

EWQ Sustainable Procurement Policy

EWQ (EWQ Zone Oy) is a Nordic company specializing in digital price communication and queue management since 1996. It is important to us that we offer our customers high-quality products that are sustainably produced throughout the entire production chain. Our operations are guided by our values: trust, sustainability, perseverance, honesty, and authenticity. For us, sustainability means reducing the environmental impact of our business, ensuring the well-being of our staff and building a diverse work community, as well as ensuring sustainable practices in our value chain.

A sustainable supply chain improves the performance, security and continuity of our business. We minimise the risk of becoming involved in illegal business or suffering losses or reputational damage. Our customers trust us when they can be confident in the security and sustainability of our supply chain.

EWQ's procurement function is committed to EWQ's sustainability targets and is ensuring that sustainability is considered in all procurement processes. Sustainable procurement is closely connected to two of the EWQ's sustainability program focus areas:

1. Sustainable supply chain
2. Sustainable solutions and innovations

EWQ's procurement function contributes to these focus areas by ensuring and improving sustainability of its suppliers and by sourcing more sustainable products and components.

This policy applies to the entire EWQ Zone Oy and all of its legal entities, both domestic and foreign. It covers all employees, managers, contractors and business partners. This policy is applied in procurement of all products, components and solutions.

Procurement function aims to identify, monitor and minimise negative environmental and social impacts of EWQ supply chain while ensuring that best possible economic conditions are met, and a high quality level is maintained.

Sustainable Supplier Selection

EWQ has a supplier assessment process that includes risk mapping and company self-assessment to identify, assess and manage various liability risks. EWQ ensures that it only works with suppliers that adhere to the same sustainable principles and business practices as EWQ itself. EWQ has defined selection criteria and scoring, which must be met for a company to be chosen as a supplier. The selection criteria are:

- Country of registration (Finland, EU)
- Mapping of ownership structure
- Recycling rate as high as possible
- Sourcing of the origin of products and supply chain
- Calculating carbon footprint
- Investment in employee well-being and geographical location of the workforce

- Audited information security and valid data protection policy
- Geographical location of servers (Finland, EU)
- CSR certificates and valid Code of Conduct (for the company and supply chain)

We primarily prefer domestic partners, and secondarily, we select partners from EU countries. For factories located in high-risk countries, we require a sustainability audit (e.g., SMETA, amfori BSCI). The supplier evaluation process is a mandatory step before starting cooperation with new suppliers.

EWQ Supplier CSR Code of Conduct

EWQ has set clear expectations for its suppliers, and these expectations are outlined in EWQ Supplier CSR Code of Conduct. It covers the following areas:

- Environment
- Ethical Business
- Working Conditions and Work Environment
- Employee and Human Rights
- Sustainable Procurement
- Data Protection

We expect all our suppliers to adhere to the principles defined in the requirements. This is the foundation for all EWQ's business relationships. The requirements also serve as the basis for evaluating supplier sustainability, self-assessments, and audits.

Supplier Evaluation

To ensure compliance with our responsible subcontracting policy requirements as well as local and international laws, EWQ regularly monitors supplier activities through self-assessment questionnaires, on-site evaluations, and third-party audits. Operational performance, such as delivery capability and the quality of incoming goods, is monitored using an enterprise resource planning system. EWQ has categorized suppliers into four different classifications:

- A. The supplied product or service becomes a part of EWQ's product or service and may have a major potential impact on the quality of EWQ's products or services, or the supplied product or service has a potential for a long-term disruption (several weeks) on EWQ's business continuity, or the supplier product has a high monetary value. Evaluations are conducted in Q2 and Q4. If the supplier is located in a high-risk country, a third-party audit is performed.
- B. The supplied product or service becomes a part of EWQ's product or service and may have a potential impact on the quality of EWQ's products or services, or the supplied product or service has a potential for a medium-term disruption (several days) on EWQ's business continuity. Evaluations are conducted only in Q3, unless significant changes or issues have been observed.
- C. The supplied product or service becomes a part of EWQ's product or service and may have a low potential impact on the quality of EWQ's products or services. Evaluations are conducted only if significant issues have been observed.
- D. The supplied product or service does not become part of EWQ's product or service, nor has potential impact on business continuity or doesn't have a high monetary value, but may otherwise affect the efficiency or effectiveness of EWQ's operations. Evaluations are conducted only if significant issues have been observed.

Qualitative and Quantitative Objectives (Key Performance Indicators)

1. We commit to ensuring that goods and services purchased from suppliers are produced in an environmentally sustainable manner.
2. We commit to ensuring that goods and services purchased from suppliers are designed and/or produced in a socially sustainable manner.
3. Training of employees involved in procurement on sustainable purchasing: 100% trained by 2025.
4. Coverage of EWQ Supplier CSR Code of Conduct: 100% signed by 2026.
5. Coverage of CSR Risk Assessment for new partners: 100% CSR Risk Assessment completed by 2026.
6. Coverage of audits (or at least the process initiated) or evaluations for suppliers with A and B classification: 100% by 2026.
7. Domestic content in the products we manufacture and the services we use: 85% by 2028.
8. Reporting of Scope 3 GHG emissions (upstream & downstream): 90% by 2027.

Responsibilities and Reviews

The Procurement Department (in collaboration with the Sustainability Department) is responsible for acting in accordance with this policy and the defined processes and principles. The Procurement Department is responsible for presenting annual targets to the board and developing initiatives and tools to improve the company's performance. It must also identify best practices and tools that the company can use to promote the achievement of commitments and goals.

The CSR Coordinator is responsible for reviewing this policy at least once a year. Any changes will be communicated to the relevant parties. It is important that you take the time to familiarize yourself with the latest version of this policy and contact your supervisor if you have any questions or feedback.

Update History

Version	Change	Who	Date
1	Original	Sanni Siilin	23.9.2024
2	Sustainable Supplier Selection Criteria	Sanni Siilin	22.10.2024