

# Sustainability Report 2022



**ADTRACTION**

# Sustainability at Adtraction

Adtraction's ambition is to report its sustainability work in accordance with The Annual Reporting Law (ÅRL) and the Greenhouse Gas (GHG) protocol. The report is based on the Nordic Sustainability reporting standard (NSRS), which uses a template based on the Global Reporting Index (GRI).

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The report pertains to the year 2022 and covers all companies within Adtraction Group AB. It is the board that holds the ultimate responsibility for Adtraction's sustainability efforts.

Adtraction's overall goal with sustainability work is to create conditions for long-term value creation. For Adtraction, this means growing as a company, managing risks, and identifying opportunities while respecting the impact on people and the environment.

Sustainability covers a wide range of issues. Adtraction's approach has been to select the areas and KPIs considered to be most relevant to our organisation.

The company's sustainability work is based on the United Nations Sustainable Development Goals (UN SDG) and is divided into three main areas:

social, environmental and governance. The starting point is to prioritise areas where the company can make a difference. The selected areas include:

- Work environment, health, and safety
- Equality and diversity
- Environmental impact
- IT security and anti-corruption
- Business practices and value chain

These areas are linked to UN global goals 5 ("Gender Equality"), 8 ("Decent work and Economic Growth") and 13 ("Climate Action"). The stated focus areas provide the following structure in the company's sustainability report:

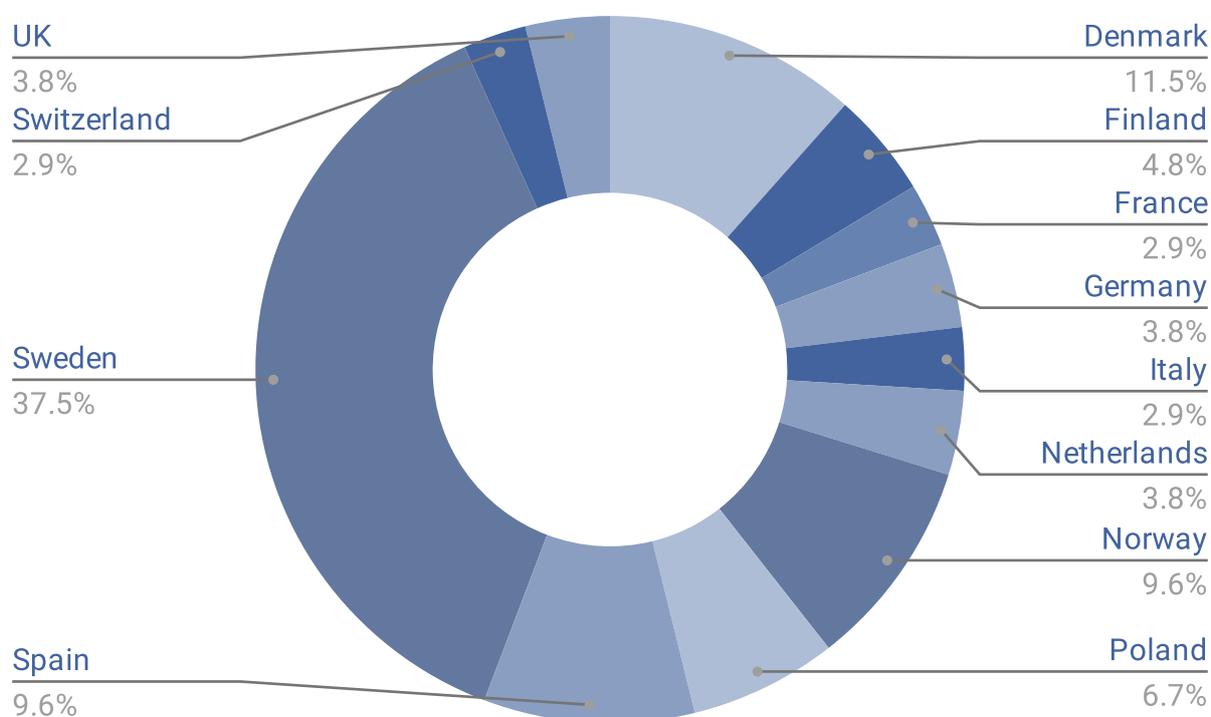
- Social development
- Environmental impact
- Responsible governance

## 1.0 Social development

# 1.1 Work environment, health and safety

Adtraction wants to offer a work environment where equality, diversity, and respect for the individual employee are promoted.

