SUSTAINABILITY REPORT 2023

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 three years and where data is available and retraceable up to five years development is displayed.

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THE WAY WE WORK

The ambition of Cryptomathic is to be the preferred security partner for accelerating digital transformation globally and especially within the financial, insurance, pharmaceutical, automotive and government sectors. By living our purpose of protecting digital assets, we enable our clients to deliver their digital services in a trustful and secure way.

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 pre-empt new security requirements brought about by emerging technologies or regulatory decisions and to react to specific and individual client and industry needs.

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A/S

CRYPTOMATHiC
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Inc.

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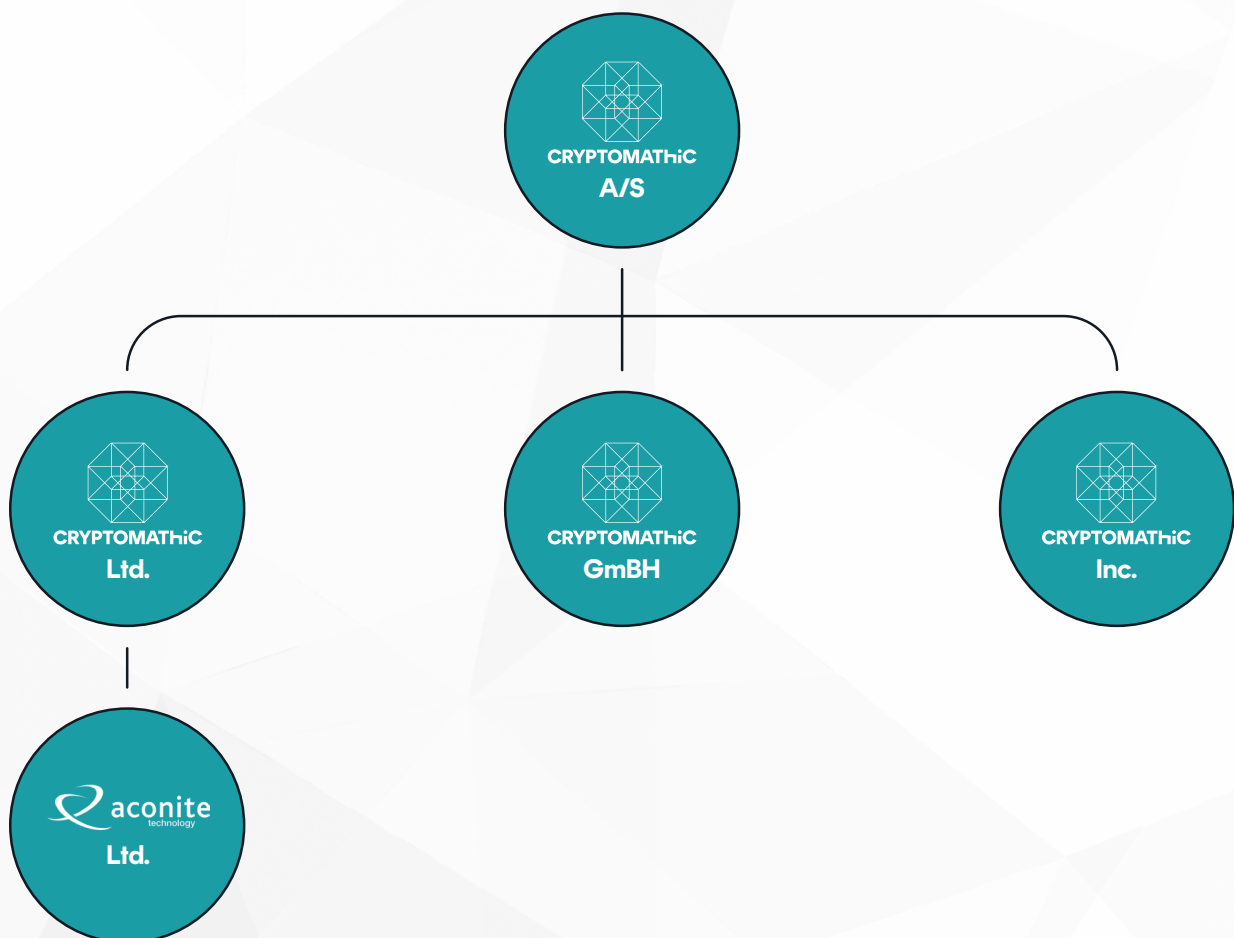
EMBRACING CORPORATE ESG RESPONSIBILITY

The UN Sustainable Development Goals (SDGs) provide guidance for our Environmental, Social and Governance (ESG) responsibility approach. We are particularly inspired by SDG 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 crisis and meet the demands of tomorrow.

