

# Sustainability Report

2023



**ADTRACTION**

# Sustainability

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 European Sustainability Reporting Standards (ESRS).

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The report pertains to the year 2023 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 conduct a double materiality assessment, and select the areas and KPIs considered to be most relevant to our organisation.

## Double materiality assessment<sup>1</sup>

The company has conducted a double materiality assessment to identify critical sustainability areas, focusing on financial implications, risks, and opportunities. Guided by the ESRS framework, the assessment prioritised two areas; relevance to stakeholders (management, employees, board, clients, suppliers, the environment), and Adtraction's potential influence on the given areas.

Climate, workforce, value chain workers, and governance were identified as key areas in stakeholder relevance and company impact. Subsequently, a risk and opportunity analysis was conducted to evaluate each area based on its likelihood to occur and potential impact, categorising them as major, medium, or minor. The

methodology highlighted the following risks and opportunities.

## Risks

### Low risk

Low risk areas identified include substandard working conditions and potential human rights violations at brands in the platform, where oversight is limited; diversity risks stemming from a homogeneous team composition that could lead to group think; and IT security risks related to the potential loss of critical expertise.

### Low/medium risk

Low/medium risk areas identified include not offering sufficient skills development opportunities, which may lead to a risk of missing out on talent; working conditions and the work environment, which may lead to higher staff churn rates, loss of competence and increased recruitment costs, reduced employee engagement, decreased performance, and absenteeism; and risk of data breach with sensitive information being leaked or the company being subjected to fraud.

## Opportunities

### Major opportunities

Major opportunities identified include addressing corruption, aiming to enhance our Know Your Customer (KYC) process; streamlining skills development, encouraging employees to leverage offered training, which in turn aids in attracting competent staff; increasing competence through internal knowledge sharing between departments and markets presents a valuable opportunity.

### Medium opportunities

Enhancing the visibility of our strong IT security and compliance efforts; conducting more comprehensive evaluations of suppliers' working conditions as a long-term opportunity; setting ambitious, long-term goals for CO2 emissions reduction, which could serve as a competitive advantage and open up new business opportunities.

### About the report

The company's sustainability work is based on the above materiality assessment and the United Nations Sustainable Development Goals (UN SDG). The report 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

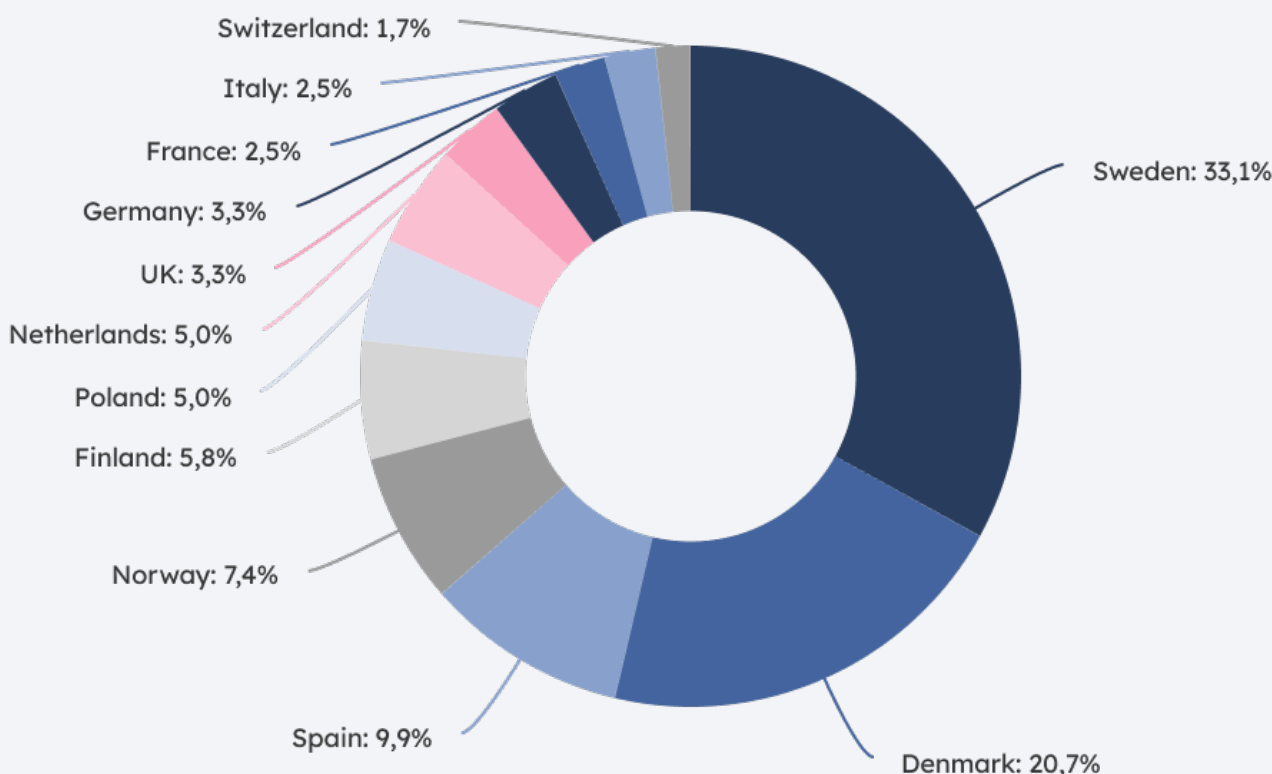
These areas are linked to UN global goals 5 ("Gender Equality"), 8 ("Decent work and Economic Growth") and 13 ("Climate Action"). The stated focus areas provide the following structure in the company's sustainability report:

