

SUSTAINABILITY REPORT 2024



CRYPTOMATHiC

ABOUT THIS REPORT

This report is part of Cryptomathic annual reporting.

This report summarizes the corporate environmental, social and governance responsibility of Cryptomathic within the ESG Framework with the goal to capture the non-financial risks and opportunities inherent to the company's day to day activities.

ESG reporting has been formally carried out for four years and where data is available and retraceable up to five years development is displayed.

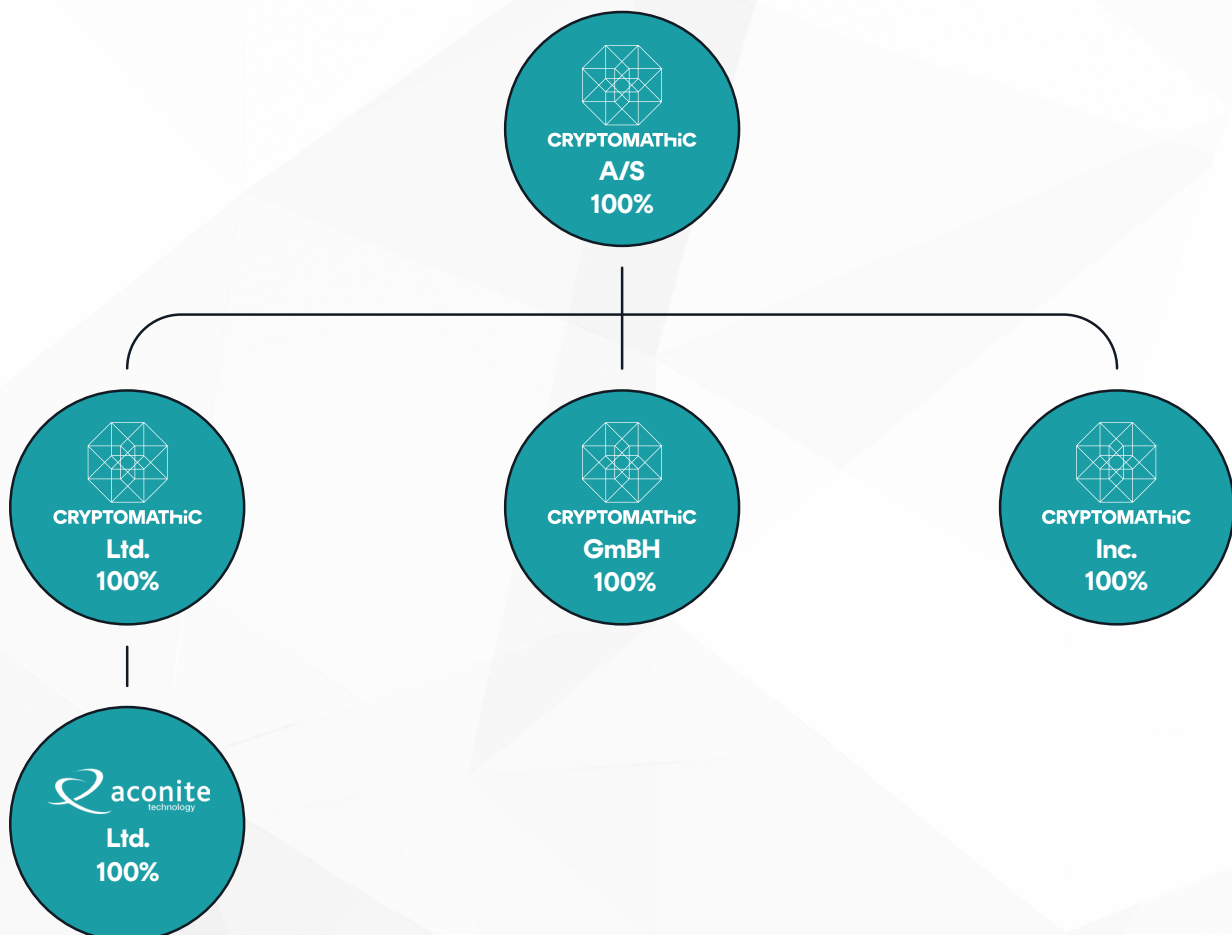


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OUR COMPANY

Cryptomathic was founded in 1986 in Denmark by renowned cryptographers and was one of the first companies in the world to commercialize cryptographic algorithms. Over the years Cryptomathic has evolved extensively to remain at the forefront of security technology and to preempt new security requirements brought about by emerging technologies or regulatory decisions and to react to specific and individual client and industry needs.

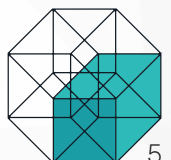


OUR PASSION

In today's rapidly evolving landscape, software solutions and digitalization stand as powerful sources of innovation. We see it across the business, public and private domains and with increasing pace. However, unleashing this power comes with great responsibility. The imperative to prioritize a secure digital future cannot be overstated for several reasons:

- **Protecting Sensitive Data:** As businesses and individuals increasingly rely on digital solutions, the protection of sensitive data becomes paramount. A breach can cause significant financial losses and damage to reputation.
- **Adapting to Technological Advances:** The advent of artificial intelligence and machine learning has expanded the capabilities of software but also introduced new vulnerabilities and represent new assets that must be protected. Companies must adapt their cybersecurity strategies to stay ahead of potential threats.
- **Legal and Ethical Obligations:** Companies have a duty to ensure their products are secure from exploitation. Failure to do so can result in legal repercussions and a loss of customer trust.
- **Economic Stability:** A secure digital infrastructure is foundational to economic stability. Software companies that contribute to a secure digital environment help foster trust in the digital economy.

And this is where **Cryptomathic** play a vital part. When **Cryptomathic** empower a secure digital future, we not only safeguard the interests of our customers, but also contribute to the broader societal good. It is our passion and an essential purpose that resonates with customers, stakeholders, and the global community at large.