**Graph 1.1 Distribution of employees across markets as of 31.12.2022.**



The knowledge, experience, commitment, and well-being of employees are the company's most important assets, and Adtraction recognises employee well-being as fundamental to the culture and business. Ensuring that employees are happy and engaged across markets is therefore of high priority.

Factors identified to affect the quality of work-life are job satisfaction, work-life balance, workplace

stress and job environment.

Creating a progressive work environment with high well-being and satisfaction among employees is considered one of the company's most important tasks both short and long term.

To measure how the company is doing, Adtraction follows up on the variables presented in Table 1.1 following on the next page.

**Table 1.1 Work environment variables**

Variable	2022
Employee turnover	15,0%
Total sick leave	1,1%
Employee Net Promoter Score (eNPS)	74.5
Pulse	4.3 out of 5.0
Percentage of employees with regular 1-1s	75%
Percentage of new hires who receive onboarding	100%
Discrimination cases	0
Court cases concerning staff	1

Questions related to the work environment, health, and safety are central to the management team, and since 2022 Adtraction has carried out an annual employee satisfaction survey. The purpose of the survey is to monitor how the company is doing when it comes to inclusiveness, equality and well-being in the workplace. The company's eNPS was 74.5 in 2022<sup>1</sup>. An eNPS score of 30 is considered good, while a score above 50 is considered an excellent rating (Questback). The 2022 survey had a response rate of 86%.

The company promotes a feedback culture and the company is committed to building a diverse team where every voice is welcome, heard, and respected. Following up on individual employees is considered a key facilitator.

Individual follow ups are, amongst others, done through regular CheckIns in the software 15Five, which is used by more than 75 % of employees. The CheckIns focus on wins, challenges, and overall well-being, and if challenges arise, managers are available to develop and support.

To facilitate inclusion and cross border cooperations, Adtraction frequently brings employees together. The global conferences are held annually, and in addition to presentations, seminars and group discussions, the conferences allow for inspiring activities, while employees get to know their colleagues in a relaxed environment.

The annual conference is a key part of building and maintaining Adtraction's culture, and it is something the company will continue to invest in.



<sup>1</sup> The 2022 eNPS score was assessed on a 5 point scale. As we transition to the accurate 10 point scale for future evaluations, we anticipate more modest and realistic scores.

# 1.2 Equality, diversity and inclusion

Adtraction works to promote equality, diversity, and respect for individual employees at the workplace. Valuing the contributions of diverse individuals and perspectives creates a dynamic and innovative environment. Adtraction strives to recruit individuals who not only contribute to creating a positive work environment but also demonstrate a willingness to actively engage and exert a positive influence on their workplace.

The company regularly monitors the age range and gender distribution of its employees. As of December 31st 2022, there were 21 nationalities among employees, with a gender distribution of 42 % women and 58 % men. The age range was 21-56 years. To foster inclusion and support employees across different markets, the company uses English as a corporate language.

**Table 1.2 Overview gender distribution and age range**

Variable	2022
Gender distribution	
Men	57.5 %
Women	42.5 %
Age range	21-56 years
Nationalities	21

## Recruiting for diversity

The work for a diverse workplace is further reflected in the company's recruitment process. Adtraction's recruitment process is non-discriminatory, meaning that recruitment decisions are based on competency, thereby reducing the risk of factoring in elements that are not directly relevant.

The company works with a standardised recruitment process and involves multiple evaluators in the candidate selection process. When candidates have the same level of competence, the person who counters any imbalance in a particular area should be selected.

A number of Adtraction's markets further offer internship opportunities. Offering internship positions has proven useful to bring in new perspectives and broaden the diversity within teams. During 2022 Adtraction had 5 interns.

## Zero tolerance for discrimination

The company is independent of any political ideology or religion, and does not discriminate against gender, skin colour, religion, political beliefs, sexual orientation, or disabilities.

