CRYPTOMATHIC

Sustainability Report 2016

CRYPTOMATHIC IMPLEMENTS SUSTAINABILITY REPORTING TO COVER COMPANY EMISSIONS WORLDWIDE

Cryptomathic takes the environment very seriously and even though we are a company that digitalises the world and indirectly reduces thousands of tonnes of CO2 emissions, we still need to know how much we emit, how we can reduce our emissions and what we can do to offset the rest. This report gives insight into Cryptomathic's approach to sustainability with regards to our staff, the community and the environment as a whole.

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An Introduction from us

Welcome to our first sustainability report. Like many of our clients, we recognise the benefit of measuring, reporting and communicating our actions and will use this as our baseline moving forward, with a clear intention of improvement.

Our Report demonstrates how we act responsibly in relation to our employees, the communities that we work in and the environment. A set of targets at the end of the document show our ambitions to further develop our sustainability strategy, and our progress against these will be updated in our forthcoming (2017) annual report.

We feel it is important to engage with stakeholders, customers and partners and accordingly, welcome any comments on our performance or suggestions for targets any readers of this Report may have. We would also like to encourage other companies to start the processs of sustainability reporting.

About Cryptomathic

Founded in 1986, Cryptomathic has become one of the world's leading providers of secure solutions based on crypto across a wide range of industry sectors.

We pride ourselves on strong technical expertise and unique market knowledge, with 2 out of 3 employees working in R&D, including an international team of security experts and a number of world renowned cryptographers. At the leading edge of security provision within key markets, Cryptomathic closely supports its global customer base, with many multinationals as longstanding clients.

Cryptomathic's strong focus on research and new inventions has aided in Cryptomathic becoming a market maker, establishing new technologies, all of which are centered around digitalization, bringing convenience, mobility and ease of use while greatly reducing the need for travel and shipping. Examples include the secure electronic signing server, secure electronic bills of lading, automated remote key management, mobile security and much more.

Working from 4 offices across Europe and the United States, we develop, sell, deliver, maintain and support the most secure and efficient off-the-shelf and customised commercial crypto solutions.

KEY FACTS

Total Number of Staff: 65
Our Offices:
Aarhus, Denmark
Cambridge, UK
Munich, Germany
San Jose, USA

Men: 53

Women: 12

Staff

The following section describes what actions we take towards investing in our employees.

Investment in training for all staff

The environment in which our employees work is vital to their wellbeing and productivity, so Cryptomathic does not use open plan desk environments, but instead we provide individual and shared offices, with plenty of natural light through large window areas and workstations featuring electric height adjustable desks.

Commitment to provide professional training for all staff

We are committed to provide professional training and we encourage our staff to continually progress their professional training and development. Over the year, we have provided courses for staff in the following offices:
Aarhus - 9 staff training courses
Cambridge - 2 staff training courses
Munich - 2 staff training courses

> **The Scrum Master certification has helped me understand and improve on our development process.**
>
> **- Rune H.**

> **Completing the Architecture with Agility training has benefitted my testing, modelling and architecture skills.**
>
> **- Frederik J.**

Staff benefits

In addition to professional training, we provide a variety of in-house benefits for our staff, as summarised below:

Aarhus office - as our Head Office, with the largest number of staff, we offer a popular bike to work scheme, subsidised lunch, an open pantry, a weekly visiting all-day massage therapist, plus a games room with fussball and a pool table.
Cambridge office - free use of the in-office gymnasium and table tennis room.
San Jose office - free membership of the building's gymnasium.

Charitable giving and sponsorships

Educated staff form the core of Cryptomathic, which values the importance of education everywhere. As a result Cryptomathic aims to contribute to the communities in which it is based and actively supports local charities as well as educational institutions.

Educational support

$10,000 annual donation to The University of Chicago for 5 years 2016-2020

£10,000 donation to the Isaac Newton Institute for Mathematical Sciences, University of Cambridge

£1,250 donation to Churchill College, University of Cambridge

DKK50,000 sponsorship of 10 Danish mathematicians – "10 Mathematical Tales" a Danish educational book about mathematics

DKK5,000 contribution to the IT Camp for Girls 2016 - Aarhus University

$5,000 contribution to the Real World Crypto Symposium

Charitable giving

Aarhus office sponsored 10 staff in the DHL Relay

4 staff in the Copenhagen Half-Marathon

Aarhus office supports Danish Red Cross and the Danish Cancer Society

Society for Children with Cancer

How do we establish our carbon footprint

In order to reach accurate and comparable results, we use the best practice guidelines laid down by Defra (Department for Environment, Food & Rural Affairs). These enable us to measure and calculate the primary emissions sources we generate.

