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Norwegian Transparency Report

Basware Corporation

(Updated in 2024)

Norwegian Transparency report

Introduction

This Transparency report is compliant with the Norwegian Transparency Act and describes how Basware AS carry out due diligence in accordance with the OECD Guidelines for Multinational Enterprises. The report and implemented due diligence embrace the Norwegian entity Basware AS and its suppliers that are directly linked to the Basware services sold in Norway.

Basware AS is owned 100% by the Finnish entity Basware Oy and the Norwegian entity operates under global routines and procedures managed and governed by Basware Oy. Basware entities are committed to comply with all local laws and regulations within the countries Basware operates. As a multinational company it is important to carry out due diligence related to human rights, working conditions, anti-corruption, and environmental adverse impacts in the value chain.

The 2023 Transparency Report is the second time any Basware entity publish a transparency report and carry out due diligence according to the OECD Guidelines for Multinational Enterprises and OECD Due Diligence Guidance for Responsible Business Conduct. Basware will work to develop and improve the procedures and processes during the coming years to further enhance focus on social and environmental topics throughout its value chain. The purpose of Basware Norway's due diligence is firstly to avoid causing or contributing to adverse impacts on people, the environment and society, and secondly to seek ways to prevent adverse impacts directly linked to Basware's operations, products or provision of Basware services through business relationships.

The Norwegian Transparency Act

The Transparency Act (the "Act") entered into force in Norway 1st of July 2022, and companies covered by the Act must report on the circumstances for 2023 within 30th of June 2024. The English translation is an unofficial translation provided for informational purposes only and the legal authenticity remains with the Norwegian version.

Formal name: *Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act)*. <https://lovdata.no/dokument/NLE/lov/2021-06-18-99> (Lovdata, 2021)

The purpose of the Act is, according to section 1:

"The Act shall promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services and ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions" <https://lovdata.no/NLE/lov/2021-06-18-99/§1>

According to section 2, the Act applies to:



“(...) larger enterprises that are resident in Norway and that offer goods and services in or outside Norway. The Act also applies to larger foreign enterprises that offer goods and services in Norway, and that are liable to tax to Norway pursuant to internal Norwegian legislation”.

<https://lovdata.no/NLE/lov/2021-06-18-99/§2>

The enterprises covered by the Act need to implement three actions:

1. *The enterprises shall carry out due diligence in accordance with the OECD Guidelines for Multinational Enterprises (Section 4).*
2. *The enterprises shall publish an account of due diligence pursuant to Section 4 (Section 5).*
 - a) *a general description of the enterprise's structure, area of operations, guidelines and procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions*
 - b) *information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through its due diligence*
 - c) *information regarding measures the enterprise has implemented or plans to implement to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results of these measures.*
3. *Upon written request, any person has the right to information from an enterprise regarding how the enterprise addresses actual and potential adverse impacts pursuant to Section 4. This includes both general information and information relating to a specific product or service offered by the enterprise (Section 6).*

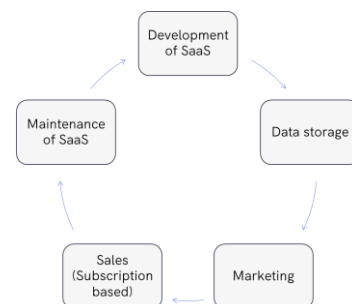
This is a brief summary of the Act. Definitions, exceptions, and full description can be found here:

<https://lovdata.no/dokument/NLE/lov/2021-06-18-99>.

Introduction of Business Activities and Value Chain

Business Activities

Basware is a leading provider of cloud-based, software-as-a-service (SaaS) business solutions which automates finance and procurement processes. Providing networked source-to-pay, e-invoicing solutions and value-added services in the world of commerce.





Basware has employees all over the world. As a global company with Finnish roots, Basware creates and delivers automated technologies to make finance and procurement processes easier and more streamlined for globally operating enterprises and their suppliers across all industries.

Basware is constantly innovating to help its customer simplify operations so they can spend smarter. Our success is made possible by the hard work and daily dedication from roughly 1300 employees working across 16 countries, representing over 30 different nationalities

The Norwegian subsidiary of Basware, Basware AS, consists mostly of sales and distribution teams. The team is responsible for sales and provision of Basware services in Norway as well as consulting and support services related to the services. The service is developed and maintained exclusively through Basware Oy.