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. Levelling the gender splits in any industry is enabled by driving general gender equality — especially in the education system.

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.

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.
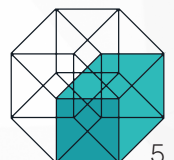
ENVIRONMENT

Impact assessment

Cryptomathic strives to be an environmentally sustainable company both in terms of our own footprint and that of our solutions. We commit to minimize the environmental impact of our operations.

Our core business is focused on accelerating the digital transformation. This transformation reduces thousands of tons of CO_2 emissions each year by moving physical transactions to digital processing reducing a lot of physical transport.

Nevertheless, Cryptomathic emits CO_2 (like any other company) in way of employee business travel, commuting, computers, electricity, gas, water, etc.

Minimizing the environmental impact of our operations also includes that of our suppliers and partners. Our main suppliers, measured in terms of spend and criticality, are sub-suppliers of managed services and hardware providers.

ENVIRONMENT

Policies, vision and mission

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

It is our vision to be the preferred security partner for accelerating digital transformation driven by our mission to protect digital assets.

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 stresses 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 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 2023, Cryptomathic expanded its sales, marketing and product management organization. To strengthen global integration and growth, more customers as well as cross-organizational interaction has been encouraged including physical meetings. This means travel costs have increased but are still below our target of a maximum of EUR 2.000 per employee.

We still benefit from our offices being centrally situated with excellent public transportation options and in addition to that having many employees biking to work.

In December 2023, we merged our two offices in the UK (London and Cambridge) into one shared office in London. We expect this to have an impact on energy consumption and additionally it reduces commuting distances significantly for some colleagues.

In 2023, we also turned our Munich office into a virtual office with employees working fully remotely again reducing commuting.

Cryptomathic's offices are all placed in rented office buildings, which means reduced autonomy in terms of choosing and influencing utility providers, however, we monitor our utility consumption in our efforts to be consumption conscious.
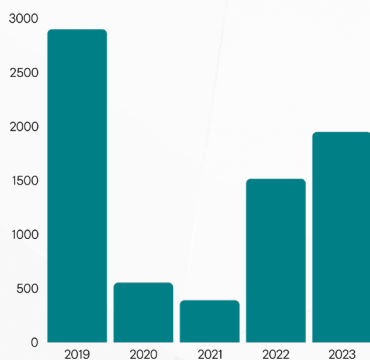
Travel costs per employee (€)

Figure 1. Travel cost per employee

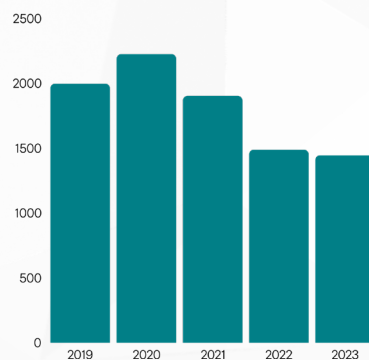**Electricity consumption per employee (kWh)**

Figure 2. Electricity consumption per employee
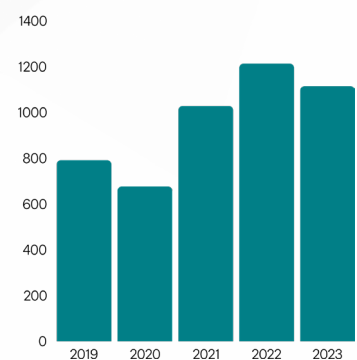
Heating consumption per employee(kWh)

Figure 3. Heating consumption per employee

ENVIRONMENT

With the global energy crisis linked to the war in Ukraine, we introduced measures to lower our electricity and heating consumption although we might not be able to maintain this as it did impact employee wellbeing. However, the measures, outlined in our global energy guide established in 2023, include encouraging employees to turn off computers and lights after work. Furthermore, the guide emphasizes the importance of measuring energy consumption as part of our ongoing efforts to promote energy efficiency and sustainability within our organization. We will also look at the possibility of saving energy on cooling down our server rooms.