EMBRACING CORPORATE ESG RESPONSIBILITY

The UN Sustainable Development Goals (SDGs) provide guidance for our Environmental, Social and Governance (ESG) responsibility approach. We are particularly inspired by SGD 4, 5, 8 and 9.



4 Quality Education

Quality Education: Ensure inclusive and quality education for all and promote lifelong learning.

Cryptomathic originated from the academic world and continuously depends on a highly educated workforce. The world equally prospers from quality education as a source for reducing poverty and driving innovation to mitigate current crises and meet the demands of tomorrow.



8 Decent Work and Economic Growth

Decent Work and Economic Growth: Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all.

Being a great place to work is one of the fundamental values of Cryptomathic because we believe that employees who thrive at work and feel psychologically safe enable economic growth.



5 Gender Equality

Gender Equality: To achieve gender equality and empower all women and girls.

The tech industry is still predominantly occupied by men and thereby missing out on well-known benefits of gender diversity. Leveling the gender splits in any industry is enabled by driving general gender equality – especially in the education system.



9 Industry, Innovation, and Infrastructure

Industry, Innovation, and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation by 2030.

It is inherent in our purpose and vision to innovate and build resilient digital infrastructure.

Cyber-attacks and security breaches increasingly threaten and destroy critical societal infrastructure, and this threat must be met by innovative solutions.



ENVIRONMENT

Impact assessment

Cryptomathic is dedicated to environmental sustainability, aiming to reduce both our own carbon footprint and that of our solutions. We are committed to minimizing the environmental impact of our operations.

However, like any other company, Cryptomathic does produce CO2 emissions through employee business travel, commuting, and the use of computers, electricity, gas, water, and other resources.

We also strive to minimize the environmental impact of our suppliers and partners. Our primary suppliers, in terms of expenditure and importance, are managed services sub-suppliers and hardware providers.



ENVIRONMENT

Policies and Guidelines

Cryptomathic has established a vision and mission for our business activities supporting the overall impact.