Discrimination, including racism, sexism, ableism, ageism, homophobia and transphobia, has no place at Adtraction. Adtraction does not compromise when it comes to the safety and rights of employees, and fostering a culture that prevents harassment and discrimination is important.

In addition to following up on gender distribution, age range and nationalities on a regular basis, potential discrimination cases are addressed in the annual employee survey. To further prevent discrimination, the company will formalise existing relevant documentation and introduce a Code of conduct.

# 1.3 Goals

In terms of social development, Adtraction will prioritise the following goals for the next three years. The objectives might be modified if necessary.

## Gender distribution

Track gender distribution with a goal of keeping it in the range of 40/60 - 60/40.

## eNPS

Measure eNPS annually, goal of maintaining an eNPS score above +50.

## Action points

- Measure eNPS
- Monitor gender distribution
- Improve the process of tracking sick leave
- Formalise a Code of conduct for employees

## 2.0 Environmental impact

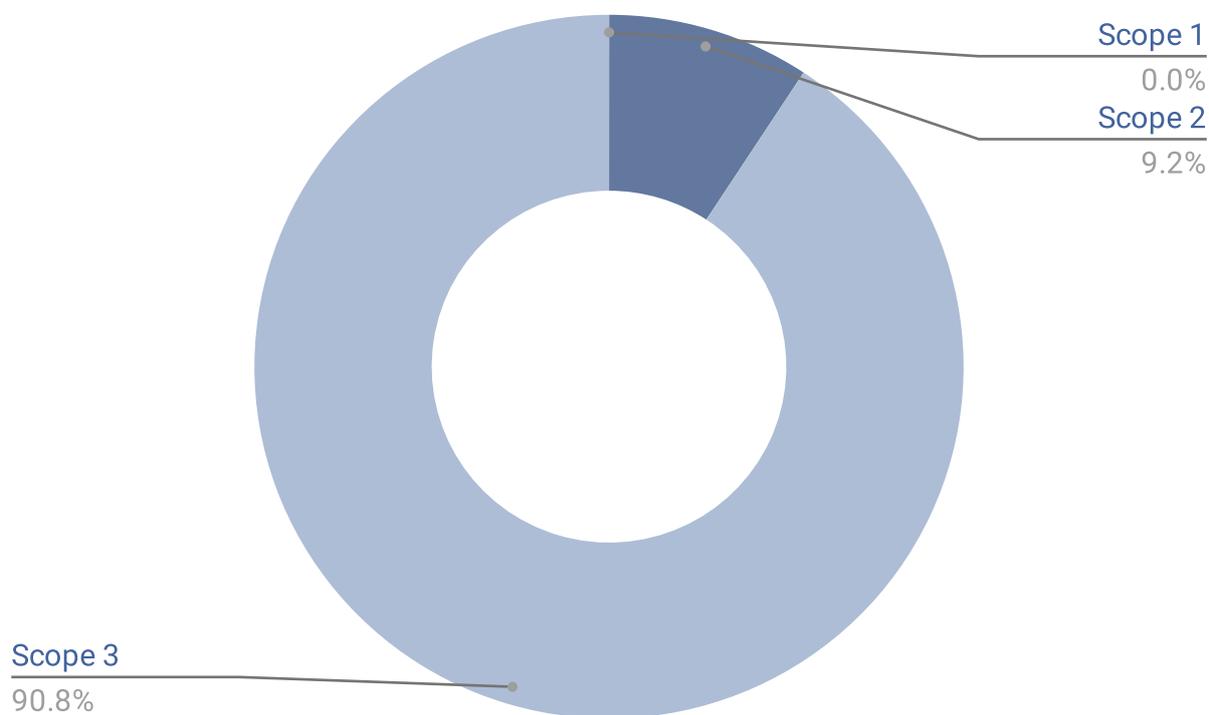
# 2.0 Environmental impact

Adtraction is responsible for operating the business in an environmentally friendly manner by limiting the company's impact on the environment. The company strives to make the best environmental choices in its daily operations.

Emissions are normally classified in three scopes, Scope 1, 2 and 3. Scope 1 and 2 are emissions that are owned or controlled by a company, while scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by it.

More than 90 % of Adtraction's emissions are within Scope 3 in the GHG protocol. This primarily includes work related travel, food, and the purchase of products and services.