- Social development
- Environmental impact
- Responsible governance

# Social development

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

### Distribution of full time employees (FTE:s) across markets as of 23.12.31<sup>2</sup>



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 the table following below.

### Work environment variables<sup>3</sup>

Variable	2023
Employee turnover	16%
Employee Net Promoter Score (eNPS)	53
Puls	4.3 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	0

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 53 in 2023. An eNPS score of 30 is considered good, while a score above 50 is considered an excellent rating (Questback). The 2023 survey had a response rate of 97%.

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.

# Equality, diversity and inclusion<sup>4</sup>

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 2023, there were 18 nationalities among employees, with an age range of 20–57 years. The gender distribution of FTE:s in 2023 was 37% women and 63% men. To foster inclusion and support employees across different markets, the company uses English as a corporate language.

## Gender distribution and age range 2023

Variable	2023
Gender distribution <sup>5</sup>	
Men	63%
Women	37%
Age range	20–57 years
Nationalities	18

## 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.

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 2023 Adtraction offered 14 internships and student worker positions.

## 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 has initiated the work to formalise existing relevant documentation and introduce a Code of conduct.

<sup>4</sup> The section refers to ESRS S1-1, G1-4

<sup>5</sup> Full time employees

# 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
- Formalise a Code of conduct for employees

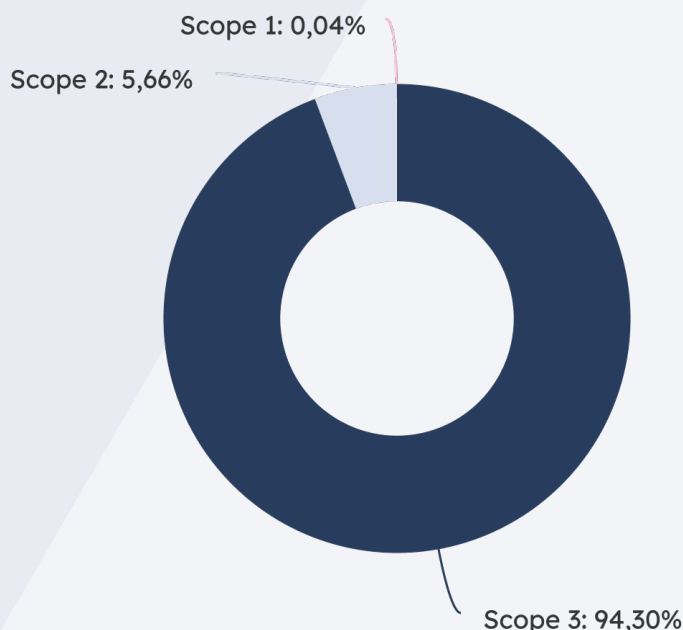
# Environmental impact<sup>6</sup>

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 into 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.

## Emissions distributed by scope



# Company emissions

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

## Distribution of company emissions

Emission source	GHG Emissions (kg CO <sub>2</sub> e)	% of total
Business travel	373 928	66,1%
Electronics	21 217	3,8%
Food and drink	39 274	6,9%
Freight	508	0,1%
Office spaces	42 942	7,6%
Other purchases	87 395	15,5%
Vehicle use	215	0,0%
<b>Total emissions</b>	<b>565 479</b>	<b>100%</b>

## Business travel

The total emissions from business travel in 2023 were 374,9 tons CO<sub>2</sub>e, equalling 4,2 tons CO<sub>2</sub>e per employee. The distribution of emission sources is shown in the table above.

Business travel increased in 2023, largely due to the increased travel emissions following the acquisition of Adservice. This surge in travel was crucial for facilitating migration and fostering collaboration. Additionally, Adtraction hosted a company-wide conference in September, bringing together all employees in Stockholm, which further contributed to the increase in travel activities. Air travel was the largest source of emissions, followed by car travel and hotels.

To minimise the environmental impact of

commuting, the company's offices are usually centrally located and close to transportation connections.