In 2023, we formulated our global environmental policy. This policy acknowledges that our activities impact the environment in terms of the use of natural resources, emissions, and waste generation. It underlines our aim to reduce these impacts by implementing the following principles:

- Comply with all applicable environmental laws, regulations, and other requirements that relate to our environmental aspects.
- Continually improve our environmental management system and performance by setting measurable objectives and targets, monitoring and reviewing them regularly, and taking corrective actions when necessary.
- Prevent pollution by reducing the generation of waste and emissions, using energy and water efficiently, and promoting recycling and reuse of materials.
- Implement circular economy principles to conserve the Earth's resources by designing our products and services to be durable, upgradable, and recyclable.
- Engage with our stakeholders, including our employees, customers, suppliers, and the community, to raise awareness of environmental issues, communicate our environmental policy and performance, and encourage their participation and feedback.

In 2023, we formalized our procedures for re-use of equipment into a global guideline. Here we focus on optimizing life-time expectancy.

Guidelines for sustainable disposal of non-reusable equipment have also been established, and a vendor was selected in 2024 who discard non-reusable equipment in a secure and sustainable way. This supplier also provides us with reporting on CO2 emissions saved from the sustainable discarding of equipment.

In addition, we have a global travel policy in place which guides the use of online meetings before considering travel. Similarly, our working-from-home flexibility reduces employee commuting.



ENVIRONMENT

Actions and Results

In 2024, we organized the first company-wide Climate Action Day, where all employees were invited to join a brainstorming and discussions on how Cryptomathic can become more sustainable.

This initiative was put in place following a proposal from an employee and helps ensure greater involvement of the organization in our sustainability efforts.

1. A small working group helped plan, organize, facilitate and follow-up on the Climate Action Day
2. Ideas from the Climate Action Day in April were assessed and prioritized – first by the small working group - and subsequently by the Management Team
3. Prioritized ideas are undergoing implementation with good progress

Examples of ideas implemented:

- Energy saving and software/hardware optimization - First CO2 emission report on scrapped IT equipment (see picture)
- Improving canteen food offerings in HQ with more sustainable options
- Prevent pollution by reducing the generation of waste and emissions, using energy and water efficiently, and promoting recycling and reuse of materials.
- Guide on volunteering approved and ready for 2025.



ENVIRONMENT

Figure 1. Travel cost per employee

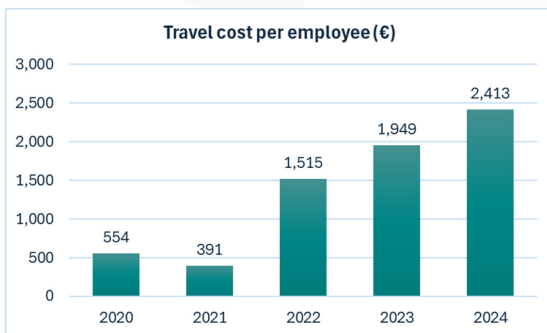


Figure 3. Heating consumption per employee

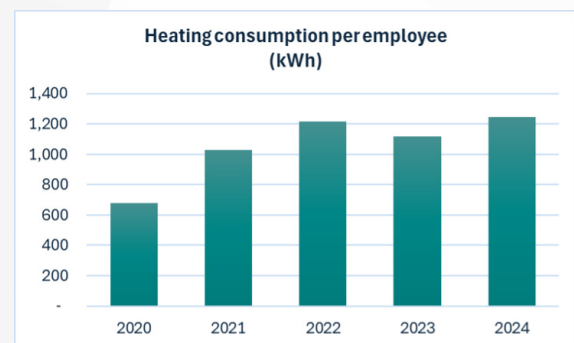
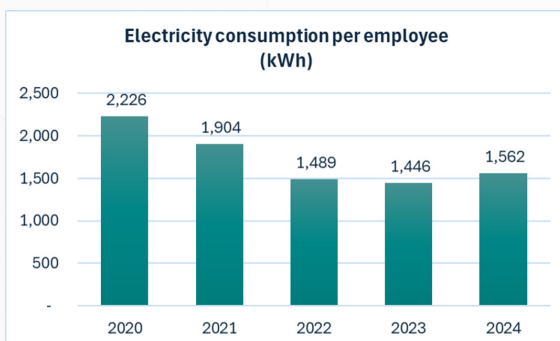