**Graph 2.1 Emissions distributed by scope**



# 2.1 Company emissions

The below table provides an overview of how emissions are distributed across sources.

**Table 2.1 Emissions distributed by scope**

Emission source	GHG Emissions (kg CO2e)	% of total	Per employee (kg CO2e)
Business travel	172 456	50,8 %	1 724
Electronics	39 825	11,7 %	398
Food and drink	28 427	8,4 %	284
Freight	1 465	0,4 %	15
Office spaces	31 874	9,4 %	319
Other purchases	65 401	19,3 %	654
Vehicle use	127	0,0 %	1
<b>Total emissions</b>	<b>339 575</b>	<b>100%</b>	<b>3 395</b>

## 2.2 Work travel

The total emissions from business travel in 2022 were 172,5 tons CO2e, equalling 1,7 tons CO2e per employee. The distribution of emission sources is shown in Table 2.1.

Business travel increased in 2022 after the Covid-19 pandemic. Air travel was the largest source of emissions, followed by car travel and hotels.

Adtraction works to limit emissions by reducing the number of trips and prioritising digital meetings. To minimise the environmental impact of commuting, the company's offices are usually centrally located and close to transportation connections.

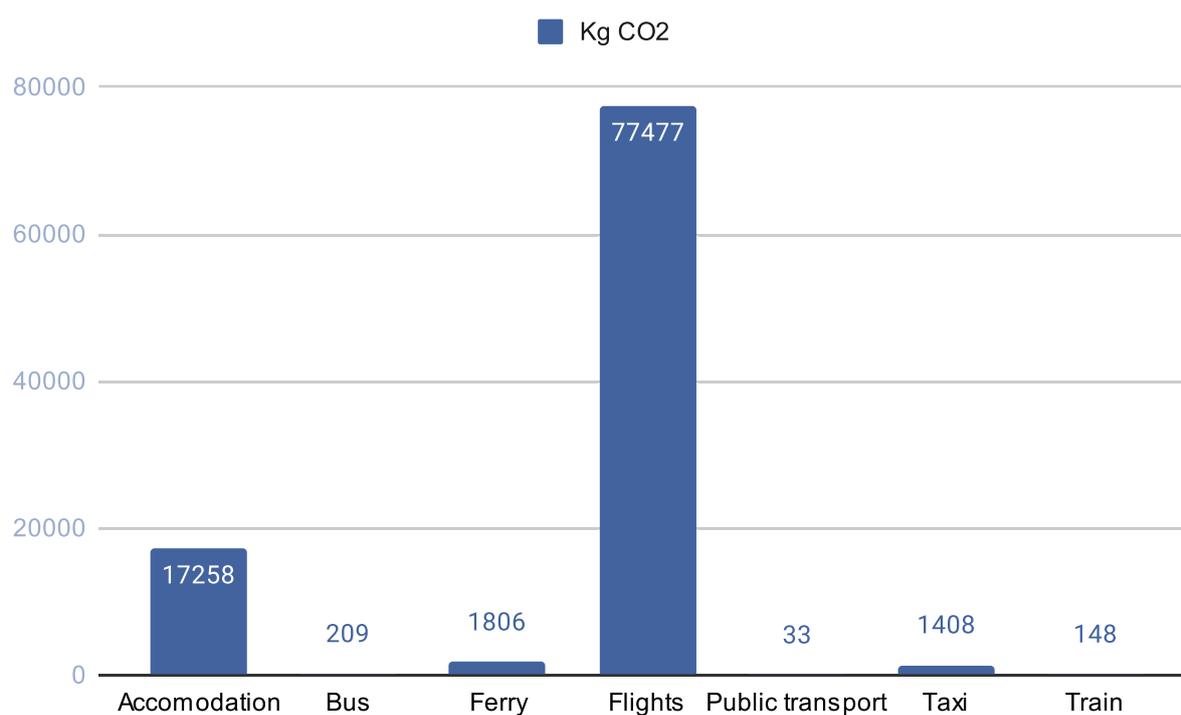
Meeting in person is an important part of Adtraction's culture, and travel is expected to remain on a similar level in 2023 as in the past year.

