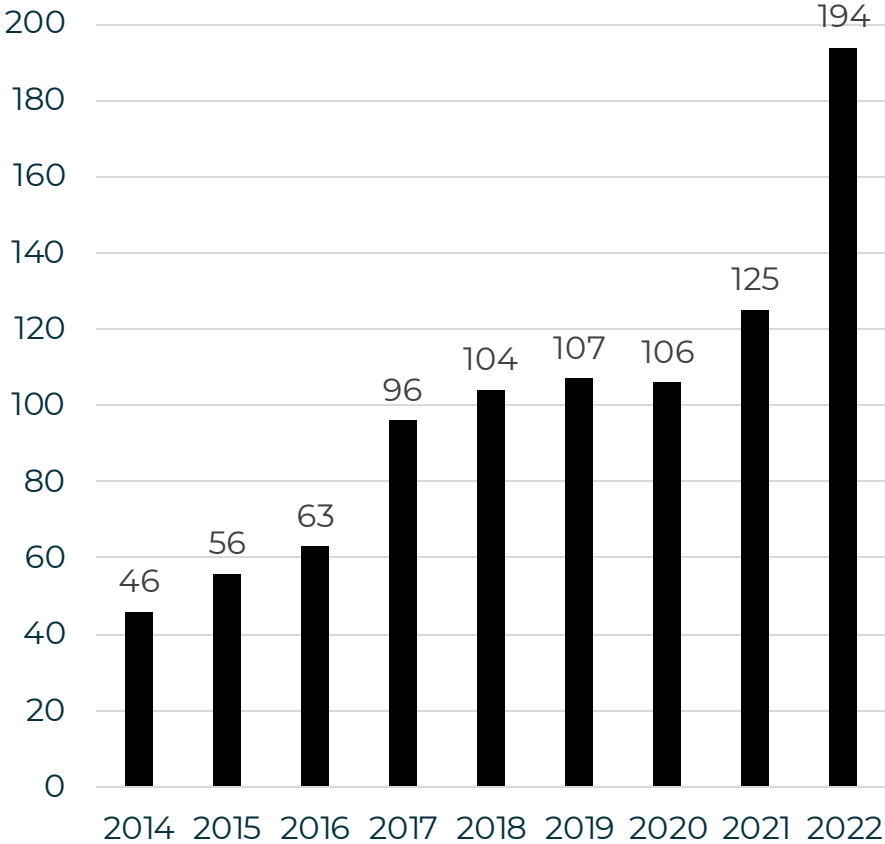
Size of our local teams
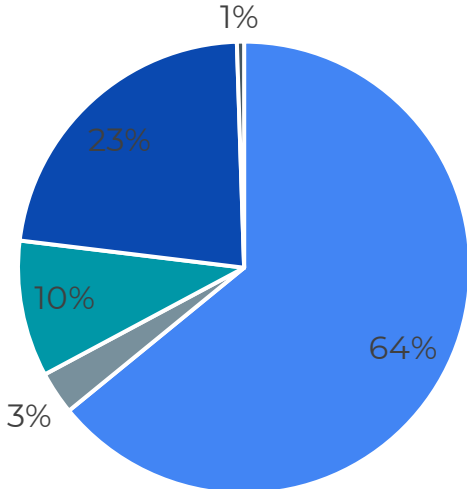
- Finland
- Sweden
- Germany
- Poland
- Spain

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.

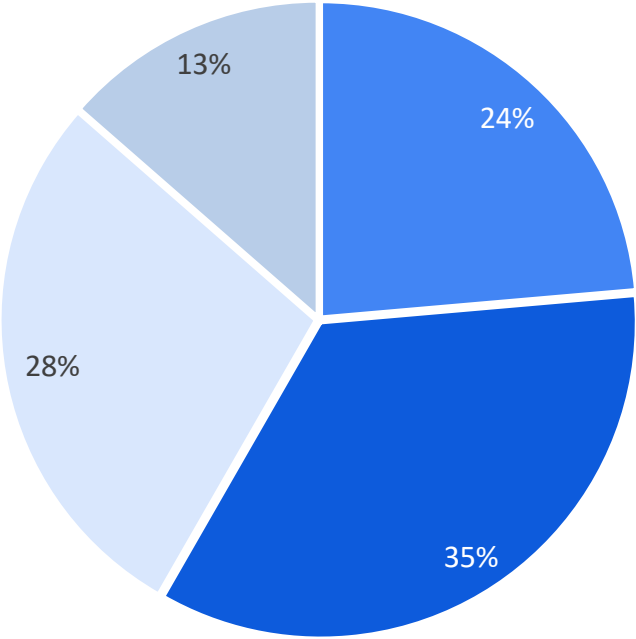efecte

Our diverse team in numbers

Structure of our departments

Age distribution

- Admin
- Sales & marketing
- Cloud operations & support
- Products (incl. R&D)
- Services & training