Figure 2. Electricity consumption per employee



ENVIRONMENT

Finally, from our reporting efforts now spanning over THREE full years and growing confidence in the reporting method and consistency, we have an estimate for our CO emission scope 1 and 2.

Total GHG Emission 2022 61 tCO₂

Total GHG Emission 2023 9 tCO₂

Total GHG Emission 2024 11 tCO₂

The significant drop in HG Emission from 2022 to 2023 is due to all electricity being wind power generated.

We offset our GHG emission through a public benefit corporation and certified B Corp., Native. eco, supporting a project in Uganda named “From Waste to Fuel: Improving Agriculture and Livelihoods”.

Targets for 2025

For 2025, we have set three specific targets directly linked to the implementation of our new Environmental Policy

- Travel cost per employee below EUR 2.200 per employee (target to be adjusted for inflation annually)
- Electricity and Heating consumption is kept at or below the 2024 level (adjusted for inflation)
- An ESG supply chain management system is investigated to support the involvement of our suppliers in our efforts to minimize our environmental impact.
- Office Equipment - Printers, scanners, and copiers, Video Meeting devices/TVs.

ENVIRONMENT

Long term targets towards 2028

Thinking ahead and planning are key to our overall ESG approach. Therefore, we have outlined our ambitions on a longer time horizon – currently toward 2028:

- CO2 emissions from company travel is reduced and off-set (targets to be set, when we have the baseline)
- Allow electrical company cars only
- Travel by train, where possible (travel time less than 5 hours)
- Fly CO2 neutral flights where possible
- CO2 emissions from energy consumption is reduced and off-set (targets to be set, when we have the baseline)
- Future office location must be in CO2 neutral buildings
- CO2 emission scope 3 estimated
- CO2 emissions scope 1-2-3 is reduced year on year and off-set (targets to be set, when we have the baseline)

SOCIAL

Impact Assessment

In today's interconnected world, the social dimension of Environmental, Social, and Governance (ESG) considerations is paramount. At Cryptomathic, we strive to foster a workplace that is equitable, diverse, and inclusive.

We believe that a diverse workforce brings a wealth of perspectives and skills, enhancing our ability to innovate and succeed. Our recruitment and retention strategies are focused on attracting individuals from various backgrounds and nationalities, ensuring that personal qualifications are always prioritized.

We recognize our responsibility to maintain an inclusive working environment. We strive to provide equal opportunities for all employees, ensuring that everyone has the chance to thrive, perform, and develop. Our commitment extends beyond our organization, as we aim to support the broader community and future generations in achieving their full potential.

Policies and Guidelines

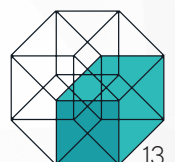
One of the Cryptomathic values is being "A Great Place to Work".

To support Cryptomathic being a great place to work, we have in place Code-of-Conduct, Anti-Harassment, Recruitment & Equal Opportunity policies in place.

We have clear guidance on grievances procedures and since 2022 we have implemented an independent Whistleblower system.

In 2024 we launched a new Diversity policy.

Finally, we provide guidance for employee training and development.