Adtraction compensates for its emission through carbon offsetting. The supported projects are part of GoClimate's portfolio and contribute to both the UN Sustainable Development Goal 5 and 13. All supported projects are certified by the Gold Standard Foundation to ensure that the selected projects reduce carbon emissions, feature the highest levels of environmental integrity, and also contribute to sustainable development.

**Table 2.2 Distribution of business travel emissions across markets**

Emission source	GHG Emissions (kg CO2e)	% of total	Per employee (kg CO2e)
<b>Business travel</b>	<b>172 456</b>	<b>50,8 %</b>	<b>1 724</b>
Denmark	3 781	1,1 %	348
Finland	6 380	1,9 %	1 595
France	1 022	0,3 %	256
Germany	20 324	6,0 %	4 065
Italy	86	< 0,1 %	25
Netherlands	667	0,2 %	167
Norway	28 411	8,4 %	2 841
Poland	256	< 0,1 %	36
Spain	4 947	1,5 %	471
Sweden <sup>1</sup>	98 340	29,0 %	2 871
Switzerland	6 232	1,8 %	2 308
UK	2 010	0,6 %	503

**Graph 2.3 Distribution of business travel emissions across transportation type**



<sup>1</sup> Sweden incurs higher emissions compared to other markets due to intermittent travel cost coverage for the entire group.

## 2.3 Daily operations

Even if Adtraction's platform is fully digitalised, the company's daily operations have an impact on the environment. Office spaces, digital services, and technical products require energy use.

Together with landlords, the company works to minimise energy consumption and ensure that the energy used comes from renewable sources. The majority of Adtraction's office spaces across Europe use green electricity.

To keep a low environmental footprint, Adtraction uses cloud services. The company further aims to transition into a more circular business model by only purchasing products that are needed and used by the staff. In 2021, the company implemented processes for recycling used electronics. Introducing these processes has helped ensure that unused equipment is taken out of use in a way that meets current sustainability requirements.

## 2.4 Goals

In terms of environmental impact, Adtraction will prioritise the following goals for the next three years. The objectives might be modified if necessary.

### **Remain at or below current emission level of 3.4 tonnes of CO2 per employee**

Calculate emissions on an annual basis to ensure emissions remain at or below the current level of 3.4 tonnes of CO2 per employee.

### **Action points**

- Introduce travel guidelines
- Compensate for 2022 emissions
- Calculate emissions on an annual basis
- Recycle unused equipment

## 3.0 Responsible governance

# 3.0 Responsible governance

Adtraction's overarching sustainability goal is to create conditions that promote long-term value creation. To Adtraction, long term value creation means company growth, risk management as well as the capacity to identify opportunities, while being committed to operate in a responsible and sustainable manner.

## 3.1 Value chain

Adtraction entered the year of 2022 with 1 490 advertisers and 7 500 partners. With a growing base of partners and advertisers, it is important to the company to ensure sustainable business practices and sustainability throughout the value chain. Respecting human rights is a fundamental principle in operations.

A functional KYC process is essential to assess and monitor customer risk, while securing ethical business practices.

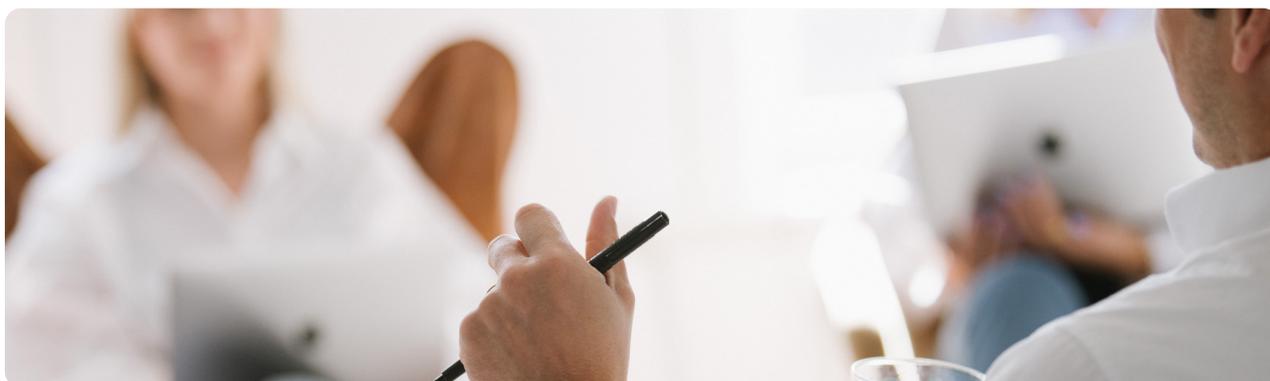
Adtraction verifies potential partners and advertisers through a manual review, verifying that prospects are professional and in line with expected standards.