In 2023, we have investigated with our energy provider in Denmark to establish and secure the most sustainable agreement available. We anticipate the issue of a certificate from the provider, attesting to our commitment to the greenest contract option. In 2024, we will investigate the same for the UK.

In 2023, we formalized our procedures for re-use of equipment into a global guideline. The scope is:

- Computers and Laptops - Desktops, laptops, workstations - Including peripherals like monitors, keyboards, headsets, and mice.

- Smartphones and Tablets - Mobile devices and tablets of varying brands and models.

- Networking Equipment — Hardware Secure Modules (HSM's), servers, routers, switches, modems, etc., used in networking setups.

- Office Equipment - Printers, scanners, and copiers, Video Meeting devices/TVs.

Lifetime expectancy is estimated for each category, and equipment is re-used if still below the lower level of life-expectancy. A procedure for preparing equipment for re-use has also been established.

Guidelines for sustainable disposal of un-usable equipment have also been established and a vendor is selected for 2024 who will discard un-reusable equipment in a secure and sustainable way. This supplier will also provide us with reporting on CO_2 emissions saved from the sustainable discarding of equipment.
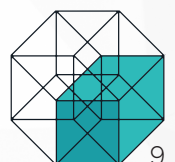
ENVIRONMENT

In terms of general waste reduction, since we are in rented office buildings, we are following the re-cycling procedures in place with the landlord and municipality, which currently only cover limited waste categories. In 2024 the municipality of Aarhus is planning to introduce more recycling and waste reduction initiatives, which Cryptomathic will follow. We plan to investigate further waste measures for our UK office in 2024.

However, to reduce food waste from our canteen in Aarhus, we have a scheme in place where employees can bring home leftovers from lunch. This scheme is highly used.

Finally, from our reporting efforts now spanning over two full years and growing confidence in the reporting method and consistency, we have an estimate for our CO emission scope 1 and 2 in 2023. It is still associated with uncertainty as our reporting is not perfect.

Total GHG Emission 2022   61 tCO2

Total GHG Emission 2023   9 tCO2

The drastic decrease is due to all our reported energy consumption in 2023 coming from wind (a sustainable energy source).

We decided to off-set our 2022 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".

ENVIRONMENT

Targets for 2024

For 2024, we have set six specific targets directly linked to the implementation of our new Environmental Policy

- Travel cost per employee below EUR 2.000 per employee (target to be adjusted for inflation annually)

- CO_2 emission from company travel estimated

- Electricity and Heating consumption is kept at or below the 2023 level (adjusted for inflation)

- CO_2 emission from energy consumption estimated

- Full CO_2 emission scope 1 + 2 estimated and off-set

- An ESG supply chain management system is investigated to support the involvement of our suppliers in our efforts to minimize our environmental impact.

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:

- CO_2 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 CO_2 neutral flights where possible

- CO_2 emissions from energy consumption is reduced and off-set (targets to be set, when we have the baseline)

- Future office location must be in CO_2 neutral buildings

- CO_2 emission scope 3 estimated

- CO_2 emissions scope 1-2-3 is reduced year on year and off-set (targets to be set, when we have the baseline)
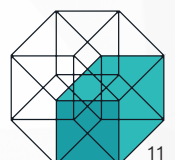
SOCIAL

Impact Assessment

In Cryptomathic, we believe that the ability to understand, embrace and operate in a globalized world is critical to our work.

Our culture and values support an equitable, diverse, and inclusive workplace, where there is opportunity for life-long learning. And our ambition is to support the same in the community surrounding us and for the future generations.

We recruit and retain people with a variety of skills, backgrounds, and nationalities, while ensuring focus on personal qualifications for the job. And we strive to be an organization, where people thrive, perform, and develop.

Due to the increasing diversity of employees in Cryptomathic we are aware of our responsibility to ensure an inclusive working environment and strive to offer similar working conditions and equal development opportunities across all entities.