- Under 30
- 30-39
- 40-49
- Over 50

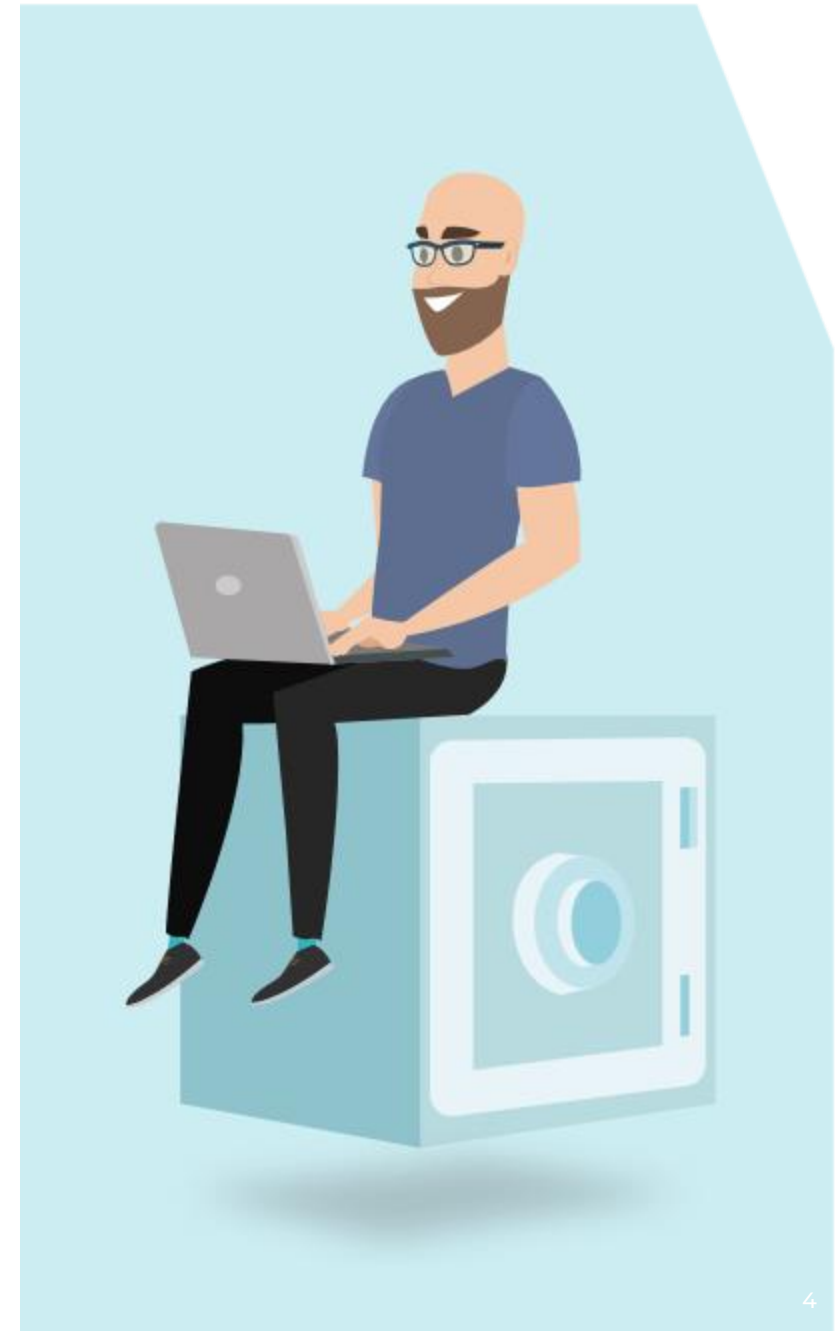efecte

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Data protection and privacy

- Our business is based on the processing of our customers data. In addition, large portion of the processed data is personal data. When it comes to privacy, meeting and exceeding customer expectations is a core aspect of our business

- We process our customers' personal data only when it is necessary to carry out activities agreed with our customers. We do not use customers' personal data for any secondary purposes.

- We have appointed a data protection officer (DPO) in all countries of our operations and comply with all applicable data protection regulation.

- During 2022, we introduced annual mandatory data protection trainings and tests for all employees

- Further information on Efecte's processing of personal data can be found at https://www.efecte.com/privacy-policy

"Cloud on your own terms"

A key part of Efecte's offering is our "cloud on your own terms" deployment model, where the customer has full control where and how their data is hosted, without sacrificing the benefits of cloud-based software. With this deployment model, our customers can meet their employees' and customers' increasing demands for privacy, security and data location - without compromises.