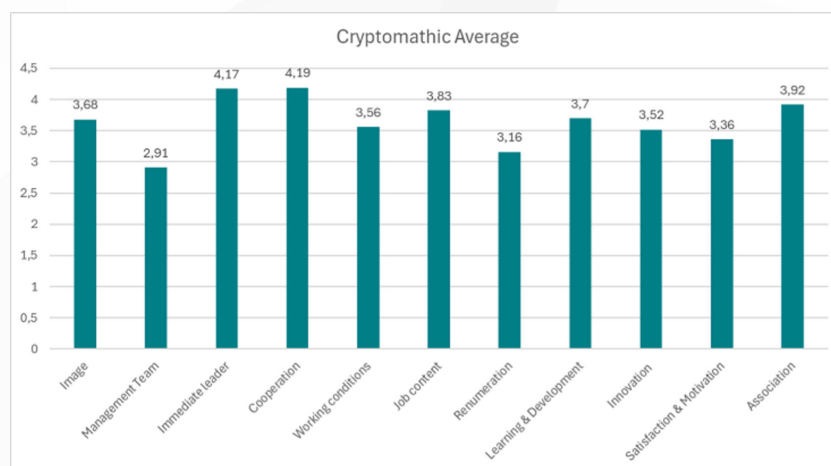
SOCIAL

Actions and Results

In October 2024, Cryptomathic launched its first employee engagement survey. The survey was conducted as an anonymous online questionnaire covering 11 categories and in total 47 questions and an opportunity to include comments. The survey was handled by an external provider ensuring full anonymity and only for groups with 5 or more employees, reports were made available.

We achieved a high response rate of 91%. Following the survey, results were shared and each department carried out follow-up sessions and agreed action items.

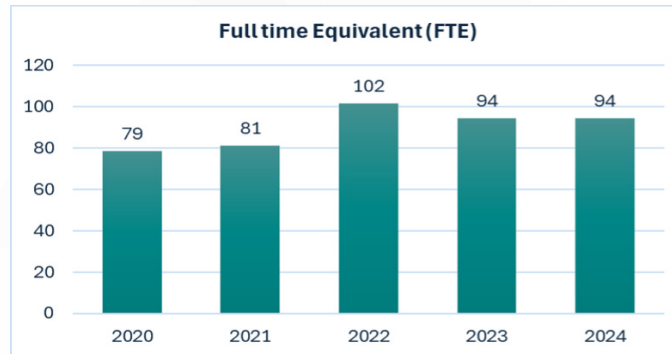
Figure 4. Overall results from the Employee Engagement survey



We did not reach our target of a satisfaction level above 4 in all categories, but we now have a baseline and will be able to improve and track the trend going forward.

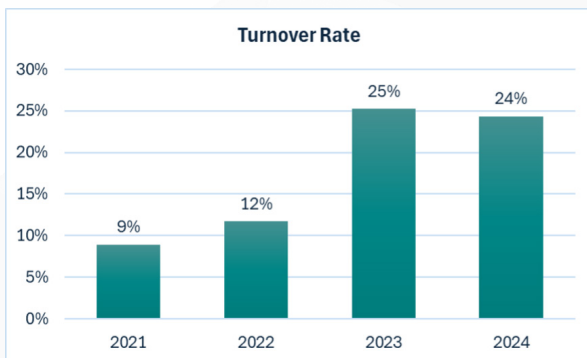
SOCIAL

Figure 5. Development in FTEs



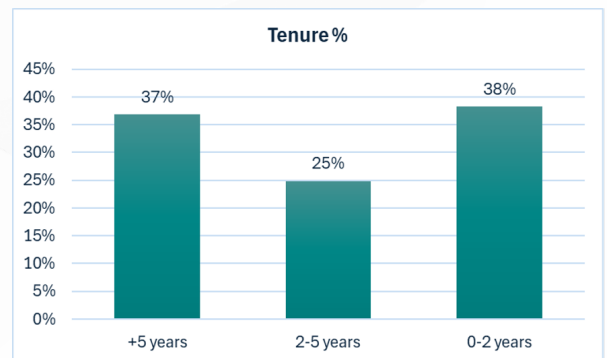
In 2024 the market was hesitant resulting in declining financial results both for Cryptomathic, but also among our competitors. In the second half of 2024, we unfortunately had to make some colleagues redundant to adjust the level of costs to the level of revenue. By 31 December 2024, Cryptomathic had 94 full-time equivalent (FTE) employees and 96 headcounts.

