



SUSTAINABLE PROCUREMENT POLICY





FOREWORD

Esker's Sustainable Procurement Policy is based on the fair treatment and transparent selection of suppliers as well as taking social and environmental criteria into account when choosing suppliers.

The objective of this policy is for Esker to establish sound business relationships with its suppliers and promote ESG (Environmental, Social & Governance) best practices amongst its business ecosystem. This includes compliance with ethical principles in regards to human rights and working conditions, environmental issues, as well as the fight against corruption and unfair trade practices.

Esker has established an ESG risk mapping of its suppliers to identify, prevent and reduce environmental and social risks in its supply chain, taking into account criteria such as procurement category, supplier location and total expenditure.

As part of its sustainable procurement initiative, Esker has defined a supplier code of conduct, covering the main principles of the United Nations Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organisation (ILO) and sustainable development goals (UN).

Consequently, in compliance with the applicable laws and regulations, and the contractual stipulations in force, and in line with its business objectives, Esker commits to working with suppliers who respect the principles set forth in this policy and to not contract with parties acting in violation of these principles.

THE SUSTAINABLE SUPPLIER RELATIONSHIPS & PROCUREMENT CHARTER

Created in 2010 by the French government's Company Mediation and the National Council for Purchasing, the Sustainable Supplier Relationships and Procurement Charter aims to encourage companies and public entities to adopt sustainable practices with their suppliers, by raising awareness among all economic actors on the challenges related to sustainable procurement and to the quality of relationships between customers and suppliers.

The 10 commitments described in this Charter endeavour to build balanced and lasting relationships between signatories, including mutual awareness and respect for each party's rights and duties.

THE 10 COMMITMENTS OF THE SUSTAINABLE SUPPLIER RELATIONSHIPS & PROCUREMENT CHARTER:

Ensure financial fairness with suppliers

Take environmental and social issues into account

Maintain relationships with suppliers based on respect and collaboration

Consider impacts on local stakeholders

Identify and manage situations of mutual dependence with suppliers.

Understand the professionalism and ethics required by the procurement function

Involve signatory organizations in their respective sectors

Procurement functions responsible for the overall supplier relationship management

Consider all the costs and impacts of purchase lifecycle

A mediation function responsible for smoothing the company's internal and external relationships

Esker is a signatory to the Sustainable Supplier Relationships & Procurement Charter and undertakes to comply with and promote the 10 commitments set forth therein.

ESKER'S SUSTAINABLE PROCUREMENT STRATEGY

To ensure the integrity of its supply chain, Esker has defined a set of processes guiding its Sustainable Procurement Strategy. This strategy consists of three components:

- **Ensure due diligence** by assessing and mapping supplier risks
- **Promote sustainable procurement practices** internally with buyers and decision-makers
- **Encourage suppliers** to improve their ESG performance

Sustainable procurement governance is the responsibility of the Administrative and Financial Department and is supervised by both the Procurement Manager and the ESG performance manager.

As of 2021, Esker has 1,500 active suppliers in over 35 countries, classified and organised by operational status so as to manage the supplier database efficiently with specific and appropriate actions. These are divided into the following three categories:

- **Significant:** Long-term suppliers meeting one or more criteria: high expenditure, substitutability issues, specific technology involved, services-related risks, etc.
- **Monitored:** Suppliers are monitored because of one or more non-financial and/or medium or high financial risks
- **Standard:** Suppliers to whom the other categories do not apply and that have a minimal impact on Esker's ability to operate.

These classifications are reviewed on an annual basis, thereby allowing buyers and the Sustainable Procurement team to assess the status of each supplier. This policy applies mainly to suppliers in the *Significant* category.

Supplier Risk Assessment

A risk assessment will be performed during each new supplier onboarding procedure. The onboarding of a potential new supplier will follow the same assessment process each time. Validation of the supplier in the database is required before a purchase requisition can be issued to the supplier.

This assessment process, followed by the Sustainable Procurement Team, includes

- 1) an initial phase of non-financial and financial screening based on the global databases linked to the internal procurement request solution, and
- 2) a second phase of mapping inherent ESG risks, using data provided by the EcoVadis platform.

Based on information provided by EcoVadis, the Sustainable Procurement team will assign a risk score to the supplier. Once approved, an operational status is assigned. The Sustainable Procurement team will assess the non-financial risks and CSR performance of suppliers with a *Significant* or *Monitored* status on an annual basis.

INFORMATION SECURITY

In addition to non-financial risks, data security, data protection and business continuity risks are also assessed. The Security team performs this risk assessment upon the creation of a purchase requisition. The information entered by the creator of the purchase requisition is evaluated to establish the criticality of the purchase, if authorised, a purchase order can be created.



Promoting sustainable procurement practices internally

INTERNAL CODE OF CONDUCT

Employees involved in Esker's procurement activities are obligated to adhere to an internal Code of Conduct. This Code of Conduct aims at preventing instances of corruption and influence peddling, as defined and laid out in France's Sapin II Law. Non-compliance can lead to disciplinary measures that may include dismissal. To report misconduct, an internal or external ethics committee can be consulted by either another employee or the supplier, respectively.

BUYING LOCAL

Esker strives to develop local procurement whenever possible so as to contribute to the local and regional economies in a positive manner as well as to reduce its carbon footprint.

Supplier ESG Performance



SUPPLIER CODE OF CONDUCT

Esker has established a Code of Conduct to ensure that suppliers comply with the directives regarding environmental protection, human rights (including anti-discriminatory practices), child labour and forced or compulsory labour set forth therein, as well as all employment laws and workplace health and safety codes. The suppliers classified as “significant” must adhere to this Code of Conduct in order to contract with Esker.



ECOVADIS ASSESSMENT

The EcoVadis assessment is used as a main indicator of the ESG performance for key suppliers. Esker invites its main suppliers (classified as “significant” or “monitored”) to undergo assessment by the EcoVadis platform and to share the results with Esker. This process makes it possible to mitigate supplier risks and to support their continued improvement of their ESG performance.



ESTABLISHING A PROGRESS PLAN

Should a supplier fall below the EcoVadis score of 50/100, they are encouraged by Esker to set up an action plan to improve their rating. This intermediate step is essential before rescinding the contract, as it contributes positively to guiding the entire ecosystem towards the implementation of sustainable development practices while simultaneously pursuing economic stability. However, should a supplier refuse to participate in an EcoVadis assessment or not be prepared to cooperate with Esker in improving its ESG performance, Esker reserves the right to reconsider its business relationship with this supplier.

Additionally, Esker's ESG performance manager may carry out individual interviews aimed at assessing supplier ESG performance, identifying areas of improvements and implementing best practices.



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