KYC is considered an interesting and strategic area to develop, and the company plans to further

improve the process by introducing additional approval requirements in 2023.

In 2023, the company will implement enhanced KYC procedures in compliance with DAC7, a European Union directive aimed at enhancing tax transparency and administrative cooperation in the digital platform economy by requiring digital platforms to report revenues earned by their users and sharing that information with EU tax authorities.

Adtraction's key suppliers include Amazon Web Services, Slack, PE Accounting, Streak, Intercom, Tableau and Google. When choosing suppliers, Adtraction evaluates the cost, quality, reliability and fit of the supplier, and it is important to the company that suppliers are ethical and trustworthy.



## 3.2 Anti corruption

To discourage and prevent fraud, Adtraction's support team assesses platform activity and transactions. If suspicious patterns are detected, thorough investigation is conducted to determine the nature and extent of the fraud.

Moreover, reported transactions require approval from the advertisers before any payment can be

processed.

The company has no customers in high risk countries or sanctioned countries. Adtraction has a process to review the bank accounts for outgoing payments, any payments to high risk, including tax-havens and sanctioned countries are being blocked.



## 3.3 IT security

Adtraction's partners and advertisers work with digital and cloud-based business models, and it is essential for the company to deliver a system and service with high security and integrity.

To prevent ransomware, the company has implemented a set of security measures on all company owned devices. This includes a Mobile Device Management solution that helps effectively manage, secure, and monitor mobile devices,

applications, and data across various operating systems, ensuring compliance with corporate policies and reducing IT risks.

When it comes to data storage and security, Adtraction takes daily backups of important data that is stored encrypted. Tests are carried out on a regular basis to ensure that backups and read-back runs work as they should.

## 3.4 Economic health

Adtraction has delivered growth, profitability, and strong cash flows every year since 2009, and the company has continued to do so in 2022 despite significant concerns and economic uncertainty in the world.

For a full overview of the financial health, please see the annual report.

## 3.5 Goals

In terms of responsible governance, Adtraction will prioritise the following goals for the next three years. The objectives might be modified if necessary.

### Further enhance KYC process

Further strengthen the KYC process.

### Action points

- Introduce additional approval requirements for platform users.



## 4.0 Final remarks

Creating Adtraction's first sustainability report has been a learningful and valuable exercise to the company. The report has proved useful to identify a number of areas and improvements to make.

The ESG landscape is rapidly evolving, and Adtraction's work related to sustainability is ongoing.

If you have any questions regarding the report, reach out to Anna Hjortaas.

## 5.0 Additional information

Information	Comment
<b>General information</b>	
Name of organisation	Adtraction Group AB
Organisational number	559303-4753
Company website	www.adtraction.com
Activities, brands, products, and services	Digital marketing. The company develops and runs a platform that connects advertisers, who want to boost their sales, with different kinds of partners, for example digital magazines, influencers, bloggers, forums, mobile apps, and price comparison sites, that want to make money on their content and traffic.
Location of headquarters	Stockholm, Sweden
Ownership	Public, Nasdaq First North Growth Markets
Contact point	Anna Hjortaas, CMO, anna.hjortaas@adtraction.com
Reporting standard	The report is based on the NSRS, which is partially based on the GRI.
Reporting cycle	2022
External assurance	The report is approved by the board. It has not been assessed by a compliance officer, but an external party has assisted Adtraction in producing the report.
Entities included	Adtraction Group AB and subsidiaries
Highest governing body	The highest governing body is the board.
Internal key stakeholders	Management, staff and board.
External key stakeholders	Advertisers, partners, suppliers, shareholders, and the banks.