

# **Sustainable Procurement and Vendor Management Policy**

**Nexus Intelligent Systems, Inc.**

## **1. PURPOSE AND SCOPE**

1 This Sustainable Procurement and Vendor Management Policy ("Policy") establishes the comprehensive framework for environmental, social, and governance (ESG) considerations in Nexus Intelligent Systems, Inc.'s ("Nexus" or the "Company") procurement and vendor relationship management processes.

2 The Policy applies to all employees, contractors, and third-party vendors engaged in procurement activities for Nexus Intelligent Systems, Inc., and is designed to ensure responsible and sustainable business practices across our enterprise AI services and predictive analytics ecosystem.

## **2. POLICY OBJECTIVES**

### **1 Sustainable Vendor Selection**

- Integrate ESG criteria into vendor evaluation and selection processes
- Prioritize vendors demonstrating commitment to environmental sustainability
- Assess potential vendors' carbon footprint, waste management, and sustainability practices

### **2 Ethical Procurement Standards**

- Establish minimum ethical standards for vendor relationships
- Prevent engagement with vendors demonstrating unethical labor practices
- Promote diversity and inclusion in vendor selection

### **3 Risk Mitigation**

- Implement comprehensive vendor risk assessment protocols
- Monitor vendor compliance with sustainability and ethical standards
- Develop mechanisms for ongoing vendor performance evaluation

## **3. VENDOR EVALUATION CRITERIA**

### **1 Environmental Performance Metrics**

- Carbon emissions reporting and reduction strategies
- Renewable energy utilization

- Waste management and circular economy practices
- Environmental certification standards (ISO 14001, etc.)

## 2 Social Responsibility Indicators

- Labor rights compliance
- Workplace diversity and inclusion metrics
- Community engagement initiatives
- Human rights standards adherence

## 3 Governance Assessment

- Transparency in corporate governance
- Anti-corruption policies
- Ethical business conduct
- Financial stability and reporting integrity

# **4. PROCUREMENT PROCESS REQUIREMENTS**

## 1 Vendor Onboarding

- Mandatory ESG questionnaire for potential vendors
- Comprehensive due diligence review
- Initial and periodic sustainability assessments

## 2 Contract Provisions

- Explicit sustainability performance requirements
- Right to audit vendor ESG compliance
- Performance-linked contractual incentives
- Termination clauses for significant ESG violations

# **5. IMPLEMENTATION AND COMPLIANCE**

## 1 Responsibility

- Chief Strategy Officer oversees policy implementation
- Procurement team responsible for day-to-day execution
- Annual policy review and update process

## 2 Training and Awareness

- Mandatory ESG procurement training for relevant personnel
- Regular updates on sustainability best practices
- Vendor communication and engagement programs

## **6. REPORTING AND TRANSPARENCY**

### **1 Internal Reporting**

- Quarterly ESG vendor performance reports
- Key performance indicator (KPI) tracking
- Risk assessment documentation

### **2 External Disclosure**

- Annual sustainability procurement report
- Transparent communication of vendor management approach
- Alignment with global reporting standards

## **7. ENFORCEMENT AND CONSEQUENCES**

### **1 Non-Compliance Mechanisms**

- Progressive disciplinary actions for policy violations
- Vendor relationship termination for serious breaches
- Continuous improvement and remediation protocols

## **8. DISCLAIMER AND LEGAL RESERVATIONS**

1 This Policy represents the current strategic approach of Nexus Intelligent Systems, Inc. and may be modified at the Company's sole discretion.

2 Nothing in this Policy creates a contractual obligation beyond existing vendor agreements.

## **9. EFFECTIVE DATE**

1 This Policy is effective as of January 22, 2024, superseding all prior procurement guidelines.

## **SIGNATURE BLOCK**

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024