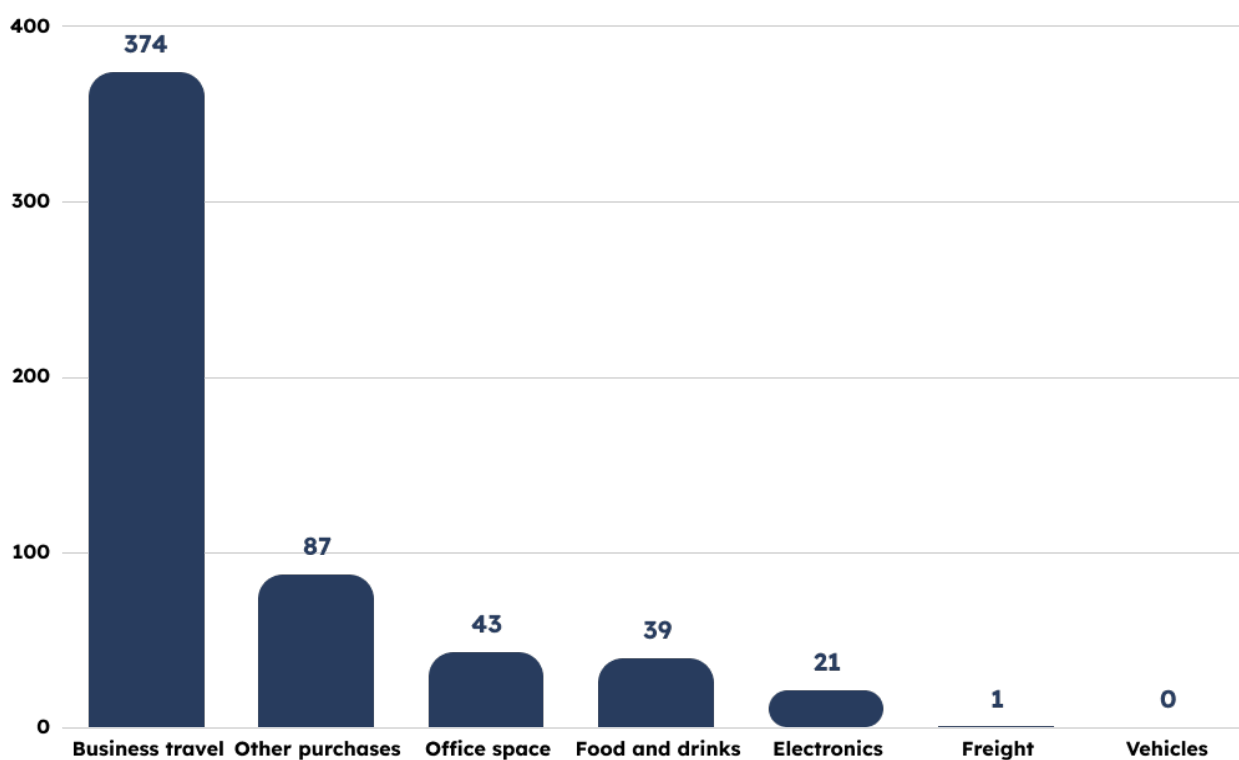
Meeting in person is an important part of Adtraction's culture, and travel is expected to remain on a similar level in 2024 as in the past year.

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 Goals 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.

## Distribution of business travel emissions across markets

Emission source	GHG Emissions (kg CO2e)	% of total
<b>Business travel</b>	<b>373 928</b>	<b>66,1%</b>
Denmark	121 798	21,5%
Finland	14 897	2,6%
France	7 200	1,3%
Germany	22 688	4,0%
Italy	6 021	1,1%
Netherlands	7 410	1,3%
Norway	23 104	4,1%
Poland	10 874	1,9%
Spain	34 430	6,1%
Sweden <sup>7</sup>	118 215	20,9%
Switzerland	2 805	0,5%
UK	4 506	0,8%

## Distribution of emissions by source





# 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.

## 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 the 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**

- Compensate for 2023 emissions
- Calculate emissions on an annual basis
- Recycle unused equipment



# Responsible governance<sup>8</sup>

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.

## Value chain

Adtraction entered the year of 2023 with 1 800 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.

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.

## Anti corruption<sup>9</sup>

To discourage and prevent fraud, Adtraction's support team assesses platform activity and transactions. If suspicious patterns are detected, a 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.

8 The chapter refers to ESRS G1

9 The paragraph refers to ESRS G1-3



## 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 readback runs work as they should.

## Economic health

Adtraction has delivered growth, profitability, and strong cash flows every year since 2009, and the company has continued to do so in 2023.

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

## Goal

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

**Further enhance KYC process**  
Further strengthen the KYC process.

### Åtgärder

- Introduce additional approval requirements for platform users

# Additional information

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

Information	Comment
<b>General information</b>	
Name of organisation	Adtraction Group AB
Organisational number	559303-4753
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 Market
Contact point	Anna Hjortaas, CMO
Reporting standard	The report is partly based on the ESRS
Reporting period	2023
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 bank.