



efecte

ESG Report 2023

15 February 2024

From CEO

Efecte has a bold vision of becoming the Leading European Alternative in service management while contributing to a world of sustainable prosperity, happiness and growth. In 2023, the world around continued to change but we again helped thousands of people to digitalize and automate their work, creating prosperity, happiness and growth across Europe in the process.

Leveraging digitalization and automation through the Efecte platform helps our customers in essential industries such as healthcare, technology and higher education to drive positive impact in the society. All this can be delivered as a secure cloud service from Europe that respects the users' right to privacy.

We also continue our efforts to minimize any negative impact of our business may have on the environment and society. As an example, our offices in Espoo started using only renewable energy in 2023, substantially decreasing our direct CO2 emissions from energy consumption. We also took further steps to ensure data security standards in all our operations and worked actively to promote a diverse and inclusive team.

We continue reporting our key ESG metrics based on the **Sustainability Accounting Standards Board's (SASB) Software and IT Services Standard**, which enables us to report the most relevant metrics to our customers, investors, analysts and other stakeholders. We are committed to increase our transparency and started this year to report our CO2 emissions based on the Greenhouse Gas Protocol Corporate Standard.

I hope that this report will provide you valuable insight into Efecte and our commitment to sustainable prosperity, happiness and growth.



Niilo Fredrikson
CEO, Efecte

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, but we're contributing to our purpose to create a "world of sustainable prosperity, happiness and growth".

Through the [Efecte culture book](#) we want to make sure that our network understands our culture and can become an important part of it.

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.



Diversity, equity and inclusion

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.

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





Culture is our values

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

We hire and recognize 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.

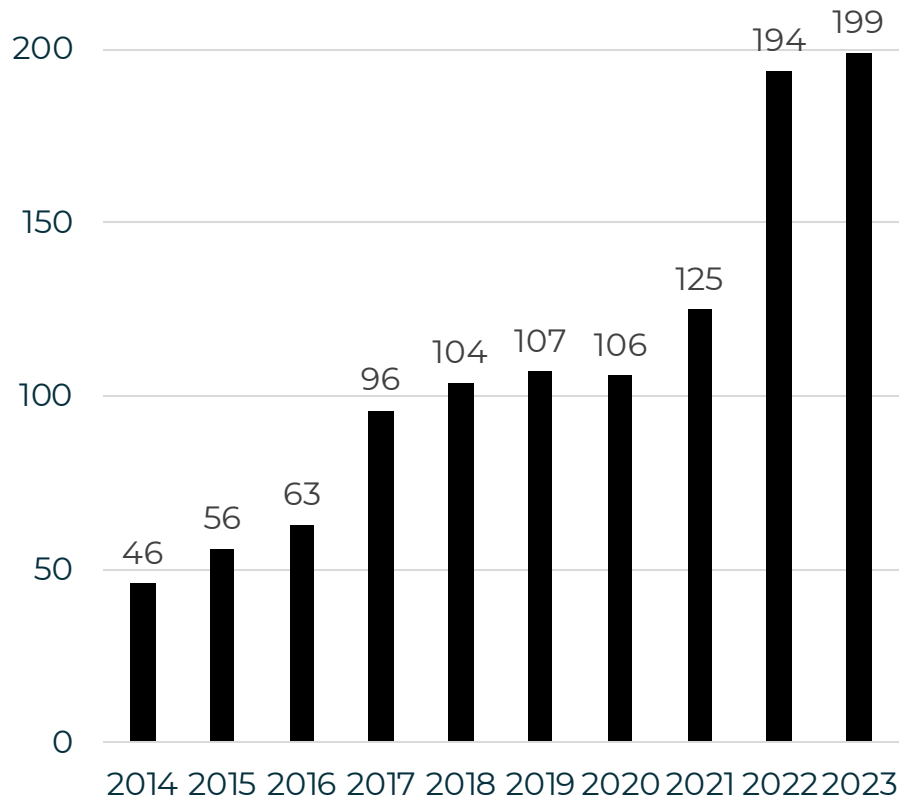
In 2023, we succeeded in maintaining a high employee satisfaction, attracting new talent, growing people and continuing to build a world class team. We ended with 3 % higher headcount than the year before.