Value Chain

The services Basware delivers in its value chain consist of mostly intangible items like software and programming services. Basware is reliant on several services, data equipment and storage to deliver on its value proposition.

Basware's company culture is based on high business ethics and company values that guide its operations. Basware values lie at the very heart of the company culture regardless of the location. Basware has defined and established a set of common principles for all Basware suppliers and subcontractors. Basware expects that all Basware suppliers and subcontractors follow the principles of Basware Supplier Code of Conduct in connection with their work for, or on behalf of Basware. This includes principles related to ethical business practices like compliance with applicable laws, avoiding conflicts of interest, environmental responsibility and promoting good workplace environment.

Basware selects its suppliers and subcontractors with due care. Basware's value chain consists mostly of cloud service and technology providers like Basware that assist it in the provision of Basware services to the end-customers. Basware's suppliers and subcontractors offer hosting and monitoring, analyzing, messaging, configuring, and licensing systems related to Basware cloud services. Other suppliers and subcontractors offer scanning, support, and consultation services related services that can be directly or indirectly link with Basware cloud services. Key input factor in the provision of Basware services is hosting the services in data centers.

Area of Operations

Basware is a multinational enterprise operating in several countries in Europe in addition to offices in Fort Mill, Boston, San Jose and Chicago in The United States, San Jose in Costa Rica Chandigar in



India, Downtown Core in Singapore and Sydney in Australia. Basware entity located in Norway is Basware AS.

Basware operations, governance, and people in Norway

Governance Structure and Composition

Basware AS is located in Bærum and it was established in 1971. In 2023 Basware AS employed 14 employees. Basware AS is fully owned by Basware Oy and most activities and processes are managed from Basware Oy based in Finland. This includes the process for new suppliers and risk management on a global level. Basware AS only uses local suppliers for small procurement like office rental and insurances. Most of these are indirectly related to the end product.

Decision-making, operations, and governance of Basware group comply with the applicable Articles of Association, the Finnish Companies Act and other applicable legislation. Basware affiliates comply with applicable local legislation. In 2023 the Board of Directors of Basware AS consisted of two members of the Board of Directors: Jason Kurtz and Martti Nurminen. Basware AS did not have registered CEO.

People and Leadership

Basware employs approximately 1,300 employees working across 16 countries, representing over 30 different nationalities. In 2023, Basware AS had 14 employees.

Basware culture is characterized by the following principles:



We drive customer value

We care about delivering long-term value to our customers, partners, and fellow Baswareans. We always strive for agile and responsive ways of working.



We take ownership

We are trusted, collaborative partners taking initiative and accountability. We act with integrity and aim for sustainability in everything we do.



We are bold

We have the confidence to explore, challenge the status quo, and continuously improve. We are proud advocates of what we do. We value diversity of backgrounds and opinions as the foundation of innovation and growth.



As a company Basware is committed to the well-being of its employees and continuously progressing toward a more inclusive culture, advancing equality and equal opportunity no matter the gender, sexual orientation and identity, nationality, age, or religious beliefs.

This is led by internal committees focusing on Wellbeing and Diversity & Inclusion, who champion initiatives internally to raise awareness and help Basware as a company make positive steps forward to evolve its culture and ensure support and representation is given to minorities and marginalised individuals.

Basware encourages two-way dialogue by organising the YourVoice employee engagement survey annually + shorter pulse survey and follow up the results through action points each year.

We encourage ongoing dialogue between employees and managers with the goal of improving wellbeing and enhancing engagement. In addition we foster transparent and open communication through a variety of channels including all hands calls, news letters, Teams, intranet and Viva Engage platforms

Please refer to our [Sustainability report](#) for further details

Being Ethical

Basware joined the UN Global Compact in 2022. Basware is committed to ensure and report on its actions and effects on for example human rights, working conditions, environment and good governance practices including preventing corruption and bribery.

Basware is committed to minimising the environmental impacts of its activities worldwide. It is continually seeking ways to reduce the company's carbon footprint with actions such as improving the energy efficiency of its office locations, considers office sizes based on actual needs, considering renewable energy sources where feasible, reducing business travel of the employees via collaborative technologies and online meeting tools and educating employees to do sustainable choices when travelling is necessary, supporting employees to minimize impact of the commuting to the office through flexible working model, benefits.