We have used the GHG (Greenhouse Gas) Protocol for our GHG measurement as this is the most widely adopted international accounting tool in the world. It serves as the foundation for nearly every GHG standard and program in the world - from the International Standards Organization to The Climate Registry - as well as thousands of GHG inventories prepared by individual companies.

The Scope definitions

SCOPE 1 EMISSIONS:

Emissions from activities owned or controlled by our company. Scope 1 emissions include emissions from combustion in vehicles; emissions from production in owned or controlled process equipment.

SCOPE 2 EMISSIONS:

Emissions released into the atmosphere associated with our consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of our organisation's energy use but which occur at sources we do not own or control.

SCOPE 3 EMISSIONS:

Emissions that are a consequence of our actions, which occur at sources which we do not own or control and which are not classed as Scope 2 emissions. An example of this is taking business flights.

Boundaries and Exclusions

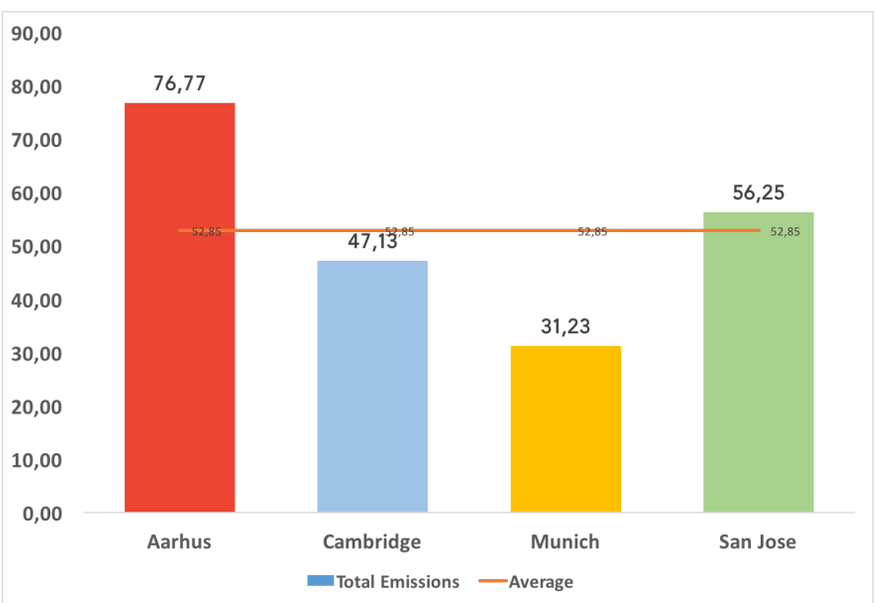
In calculating our GHG inventory, we have established that the most relevant boundaries for our business relate to emissions within an operational control boundary, comprising electricity usage and business travel. We have opted to further incorporate all vechicle use, including employee commuting under our Scope 3 emissions to provide a broader view of the impacts of our business.

Emissions resulting from heating and cooling are not specifically itemised, as their emissions in our calculations are based on energy use.