Key metrics

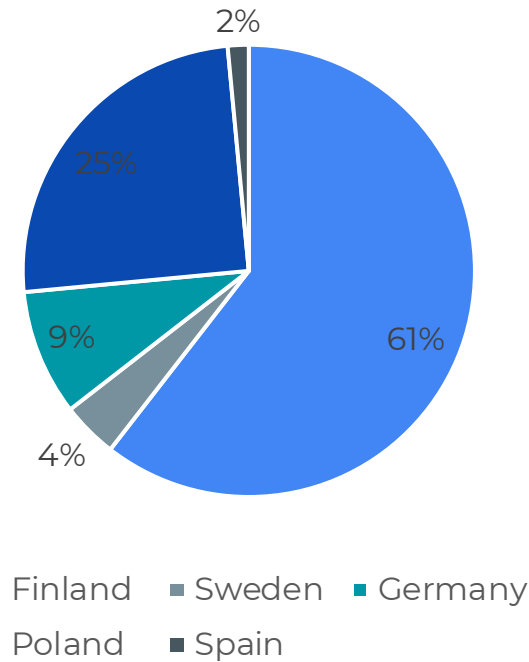
| Metric | 12/2023 |
|--|-----------|
| Number of employees at end of the period (full-time equivalent) | 199 |
| Employee attrition (unmanaged) | 7.8% |
| Employee engagement measured by eNPS | 46 |
| Number of different nationalities | Over 20 |
| Ratio of women to men among personnel | 31%/ 69% |
| Ratio of women to men among technical personnel | 30% / 70% |
| Ratio of women to men among Board | 20%/ 80% |
| Ratio of women to men among leadership team | 25%/ 75% |
| Ratio of fixed term to permanent employees (fixed / permanent) | 7%/ 93% |

Our diverse team in numbers

Number of employees (FTE)



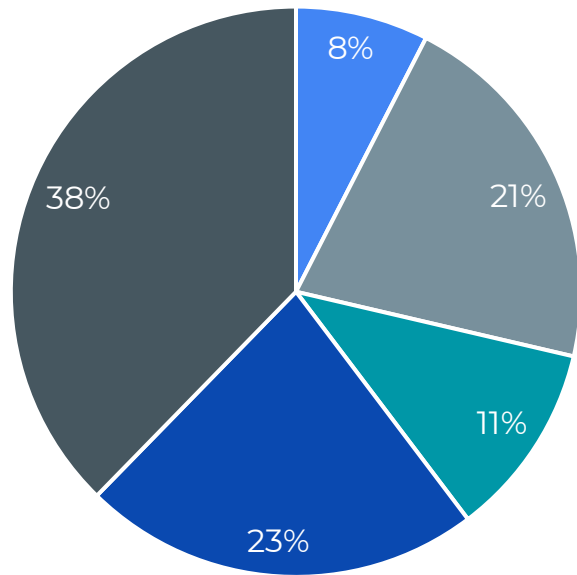
Size of our local teams



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.

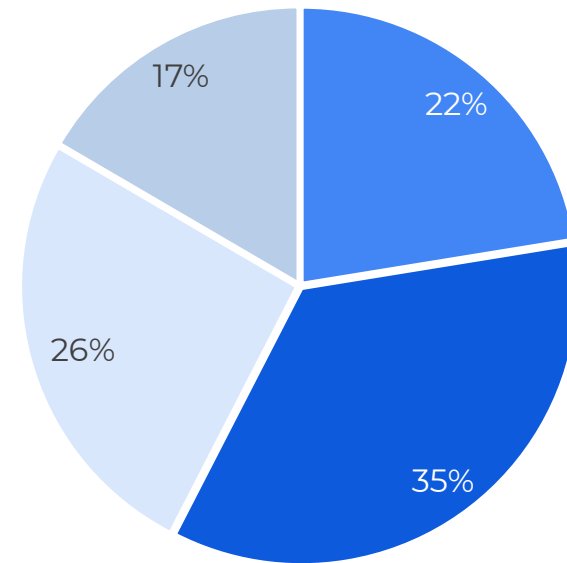
Our diverse team in numbers

Structure of our departments



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

Age distribution



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

Data protection and privacy

Our business is based on the processing of our customers' data, a large portion which 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 our customers' personal data for any secondary purposes.