Data security

- Efecte is **ISO/IEC 27001** certified in all its operations in Finland, Sweden and Germany. In Poland, where we acquired the conversational AI company InteliWISE in H2/2022, we are on track to ISO/IEC 27001 certify the operations in 2023. ISO/IEC 27001 is an international standard that sets out the best practices on how to manage information security

- We only use ISO/IEC 27001 certified data center providers in producing our cloud services.

- We regularly scan our software for vulnerabilities and implement any required corrective measures without delay. In 2022, we strongly focused on quality of our software, including security. We especially focused on improving lifecycle managememt of 3rd party libraries, and fixing security issues related to them.

- We continuously train our employees in information security**. Mandatory data security trainings** and tests are required regularly from all employees

- We have appointed a **Chief Information Security Office (CISO)** responsible for the data security of our operations

- We also have a **comprehensive set of written 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.

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Risk management & 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

- 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 continues to be used for various purposes in critical industries such as healthcare, finance and public sector we recognize that the availability of our cloud platform is essential for our customers. Like in 2021, we did not suffer any major service disruptions or performance issues in 2022 that would have affected all or most of our customers.

- In 2022, we also started inquiries in certifying our business continuity management system in a ISO/IEC 22301 compliant manner. Risks relating to business continuity are already today managed using Efecte's ISO/IEC 27001 certified information security management system.

- 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 incidents with our customers are escalated to the Leadership Team and resolved with the highest urgency

Human Rights

Respect for human rights is at the heart of everything we do at Efecte. We hold ourselves and our suppliers and business partners to the highest ethical standards. Through our **Supplier Code of Conduct**, we require that our suppliers and their sub-suppliers respect human rights in all their activities.

Working to minimize our environmental impact

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

In this report we disclose energy consumption data regarding the environmental impact of our data centers and offices in Finland and Germany. The offices in Finland and Germany cover approximately 75 % of total personnel. The data centers covered in this report cover all Efecte customers outside Poland.

- Our Espoo headquarters and offices in Kuopio and Germany used a total of **442,11 GJ of electricity** in 2022 (excl. energy used for heating). Our office in Kuopio moved to the new premises in August 2022 and have calculated energy usage from that date.

- Our data center providers in Finland and Germany are ISO 14001 and OHSAS 18001 certified and use 100% renewable energy. In 2022 the estimated energy consumption of their server capacity was **368,97 GJ of electricity**. The estimate is based on amount and technical specifications of servers used at our data centers and covers customers hosted in Efecte public cloud. The estimate does not cover energy consumption of data center components that are used also by companies other than Efecte.

- 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"). As a concrete example, our goal is to decrease waste by operating as a paperless office and by recycling all 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 for our business or 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

- We follow an internal Code of Conduct in all of our operations. The Code of Conduct sets the ethical guidelines for our business, including policies relating to anti-corruption and anti-bribery.

- We require all our employees to attend regular and mandatory trainings concerning our Code of Conduct

- The Supplier Code of Conduct launched in late 2021 sets out the minimum ethical standards for our suppliers, and partners . The Supplier Code of Conduct can be found here https://www.efecte.com/supplier-code-of-conduct

- In 2022, we started including our Supplier Code of Conduct in all agreements and engagements with our suppliers and partners, and have included it in a substantial share of our key supplier contracts

Reporting concerns

- We encourage employees to speak up regarding any concerns. We have implemented an internal whistleblower channel using Efecte's own software, which allows employees report their concerns

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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 31.12.2022 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 (2) Percentage grid electricity (3) Percentage renewable	Quantative	Gigajoules (GJ), Percentage (%)	**Offices in Finland and Germany** 1) 442,11 GJ (excl. energy used for heating) 2) 100% 3) Finnish offices 27,3% German office 8,2%
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^3), 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 https://www.efecte.com/privacy-policy
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% 2) 0% 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

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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 2) N/A 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 9 and 10

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Recruiting & Managing a Global, Diverse & Skilled Workforce

Code	Accounting metric	Category	Unit of measurement	Response
TC-SI-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	Quantitative	Number	1) 42% 2) 0%
TC-SI-330a.2	Employee engagement as a percentage	Quantitative	Percentage (%)	59 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% female / 67% male (Leadership Team) 2) 18% female / 82% male 3) 29% female / 71% male 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 €

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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	1) 0. No significant performance issues affecting all or most of the customers during 2022 2) 0. No significant service disruptions affecting all or most of the customers during 2022 3) We elect not to disclose total downtime
TC-SI-330a.2	Description of business continuity risks related to disruptions of operations	Discussion and Analysis	N/A	See discussion on page 11.

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 (%)	1) Efecte has hundreds of customers. Efecte does not report the number of licenses/subscriptions 2) As noted in our financial statements, 63.6% of revenue comes from SaaS. We elect not to disclose further data at this point.
TC-SI-000.B	(1) Data processing capacity, (2) percentage outsourced	Quantitative	See note	1) N/A 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.
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

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