Total group emissions summary

211.38 tonnes CO2e — Total emissions of all four offices

Emissions breakdown by office



76.77 tonnes CO2e — Aarhus emissions

47.13 tonnes CO2e — Cambridge emissions

31.23 tonnes CO2e — Munich emissions

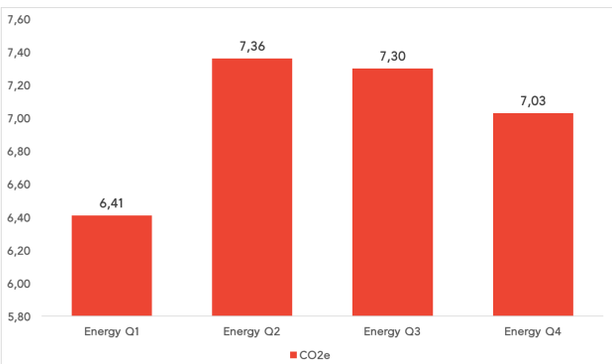
56.25 tonnes CO2e — San Jose emissions

Aarhus emissions breakdown

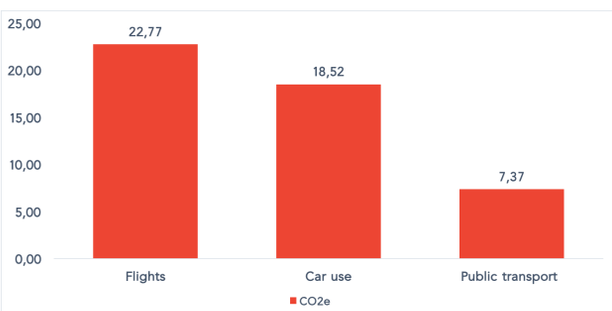
Scope 1 emissions

Scope 1 emissions refer to emissions caused from combusted fuels at company facilities. In the case of the Cryptomathic office, no fuels are burned on site therefore Scope 1 emissions do not exist.

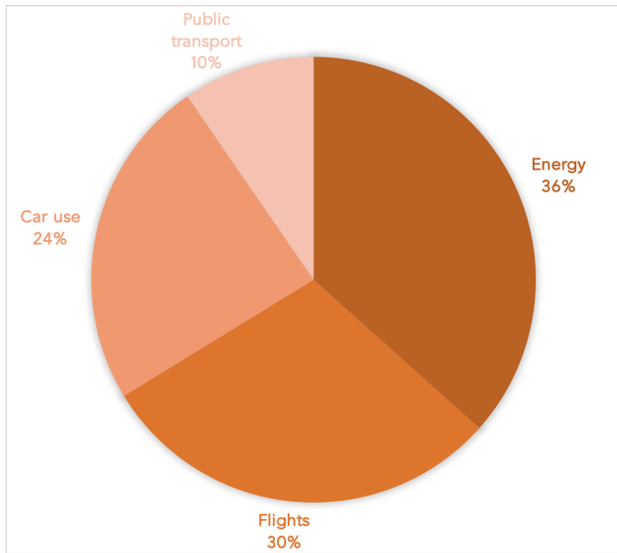
Scope 2 emissions



Scope 3 emissions



Total emissions by type



Aarhus total emissions 76.77 tonnes CO2e

Emission factor calculation data sources

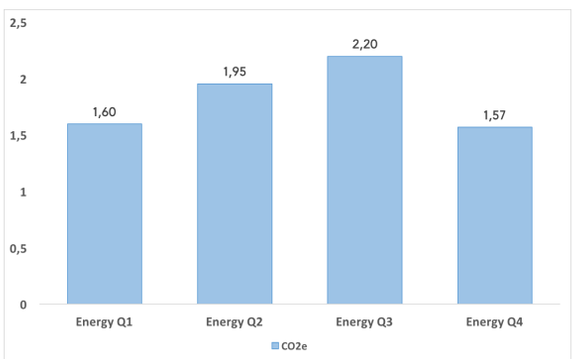
Electricity	CO2 emissions per generated kWh of electricity in Denmark based on the Environmental Report for Danish electricity and CHP for 2016 status year (http://www.energinet.dk/)
Flights	Source: 2016 UK Government GHG Conversion Factors for Company Reporting. Based on average consumption data for typical short-haul and long-haul aeroplanes and flight class. Radiative forcing (RF) impact is included in the calculations
Mass transit	Defra/DECC (2015). UK Government conversion factors for greenhouse gas reporting. Department of Environment Food and Rural Affairs/Department for Energy and Climate Change, London. The same data source provides data points for both bus and train emissions (measured in kg CO_2e per Passenger Kilometer)
Vechicle use (Passenger vechicles)	Source: 2016 UK Government GHG Conversion Factors for Company Reporting. Vechicle emissions based on car type and size. (measured in kg CO_2e per Passenger Kilometer)
Lodging	Incorporated in travel emissions. Source: Environmental Protection Agency, CHP Potential in the Hotel and Casino Market Sectors, prepared by Energy and Environmental Analysis, Inc. for EPA