We also take number of active measures to ensure the data privacy of our customer and other data. We conclude data processing agreements with all of our customers, setting out the terms of the processing of their personal data, require mandatory annual data protection trainings and tests from all our employees, and have appointed a data protection officer (DPO) in all countries of our operations to comply with all applicable data protection regulation.

In 2023, we also reached compliance with ISO/IEC 27018, which is the leading international standard providing guidelines for protecting personal data in the cloud. The standard is based on and complements our ISO/IEC 27001 certification, specifically tailored for cloud services to address privacy issues.

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

Cloud on Your Terms

A key part of Efecte's offering is our "Cloud on Your Terms" deployment model, where the customer has full over where the customer data is hosted, without sacrificing the benefits of cloud-based software. With this deployment model, our customers in security and privacy sensitive industries can host their data in the data center of their choosing, meet their employees' and customers' increasing demands for privacy, security and data location - without compromises.



Data security

Data security considerations are ever higher on every company's agenda. For Efecte, ensuring the data security of our operations is at the heart of what we do. We have appointed a **Chief Information Security Office (CISO)** responsible for the data security of our operations and we continuously train our employees in information security. **Mandatory data security trainings and tests** are required annually from all employees

In 2023, Efecte expanded its **ISO/IEC 27001** certification to cover its operations in Poland (acquired through InteliWISE in 2022) and Spain. ISO/IEC 27001 is an international standard that sets out the best practices on how to manage information security. The certification covers all aspect of the business around Efecte main platform and InteliWISE, and the remaining operations of the Requeste product (acquired in 2023) are expected to be certified in 2024. We also only use ISO/IEC 27001 certified data center providers in producing our cloud services.

In 2023, we also reached **compliance with the ISO/IEC 27017:2015** standard on Cloud Security, which sets guidelines for information security controls applicable to the provision and use of cloud services, enhancing the existing scope of ISO/IEC 27001 with cloud-specific considerations.

We regularly scan our software for vulnerabilities and implement any required corrective measures without delay. In 2023, we continued focusing on the quality of our software product by upgrading critical 3rd party components and libraries.

We 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.

Risk management & Business continuity

Risk management

Managing risks is central to ensuring the continuity of our business. 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 information security and other risks. We also provide the same risk management solution to our customers, helping European companies ensure their business continuity and appropriate management of risks

We review all material information security and other risks quarterly in the leadership team and at least annually with the Board of Directors. Key risks relating to the company's operations are disclosed and discussed in the half-year reports

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, the availability of our cloud platform is essential for our customers. We did not suffer any major outages in 2023 that would have affected all or most of our customers.

In 2023, we continued efforts to certify our business continuity management system in accordance with ISO/IEC 22301. Already today, business continuity risks are 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 provide to our customers. 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.

Our commitment to the environment

As a SaaS business, key environmental impacts of our business come from electricity and heating of our office locations, data centers, business travel and other procurement in our value chain.

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

We recognize the impact of unnecessary business travel on the environment. We avoid business travel where remote meeting options are available. During 2023, we substantially reduced business travel in favour of remote meetings.

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.

In this report, we have expanded our reporting of energy usage at our offices, covering offices in Espoo, Kuopio and Lublin over three quarters of our employees, and disclosing for the first time also heating energy and CO2 emissions calculated in accordance with the key principles of GHG protocol (see table). Starting 2023, our offices in Espoo only use renewable energy for electricity and heating, leading to substantial reduction in our CO2 emissions.