Basware is committed to creating the future of responsible and ethical trade for its customers and strive to carry these values into the way it operates globally. Additionally, Basware aims to foster environmental awareness and responsibility among its employees, customers, and suppliers. Basware has innovated to help enterprises decrease their carbon footprint by providing a variety of sustainable solutions, such as e-Invoicing, procure-to-pay (P2P) automation and holistic digitisation of organisations' processes.

[Basware Code of Conduct](#) provides Basware's customers, business partners, investors, and other stakeholders information about the principles according to which Basware operates and expects its employees, suppliers, partners and subcontractors to operate. Basware Code of Conduct defines standards for business conduct, including anti-bribery and corruption, anti-money laundering, political involvement, conflicts of interests, insider trading and environmental responsibility.



Additionally, Basware Code of Conduct defines standards related to workplace environment: human rights, equal opportunities, diversity and inclusion, anti-discrimination and anti-harassment, health, safety, and expected workplace behaviour.

Basware Code of Conduct is reviewed regularly to ensure that its contents conform to the ethical and regulatory standards that are applicable for Basware at any given time.

Basware Supplier Code of Conduct reflects these similar principles in the context of Basware's supply chain and sets high expectations specifically towards Basware suppliers.

Please refer to the [Code of Conduct](#) for further details.

Monitoring and Remediation

OECD Due diligence guidance for responsible business conduct

Basware strives to comply to the OECD Due Diligence Guidance for Responsible Business Conduct (OECD Guidance). The OECD Guidance is based on the OECD Guidelines for Multinational Enterprises (The OECD Guidelines for MNEs) (OECD, 2011), and provides practical support to enterprises on implementation (OECD, 2018). The OECD Guidelines for MNEs are non-binding recommendations addressed to multinational enterprises by governments on responsible business conduct. However, in Norway, the Act has come into force. The Act applies to all large companies operating in Norway. The Act requires companies to implement due diligence assessments according to the OECD Guidelines for MNEs. The purpose of the Norwegian Transparency Act is to promote companies' respect for fundamental human rights and decent working conditions.

The OECD Guidance acknowledge and encourage the positive contributions that business can make to economic, environmental and social progress. It also recognises that business activities can result in adverse impacts related to workers, human rights, the environment, bribery, consumers and corporate governance (OECD, 2018). The OECD Guidelines for MNEs recommend that businesses carry out risk-based due diligence to avoid and address such adverse impacts associated with their operations, their supply chains and other business relationships (OECD, 2018).

- The OECD Guidelines for MNEs provide enterprises with the flexibility to adapt the characteristics, specific measures and processes of due diligence to their own circumstances (OECD, 2018). This means that Basware uses the OECD Guidance as a framework for developing and strengthening its own tailored due diligence systems and processes, and then seek out additional resources for further in-depth learning as needed. The purpose of Basware Norway's due diligence is firstly to avoid causing or contributing to adverse impacts on people, the environment and society, and secondly to seek ways to prevent adverse impacts directly linked to Basware's operations, products or provision of Basware services through business relationships. This corresponds to the purpose of the OECD Guidance (OECD, 2018).

The Methodology of Basware Norway's Due Diligence

According to OECD Guidelines for MNEs Basware AS adapted the characteristics, specific measures and processes of due diligence to its business circumstances (OECD, 2018). All direct activities regarding the product that Basware AS sell are managed through Basware Oy. The supplier list of



Basware Oy is essential to Basware AS activities and the due diligence were conducted based on suppliers linked to the product sold through Basware AS. Only the most significant and strategic suppliers were assessed in depth. *Most significant* were based on transactions in euro and the significance to Basware Oy production of products which Basware AS sells. The most significant suppliers were analysed in two processes:

1. Quantitative country specific risk assessment
2. Qualitative due diligence supplier assessment

The quantitative risk assessment scored suppliers based on their geographical location. The country specific risk factors¹ were used to score all significant suppliers into low, medium or high risk.

Employees that are familiar with the suppliers did the qualitative due diligence supplier assessment internally in Basware. For each significant supplier the questions in Table 1 were answered.