Figure 6. Employee turnover



The turnover in Figure 6 reflects the redundancies, additional involuntary leavers as well as voluntary leavers. Without the required redundancies, we see a drop in turnover from 2023.

Figure 7. Employee tenure



This also means our tenure is still U-shaped with many recently on-boarded colleagues and a large group of loyal employees.

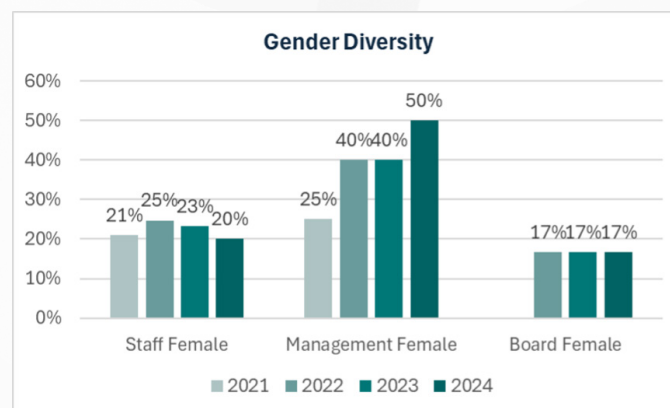
SOCIAL

The 96 employees at Cryptomathic on 31 December 2024, were spread across 12 different nationalities. Of the 96 employees, the Management Team represented 6 people, 3 men and 3 women, and the remaining employees comprised 72 men and 18 women. The Board of Directors of Cryptomathic Holding comprises 5 men and 1 woman.

According to Statistics Denmark (Danmarks Statistik) reports, the Gender equality indicator on employed persons in computer programming in 2023 is 74% men and 26% women. Equally when we look at the distribution between men and women for Bachelor's and Master's educations within Technical Science (broader than computer programming) for 2023, we see the following distribution:

Education level	Men (pct.)	Women (pct.)
Bachelor	68	68
Master	63	63

Figure 8. Gender diversity among staff, management, and Board represented by the female part



Diversity is important to Cryptomathic and supported by equal opportunities. One measure of gender equality, which we follow closely is the gender pay gap. In 2023, we introduced a new corporate title structure and salary benchmarks, which allows us to provide better calculation of our gender pay gap comparing equal job roles. The average gender pay index were:

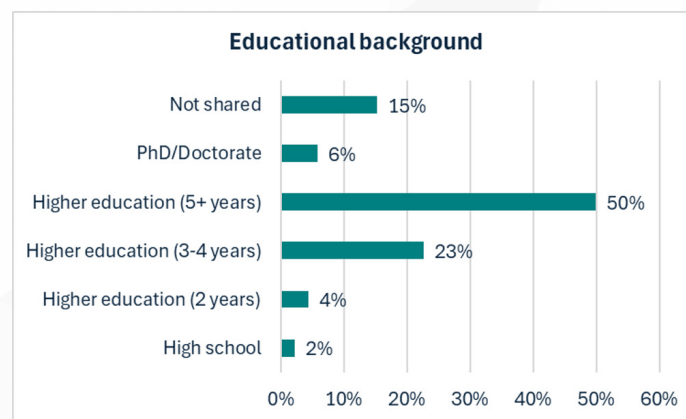
	2023	2024
Female average salary index	98	100
Male average salary index	104	103

SOCIAL

In 2024, the overall gender gap was 3 points in favor of the male segment of the company. According to Statistics Denmark, the gender pay gap for software developers in Denmark was 6.6% in 2023.

Diversity is also reflected in the educational background of employees, which allows us to tap into a wealth of knowledge and life experience improving our day-to-day decision making.