Cambridge emissions breakdown

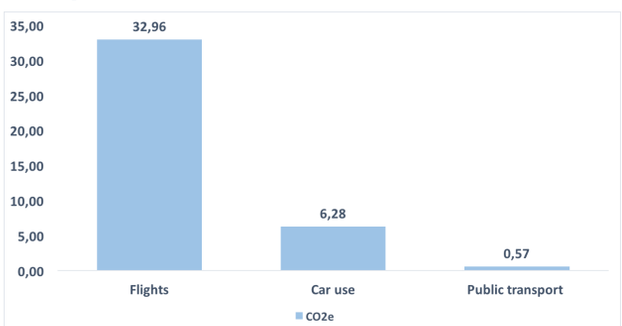
Scope 1 emissions

Scope 1 emissions refer to emissions caused from combusted fuels at company facilities. In the case of the Cryptomathic office, no fuels are burned on site therefore Scope 1 emissions do not exist.

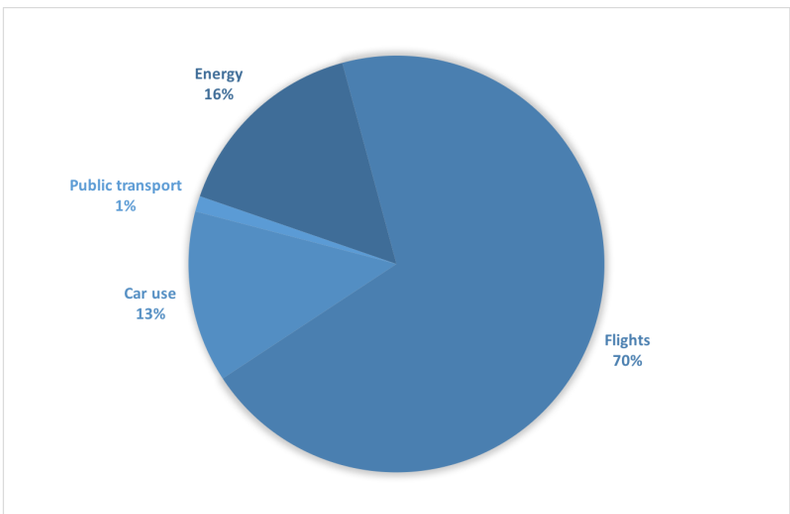
Scope 2 emissions



Scope 3 emissions



Total emissions by type



Cambridge total emissions 47.13 tonnes CO2e

Emission factor calculation data sources

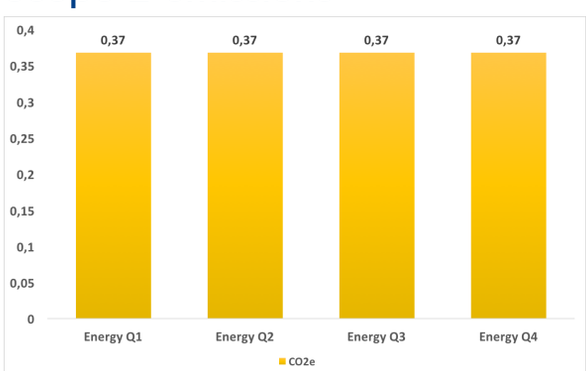
Electricity	Defra/DECC (2015). UK Government conversion *factors for greenhouse gas reporting. Resulting from Electricity generated and Transmission & Distribution for UK electricity. Total measured in kg CO_2e consisting of totals of kg CO_2 kg CH_4 and kg N_2O
Flights	Source: 2016 UK Government GHG Conversion Factors for Company Reporting. Based on average consumption data for typical short-haul and long-haul aeroplanes and flight class. Radiative forcing (RF) impact is included in the calculations
Mass transit	Defra/DECC (2015). UK Government conversion factors for greenhouse gas reporting. Department of Environment Food and Rural Affairs/Department for Energy and Climate Change. The same data source provides data points for both bus and train emissions (measured in kg CO_2e per Passenger Kilometer)
Vechicle use (Passenger vechicles)	Source: 2016 UK Government GHG Conversion Factors for Company Reporting. Vechicle emissions based on car type and size. (measured in kg CO_2e per Passenger Kilometer)
Lodging	Incorporated in travel emissions. Source: Environmental Protection Agency, CHP Potential in the Hotel and Casino Market Sectors, prepared by Energy and Environmental Analysis, Inc. for EPA