Policies and Guidelines

Cryptomathic values positive working relationships consistent with the Cryptomathic values and does not tolerate any kind of harassment, bullying, victimization or discrimination occurring in the workplace or in any work-related setting outside the workplace.

To accomplish this Cryptomathic has in place an anti-harassment policy to ensure employees can work without prejudice or harassment in a professional atmosphere that promotes equal employment opportunities and prohibits discrimination.

To support this further, we also have in place Code-of-Conduct, Recruitment and Diversity & Equal Opportunity policies in place, as well as guidance on grievances procedures.

Finally, we provide guidance for employee training and development.
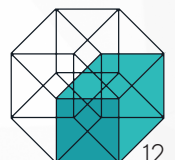
SOCIAL

Actions and Results

In 2023 we introduced significant changes to our organization particularly building capabilities within sales and product management. By 31 December 2023, Cryptomathic had 94 full-time equivalent (FTE) employees and 100 headcounts.

Unfortunately, we also parted ways with several colleagues in 2023. Part of the turnover reflects an alignment of capabilities against company objectives (involuntary), and another part reflects the highly competitive market we experienced, especially for software developers (voluntary).

A survey performed by the biggest Danish IT job portal (it-jobbank) among IT specialists showed that in 2023 17% changed job.

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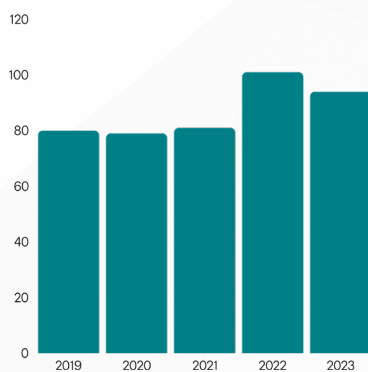
Full time Equivalent (FTE)

Figure 4. Development in FTEs

Employee tenure (%)

Figure 5. Employee tenure
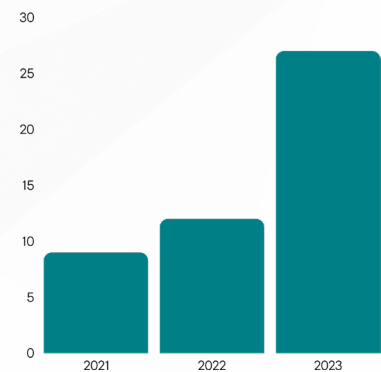
Employee turnover (%)

Figure 6. Employee turnover

SOCIAL

The 100 employees at Cryptomathic on 31 December 2023, were spread across 10 different nationalities. Of the 100 employees the Management Team represented 5 people, 3 men and 2 women, and the remaining employees comprised 78 men and 22 women. The Board of Directors of Cryptomathic Holding comprises 5 men and 1 woman.

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. In 2023, the average gender pay index were:

Female average salary index 98

Male average salary index 104

The overall gender gap was 6 points in favours of the male segment of the company.
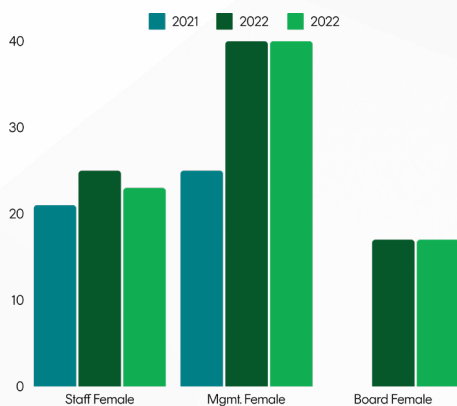
Gender Diversity (%)

Figure 7. Gender diversity among staff, management, and Board represented by the female part

SOCIAL

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.

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, however in 2023 we see a drop in investment, which we attribute to the significant organizational build-up. Mid-year 2023, we also introduced global registration of time spend on learning & development 1260 hours of training was registered in 2023. However, this number is influenced by the fact that the time registration system was only rolled out globally on 1 July 2023.