Figure 9. Educational backgrounds of employees



Striving to be an organization where people thrive, perform, and develop requires frequent appraisal and development dialogues. Such dialogues have taken place in Cryptomathic headquarters since 2019 and in 2023, a revised framework, called Engagement Review, was introduced globally.

Investment in the development of employees has increased in the past years. **1260 hours** of training were registered in 2023 (NB! the number for 2023 is impacted by the introduction of a global time registration system mid-year whereas 20% of the employees were not included in 1st half of 2023). In 2024 the hours spent on learning & development were **1788 hours**.



SOCIAL

Types of training are as following:

- Leadership summit (annual event for all people leaders and functional leaders)
- Technical training such as Microsoft Azure AZ-204 Certification, ISTQB Certification, study groups, etc
- Personal development

Our spend on learning and development is equal to 0.5% of the total payroll, so still a way to go to reach our ambition of 2% in 2028.

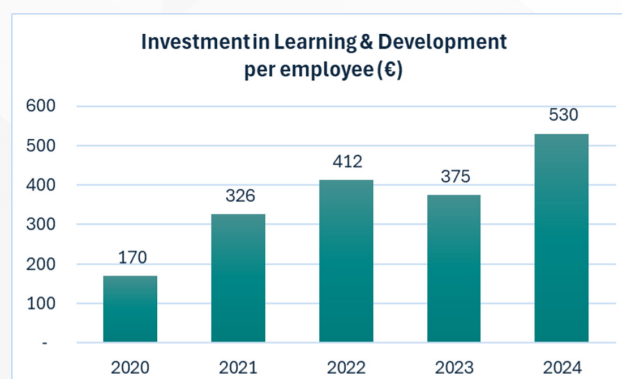
To support general well-being, all employees are covered by health insurance. Across the company, we have a healthy work-life balance. As part of our Employee Engagement dialogues twice a year, we have also included a specific question relating to well-being to ensure people leaders are addressing any issues appropriately.

Within our social responsibility towards the wider community, where we promote gender diversity in the technology space, we have kept our sponsorships for same two projects as for previous years despite the lacking financial results in 2024. The first is “Girls in IT”, which is an annual three-day event giving girls the opportunity to be inspired by different aspects of IT related educations and meet role models from both studies and businesses. The second project is the annual Aarhus University Career Day for IT/Data Science students.

In support of our long-term targets for 2028 and as an outcome of 2024’s Cryptomathic Climate Action Day, we also prepared a new guideline for Volunteering in Cryptomathic, outlining the pre-requisites, scope, and process for how volunteering at Cryptomathic works, and which is ready for implementation in 2025.

The total sponsorship in 2023 was EUR 4133 and in 2024 this number increase to EUR 8611, which more than exceeds our target of increasing by 10%.

Figure 10. Investment in Learning & Development per employee



SOCIAL

Targets for 2025

For 2025, we have set two specific targets for our social responsibility. These targets build on the foundation already in place with the aim of strengthening our approach:

- Learning & Development spending (external cost) minimum 1% of total payroll
- Increase our sponsorship of social activities promoting STEM and Girls in IT by minimum 10%.

Long term targets towards 2028

Thinking ahead and planning are key to our overall ESG approach. Therefore, we have outlined our ambitions on a longer time horizon – currently toward 2028:

- Gender Pay Index is on par for men and women
- The minority gender should represent minimum 40% in the Staff group, Management Team, and Board
- Spend (external cost) minimum 2% of total payroll on Learning & Development
- Employee Engagement score > 4
- Allow all employees 2 days per year to spend on local community engagement or charity within relevant scope



GOVERNANCE

Impact Assessment

We want to grow our business sustainably and responsibly – providing innovative solutions and resilient infrastructure to clients meeting the cyber security challenges of today and tomorrow — which is supported by our high business ethics and code-of-conduct.

Cryptomathic operates across various countries and in industries with very high security standards, which drives a continuous focus on applying the appropriate governance – both to span different national and international legislation as well as acknowledged international standards.