Munich emissions breakdown

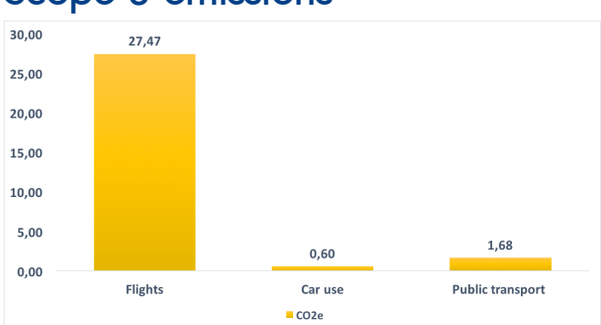
Scope 1 emissions

Scope 1 emissions refer to emissions caused from combusted fuels at company facilities. In the case of the Cryptomathic office, no fuels are burned on site therefore Scope 1 emissions do not exist.

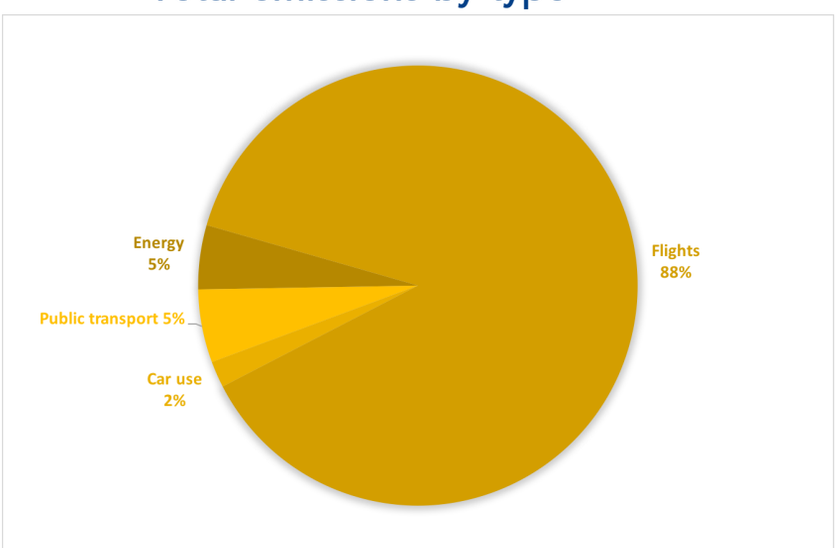
Scope 2 emissions*



Scope 3 emissions



Total emissions by type



Munich total emissions 31.23 tonnes CO2e

*Based on an average annual consumption

Emission factor calculation data sources

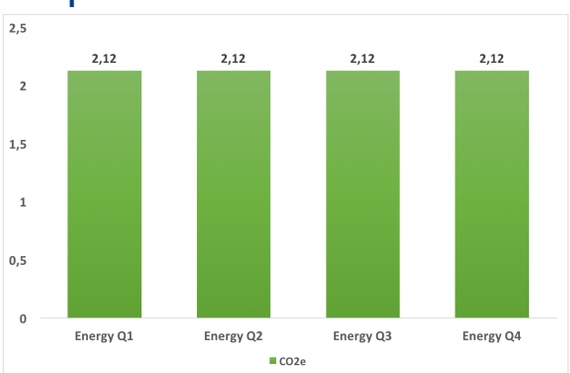
Electricity	International Energy Agency. CO2 Emissions from Fuel Combustion, 2015 Edition. Revised IPCC Guidelines for National Greenhouse Gas Inventories for Germany. Total measured in kg CO_2e consisting of totals of kg CO_2 kg CH_4 and kg N_2O
District heat	IPCC (2006). Revised IPCC Guidelines for National Greenhouse Gas Inventories. Emission Factor for District Heating from combining CO_2 kg CH_4 and kg N_2O emissions reported as kg CO_2e per kWh
Vechicle use (Passenger vechicles)	Source: 2016 UK Government GHG Conversion Factors for Company Reporting. Vechicle emissions based on car type and size. (measured in kg CO_2e per Passenger Kilometer)
Mass transit	Defra/DECC (2015). UK Government conversion factors for greenhouse gas reporting. Department of Environment Food and Rural Affairs/Department for Energy and Climate Change, London. The same data source provides data points for both bus and train emissions (measured in kg CO_2e per Passenger Kilometer)
Flights	Source: 2016 UK Government GHG Conversion Factors for Company Reporting. Based on average consumption data for typical short-haul and long-haul aeroplanes and flight class. Radiative forcing (RF) impact is included in the calculations
District heat	IPCC (2006). Revised IPCC Guidelines for National Greenhouse Gas Inventories