In addition to our office locations, another major source of energy usage is our data center providers in Finland and Germany. We only use ISO 14001 and OHSAS 18001 certified data center providers which all use 100% renewable energy. In 2023 the estimated energy consumption of their server capacity was 103 MWh of electricity*.

| Office location | Energy consumption (MWh) | tCO2 emissions |
|-----------------|--------------------------|----------------|
| Espoo | 170 | 0 |
| Kuopio | 51 | 2 |
| Lublin | 119 | 42*** |
| TOTAL | 340 | 44 |

* The estimate is based on number and technical specifications of servers used at our data centers in Finland and Germany at the end of period 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 and excludes InteliWISE customers.

** Calculated based on latest available data for 2022

*** Excludes emissions from heating due to availability of information

Energy consumption and greenhouse gas emissions

In this report, we disclose our estimated CO₂ emissions based on Greenhouse Gas Protocol Corporate Standard. Scope 1, 2, and 3 emissions represent a framework for categorizing the different sources of greenhouse gas (GHG) emissions, based on the degree of control a company has over them. Scope 1 covers direct emissions from owned or controlled sources, while Scope 2 addresses indirect emissions from the generation of purchased energy. Scope 3 includes all other indirect emissions that occur in a company's value chain.

In this report, we report our calculated Scope 1 and 2 emissions. For Scope 3 emissions, we discuss some key items, including our data center capacity.



Scope 1 emissions: 0 tCO₂

As Efecte does not have any vehicles or on-site combustion, Efecte does not have any direct Scope 1 emissions.



Scope 2 emissions: 44 tCO₂

Efecte's scope 2 emissions consist of electricity and heating energy used for its offices across Europe. See previous slide for more details.



Scope 3 emissions: n/a

Scope 3 emissions include all other indirect emissions in Efecte's value chain, including emissions associated with business travel, data center capacity, waste, and the use of sold products.

Ethics, anti-corruption and reporting concerns

Business ethics

Trust is one of our four core values and ethical behaviour sits deep in Efecte organisation and culture. We have codified the key ethical principles and rules in an internal **Code of Conduct**, which sets the ethical guidelines for our employees, 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.

We have also launched a **Supplier Code of Conduct** which sets out the ethical standards for our suppliers, and partners. The Supplier Code of Conduct can be found here <https://www.efecte.com/supplier-code-of-conduct>. The Supplier Code of Conduct is included in new 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 either directly to their superiors or anonymously using the **Efecte Whistleblower** channel. In 2023, we implemented the internal whistleblower channel using Efecte's own solution, which meets the strict criteria set out by the EU Whistleblower Directive (EU) 2019/1937.

The channel allows our employees, suppliers and other stakeholders report any concerns or misconduct relating to the business. The whistleblower channel is also publicly available at <https://whistleblower.efecte.com/>

Efecte Whistleblower

One Tool for Whistleblower and Beyond

Efecte offers to its customers the Efecte Whistleblower solution which offers a secure, anonymous, easy-to-use way to report any concerns or misconduct within an organization. The solution allows our customers to stay compliant with EU regulations, and unlike other purpose-built solutions, allows our customers to also manage reports and incorporate and automate other HR requests, cases, and more. The tool is completely anonymous for the whistleblower and allows compliance with the General Data Protection Regulation and the EU Whistleblower Directive (EU) 2019/1937.



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 31.12.2023 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 (%) | 1) 1606 GJ (1234 GJ for offices, 372 GJ for data center capacity) 2) 31% 3) 66% Includes data center capacity and offices in Espoo, Kuopio & Lublin, see discussion on p.13 |
| 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 (%) | (1) 939 m3 (Kuopio, Lublin & Espoo offices) (2) 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 | See discussion on p.13 and 14 |

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 |

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 |

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 (%) | 46 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) 25% female / 75% male (Leadership Team) 2) 30% female / 70% male 3) 31% female / 69% male Based on applicable privacy 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"> 1) 0. No significant performance issues affecting all or most of the customers during 2023 2) 0. No significant service disruptions affecting all or most of the customers during 2023 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 hundred of customers. Efecte does not report the number of licenses/subscriptions 2) As noted in our financial statements, 68% of revenue comes from SaaS, of which majority is based in Efecte Cloud |
| 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 (%) | N/A |



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