With the nature of our solutions to protect digital assets, there's also a potential risk that these could be used for unethical purposes.

Assessing compliance and the risks of our operations also includes potential non-compliance and risks of our main suppliers and partners – i.e. sub-suppliers of managed services and hardware providers.

GOVERNANCE

Policies and Standards

Cryptomathic has long established policies in place to ensure responsible governance. These policies include our Code-of Conduct policy, Third-Party Supplier policy, IT Security policy, Grievances policy, Whistleblower Policy, Anti-Bribery policy, GDPR Policy, Recruitment Policy, and Business Continuity Management Policy.

Ensuring ethical use of Cryptomathic technology solutions involves adopting responsible practices throughout the development lifecycle (we have clear ethical guidelines that outline the company's principles and expectations regarding technology use, adopt ethical principles such as user privacy, data security, accessibility and inclusivity from the initial stages of product development).

We assess ethical issues related to a customer's location/country and in when required, we sign customers' code-of conducts covering ethical policies and approaches.

In addition to the policies, Cryptomathic is a member of and/or conforms to the following standards and standards organizations:

- CEN
- EMV Co
- ETSI
- GlobalPlatform
- Microsoft Partner Network
- MULTOS Consortium
- NIST
- OATH
- OASIS
- PCI Security Standards Council
- PKCS
- Smart Card Alliance
- Trusted Computing Group
- CSC – Cloud Signature Consortium

Additional information can be found on our website
www.cryptomathic.com/company/industry-standards



GOVERNANCE

Actions and Results

In 2024, we established and launched a new Sanctions policy as well as a new Purchasing policy to help guide our behavior.

In 2024, we also formally established a risk function as part of the Legal, Risk & Compliance department. The Legal, Risk & Compliance function will serve as a centralized team among other responsible for identifying, assessing, and mitigating risks that could impact our business. This includes ensuring compliance with global regulations, industry standards, and internal policies. The function has been given the mandate and budget to identify and implement the future risk management system to be applied across Cryptomathic. We had set an ambition to assess these risks together with the Board, but this has been postponed to 2025 following the implementation of the new system.

Creating a compliant working environment that enables the employees and stakeholders to focus on achieving the objectives of the organization is the desire of companies. To support this, extensive work of preparing a gap analysis in relation to the updated Network and Information Security **NIS2** directive and the EU Cyber resilience Act.

To prevent breaches and potentially mitigate incidents, Cryptomathic engaged a third-party vendor in 2023 to operate our Whistleblower system ensuring a safe channel to report misconduct as a supplement to our normal channels of reporting. No incidents were reported in 2023 or 2024.

In 2024, Cryptomathic were audited by customers and official auditing bodies resulting in audit reports all being actioned accordingly. 22 customers carried out audit activities by us in 2024 covering various areas such as:

- IT Security Compliance
- Physical Security
- Cyberattack analysis
- GDPR
- Code of conduct
- HR and Recruitment
- Supply Chain Management
- Business Continuity

GOVERNANCE

Targets for 2025

Though we are satisfied with our current policies on the matter as well as our vetting processes, we will continuously monitor and evaluate the adequacy of our policies, audits and other measures taken.

In addition to this we have set two specific targets for 2025:

- In 2025, we will implement a new Risk Management system allowing us to extend the existing framework, as well as track, report and analyze the risk landscape on a continuous basis to ensure timely mitigation actions
- We will identify and outline general processes and systems to manage risks and monitor incidents.
- We will establish a risk mitigation plan for implementation in 2025 approved by the Board of Directors

Long term targets towards 2028

Thinking ahead and planning are key to our overall ESG approach. Therefore, we have outlined our ambitions on a longer time horizon – currently toward 2028:

- Ensure early identification of company risks avoiding negative effects on the company (goal: zero non-pre-identified profit loss cases)
- Observance of highest corporate compliance standards in all units and activities of the Company (goal: zero misconducts) (goal: zero misconducts)

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