San Jose emissions breakdown

Scope 1 emissions

Scope 1 emissions refer to emissions caused from combusted fuels at company facilities. In the case of the Cryptomathic office, no fuels are burned on site therefore Scope 1 emissions do not exist.

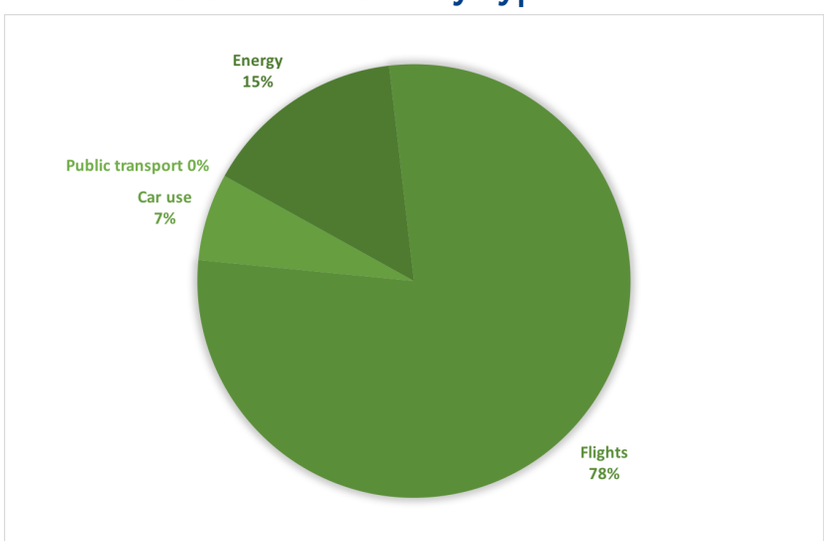
Scope 2 emissions*



Scope 3 emissions

*Based on an average annual consumption

Total emissions by type



San Jose total emissions 56.25 tonnes CO2e

Emission factor calculation data sources

Electricity	Based on Electricity consumption emission factor for eGrid: WECC Northwest (NWPP) California. Latest available data. Total measured in kg CO_2e consisting of totals of kg CO_2 kg CH_4 and kg N_2O
Flights	Source: 2016 UK Government GHG Conversion Factors for Company Reporting. Based on average consumption data for typical short-haul and long-haul aeroplanes and flight class. Radiative forcing (RF) impact is included in the calculations
Mass transit	Defra/DECC (2015). UK Government conversion factors for greenhouse gas reporting. Department of Environment Food and Rural Affairs/Department for Energy and Climate Change, London. The same data source provides data points for both bus and train emissions (measured in kg CO_2e per Passenger Kilometer)
Vechicle use (Passenger vechicles)	Source: 2016 UK Government GHG Conversion Factors for Company Reporting. Vechicle emissions based on car type and size. (measured in kg CO_2e per Passenger Kilometer)
Lodging	Incorporated in travel emissions. Source: Environmental Protection Agency, CHP Potential in the Hotel and Casino Market Sectors, prepared by Energy and Environmental Analysis, Inc. for EPA

Efficiency Policy

The company aims to travel as efficiently as possible. While we cannot eliminate flying altogether, we are aware of the environmental impact and use alternative modes, where possible. Our European offices use rail travel widely and all offices have videoconferencing facilities which we use to further reduce our travel emissions.

We recognise that there is more to do to reduce travel related emissions and we will be using the data gathered from this Report to enable us to analyse and develop new policies.