TABLE 1 DUE DILIGENCE QUESTIONS

Due Diligence questions for all significant 1 st tier suppliers		Supplier X
Executed supplier control?	Yes?	
	Verified completion by:	
Recorded or possible incidents according to OECD guidelines?	Yes?	
	Verified completion by:	
The likelihood of adverse impacts?	(1-5) 1 is very low, 5 is very high	
The consequence of adverse impacts?	(1-5) 1 is very low, 5 is very high	
Description of possible incident	Description	
	Verified completion by:	
Actions to remedy, mitigate or prevent incidents	Description	
	Verified completion by:	
Likelihood for incidents in supply chain beyond Tier 1		
Consequences if incidents in supply chain beyond Tier 1		

For many companies, the term “risk” means primarily risks to the company – financial risk, market risk, operational risk, reputational risk, etc. The OECD Guidelines for MNEs, however, refer to the likelihood of adverse impacts on people, the environment, and society that enterprises cause, contribute to, or to which they are directly linked. In other words, it is an outward-facing approach to risk (OECD, 2018).

¹ Global Slavery Index (2018), Global Rights Index (2022), Human Rights Guidance Tool (2014), Human Freedom Index (2021), Corruption Perceptions Index (2021), The World Strength of legal rights index (2019)



LOW RISK: If a supplier is rated with a low risk score based on the due diligence questions shown in Table 1, no further action is necessary at this point.

MEDIUM RISK: If a supplier is rated with a medium risk score based on the due diligence questions shown in Table 1, Basware will evaluate options to reduce potential adverse impacts through discussions with the supplier and available contractual means.

HIGH RISK: If a supplier is rated with a high risk score based on the due diligence, questions shown in Table 1, either alternative supplier options are considered or contractual or other safeguards are implemented to mitigate the risk to an acceptable level.

A risk matrix was established, and the suppliers were evaluated based on relative likelihood and consequence of adverse impacts on Basware's value chain. Each supplier were rated with a low, medium, or high-risk score based on Basware's assessment on the supplier's publicly available information, policies and reports, Basware conducted ESG assesment results, Basware's best knowledge on supplier's daily practices and other aspects such as contractual guarantees given to Basware. Figure 1 includes action plan for supplier on each risk level.

Due Diligence Results and Effectively Preventing and Mitigating Adverse Impacts

All of Basware' significant suppliers scored at a low or medium risk-level after the quantitative country specific risk assessment. After the qualitative due diligence questions shown in Table 1, Basware assessed that all of its suppliers are at a low risk level.

This indicates that, based on Basware's best knowledge, there is low likelihood of adverse impacts on the environment and people in the first tier of the value chain. However, Basware acknowledges there is still a potential risk in these suppliers' value chain and subcontractors. This is something Basware will work on during the coming years with the following actions:

- Continue to educate our Procurement specialists on sustainable procurement practices.
- Increasing usage of the new sustainability assessment in supplier selection process
- Re-enforcing Supplier Code of Conduct clearly specifying expectations specifically on suppliers and subcontractors and improving our reporting connected to our suppliers' commitment to our SCoC
- Reviewing our KPIs connected sustainable Procurement area
- Define responsibilities regarding questions around the Norwegian Transparency Act and publish this report including contact details for inquiries.

To have its practices regularly monitored, assessed, and rated, Basware cooperate with an independent third-party service provider EcoVadis. By collaborating with Ecovadis, Basware has access to a common platform, universal scorecard, benchmark data as well as improvement tools. Basware also uses EcoVadis to manage its upstream and downstream value chains by sharing Basware's EcoVadis assessment results with stakeholders as well as monitoring the performance of its key supplier and subcontractors and mapping that against Basware requirements and expectations.



In addition to raise awareness of Basware's sustainability initiatives and achievements we have made, we have published first sustainability report 2024. Report can be found from the [our web site](#)

Summary

Basware AS is by completing the due diligence and making this report publicly available fully compliant with the **Norwegian** Transparency Act. Basware AS has not identified any negative impacts in its value chain or in business relations, resulting in no significant measures to implement based on the 2023 report. Basware will continue to improve and have plans to implement the above-mentioned improvements in the coming years to further enhance its sustainability globally.

For further information please make your inquiry to VP Human Resources, Elisabeth Leino (Elisabeth.Leino@basware.com).

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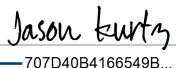
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Policy Review Details and Approval

Review Cadence	Annual
Scheduled Review Date	30th June 2025
Name of the Approver	Jason Kurtz
Title of the Approval	Ceo
Approved on behalf of the Board	DocuSigned by: 
Approval date	707D40B4166549B... 27-Jun-24