Types of training are as following:

• Leadership summit (annual event for all people and functional leaders)

• Technical training such as Microsoft Azure AZ-204 Certification, Quality for DevOps Team, CSSLP, Black Hat, ISTQB Certification

• Personal development such as presentation techniques, coaching, etc.
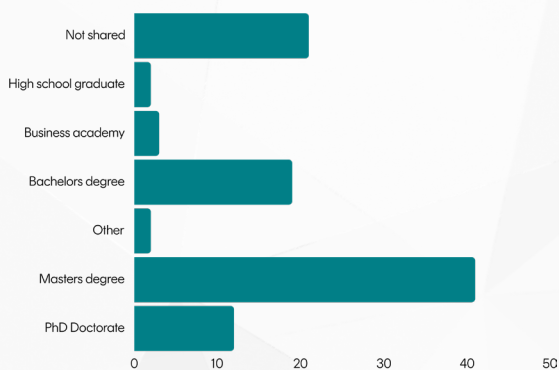
Educational background (%)

Figure 8. Educational backgrounds of employees

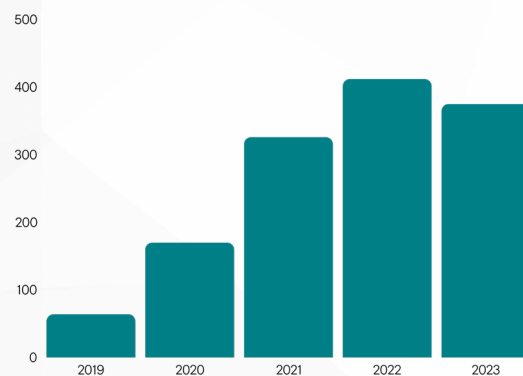**Investment in Learning & Development per employee (€)**

Figure 9. Investment in Learning & Development per employee

SOCIAL

To support general well-being, all employees are covered by health insurance. Across the company, we have a very healthy work-life balance. As part of our new Employee Engagement dialogues, we have also included a specific question relating to well-being to ensure people leaders are addressing any issues appropriately. In Denmark we furthermore have a massage scheme available to employees every Friday.

We have a strong scheme in place to support employees on long-term illnesses, and in 2023 in DK, this was supplemented with a social worker who through our insurance company is available if needed.

With regards to our social responsibility towards the wider community, we strive to apply our efforts and make a positive impact on gender diversity in the Technology space. We do this by promoting STEM for girls and young people and specifically sponsoring two projects. 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, where we prioritize to also have female employees represented to speak with the Science students and potential future employees.

The total sponsorship in 2023 was EUR 4.133.

SOCIAL

Targets for 2024

For 2024, we have set four specific targets for our social responsibility. These targets build on the foundation already in place with the aim of strengthening our approach:

- In 2024, we would like to establish relevant benchmarks for 1) Gender distribution and 2) Gender Pay Gap, to set target for the coming years and instigate further actions to reach the targets and our long-term ambition towards 2028.

- By 2024, we will have conducted the first global Employee Engagement and Satisfaction survey to help us identify strengths and areas for improvements. This target was transferred from 2023.

- 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 >80%

- 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 most cases 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
- Danish Standard
- 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

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 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

Ensuring accountability and transparency, we have also defined clear delegation authorities across all business areas.

In 2023, Cryptomathic were audited by customers and official auditing bodies resulting in audit reports all being actioned accordingly. 14 customers carried out audit activities by us in 2023 covering various areas such as:

- IT Security Compliance

- Physical Security

- Cyberattack analysis

- GDPR

- Code of conduct

- HR and Recruitment

- Supply Chain Management

- Business Continuity

In 2023, we carried out a full mapping of the risk landscape facing the company. We had set an ambition to assess these risks together with the Board, but this has been postponed to 2024

GOVERNANCE

Targets for 2024

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 2023:

- In 2024, extending the existing framework, we will carry out a full Risk & Asset assessment. This target was transferred from 2023

- Based on this assessment, we will establish a risk mitigation plan for implementation in 2024 approved by the Board of Directors

- We will identify and outline general processes and systems to manage risks and monitor incidents.

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 none-pre-identified profit loss cases)

- Observance of highest corporate compliance standards in all units and activities of the Company (goal: zero misconducts)

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