Aarhus


Cambridge


Munich


San Jose

USE OF KPIs

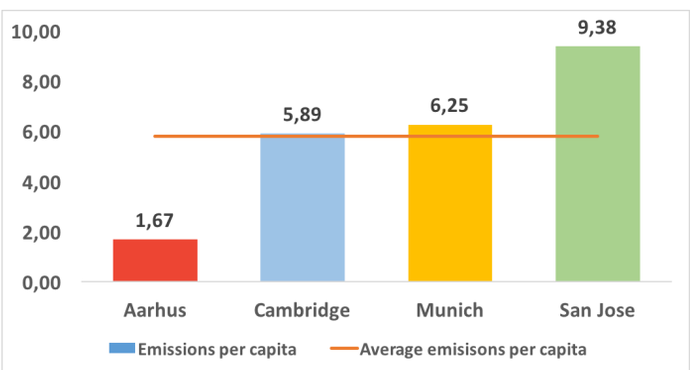
Performance indicators or 'KPIs' are a concise, standardised way to describe our performance. They enable comparison between reporting years and can take account of changes within the business such as growth in headcount.

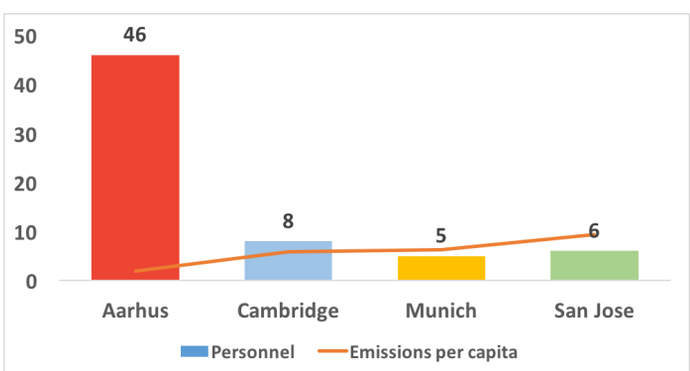
OVERALL GROUP EMISSIONS INTENSITY

The overall emissions intensity per capita sets a group benchmark considering all of the company's offices as a whole. This allows us to measure and compare the overall environmental KPI of our organisation.

3.25 tonnes CO_2e per capita

EMISSIONS INTENSITY breakdown by office





By breaking down the emissions between the offices, we can see that while the overall emissions in the largest office are closer to double those in the other locations, the emissions intensity is actualy better. This is due to efficiencies resulting from having more personnel operating from the same location.

This is also attributed to the office housing more administrative and technical, rather than sales staff who typically generate higher emissions due to travel.

TARGETS FOR 2016 AND BEYOND

We recognise that sustainability impacts all sectors of our business. To continually improve our performance requires us to set ourselves targets. Using our 2016 data as a baseline, we have chosen the following targets for 2017 after consultation with our staff. These will be reviewed in our 2017 Sustainability Report.

Reduce emissions from electricity consumption by 5% and travel by 7%, per capita

Update and re-issue Environmental Policy

Measure, reduce and offset all aggregated emissions

Elect a Sustainability co-ordinator

Continue existing programme of charity donations

Support an international social impact & carbon offset project

Continue to provide professional training and CPD for all staff

Present and promote 2016 Sustainability Report to all staff

Invite and consider 3 x staff generated sustainability ideas for the next reporting period

Identify and consider two low energy investment opportunities in Cryptomathic operations

REPORTING PARTNER

This report has been compiled with the assistance of our reporting partner, Tessera Limited.

Tessera Limited is a Sustainability Reporting specialist with over 10 years of experience in the UK and European environmental markets.

For more information see: www.tessera-ltd.com

Tessera Limited

METHODOLOGY AND REPORTING PERIOD UTILISED

We do not have responsibility for any emission sources that are not included in our consolidated statement.

We have used the GHG Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), one of the standards approved for reporting by the Defra Environmental Reporting Guidelines.

All emissions calculations have been conducted using the latest greenhouse conversion factors published by Department for Energy and Climate Change (DECC) and Defra.
The emissions have been calculated for the period: 1. Jan 2016 until 31. Dec. 2016

REPORT SIGN-OFF

Report attestation by:

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