ENGHOUSE

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Enghouse recognizes the role that it can play in helping advance environmental, social and governance matters that are important to our stakeholders, including our shareholders, customers, suppliers and employees. The Corporate Governance Committee of the board exercises oversight over our pursuit of these ESG matters. To demonstrate our commitment to these principals, we have adopted an **Environmental, Health, Safety and Sustainability Statement**. A copy of this statement can be found in this report.

As we've explored these ESG initiatives, we've been encouraged that many of the approaches, practices and policies that Enghouse already put in place have put us on the right path to advance our ESG matters goals. Our efforts over many years to be a trusted provider of services to our customers and a responsibly managed company for our investors already support many of the core principles within the ESG matters.

Our Board of Directors and management team is committed to progressing on ESG initiatives.

This report is dated as of September 8, 2022 and reflects data and information available to us as of that date.

Enghouse Making An Impact on Our Customers' Environmental Footprints

Our software produces significant environmental benefits for our customers. In particular, our transportation software results in large fuel and paper savings. Specifically:

<u>Public and Private Transit Software</u>

1) Our Public Transit fixed route scheduling and planning tool allows transit agencies to plan optimal routes. This saves passengers waiting time in traffic and significantly reduces fuel consumption and road congestion.

2) Our real-time scheduling, dispatch, and billing system for paratransit and demand-response industries identifies routes that help to maximize fleet productivity and results in fuel savings and fewer vehicles operating.

3) Our driver workforce management software for dispatchers to manage transit operator work assignments including exporting timekeeping information to any payroll system saves vast amounts of paperwork.

4) Our scheduling software provides accurate work shift information to drivers which keeps transit running on time and reduces missed bus routes.

5) Our automated fare collection saves the need for paper transfers. It also increases the health and safety of transit drivers with cashless transactions.

<u>Transportation Management Systems & Logistics Software</u>

6) Our software consolidates non-standard loads to increase truck capacity utilization whereby reducing delivery distances and fuel requirements.

7) Our delivery orchestration coordinates multiple resource constraints (trucks, dock space, employees, store hours) during delivery reducing fuel consumption and the number of vehicles deployed and maintained.

8) Mobile applications eliminate paper-based delivery documentation.

9) Our real-time truck visibility for dispatcher to organize the loading and unloading of vehicles This reduces idle time and fuel consumed at distribution centers

10) Our electronic shipping documentation eliminates paper-based manifests and vehicle dwell time

11) Our IoT-based telematics minimize tracking performance of refrigerated units to ensure food products arrive safely and with reduced food spoilage. Advanced maintenance and warning systems ensure fuel is not wasted shipping spoiled product.

12) Our GPS-based fleet tracking reduces vehicle turnaround and idle time at distribution centers and depots.

13) Our customer delivery notifications help to decrease the number of failed deliveries and the fuel costs from attempting delivery multiple times.

14) Our pool distribution aggregates deliveries across multiple carriers to reduce Less-than-Loads, delivery distance, fuel consumed and the number of trucks on the road

Public Safety Software

Public Safety software and hardware is used by emergency services and covers all aspects of response, from calls to dispatch and inter-services data sharing and communication.

15) Our software integrates patient data and services coordination, allowing for faster and more complete end to end health care, reducing costly delays and repeat visits.

16) Our software integrates patient journals, core journals and follow-ups that reduce paperwork.

17) Real-time inbound patient lists show patients on their way to and during treatment for emergency care and reception. Guidance to hospitals regarding capacity facilitates patients being seen sooner and reduces ambulatory dwell time and fuel costs.

18) Fleet management with live detailed maps and map service for fire, ambulance and police allow GPS linked first responder vehicles to optimize route selection and decrease time to event.

19) Non-acute remote patient monitoring software enables patients to stay in their homes longer instead of in hospitals, and facilitates remote fall monitoring, daily check-ins, medication dispensing and advice.

ENGHOUSE INTERNAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

The Corporation has adopted a formal policy statement to reflect its approach to how it intends to address Environmental, Health, Safety and Sustainability matters on an ongoing and continuing basis in its internal operations. A copy of the current version of that statement is as follows.

Enghouse Systems Limited

Environmental, Health, Safety and Sustainability Policy

The approach of Enghouse Systems Limited (the "Company") to environmental, health, safety and sustainability matters is founded on the following principles: respect for human rights (in accordance with the Company's *Human Rights Statement),* the protection of the health and safety of the Company's employees and the protection of the environment at each of the Company's global offices and in the manner in which the Company operates its business.

The Company believes that each employee, regardless of their role in the organization, is accountable for these matters. Accordingly, each employee should take responsibility for conducting themselves in a manner that is consistent with the principles of this statement.

Specifically, the Company is committed to:

- Complying with all social, occupational health and safety and environmental legislation applicable to the Company's services and operations;
- Encouraging each employee to take personal responsibility for the environmental, health, safety and sustainability matters within his/her/their department;
- Identifying and eliminating hazards, if practical, and mitigating risks related to environmental, health, safety and sustainability matters;
- Involving and consulting employees in addressing environmental, health, safety and sustainability risks through committees and representatives;
- Managing the consumption of natural resources used in day-to-day operations, such as energy, water, paper and other resources, and reducing, diverting, reusing and recycling our waste as much as possible;
- Implementing strategic business travel approval processes and promoting alternatives to business travel where possible;
- Fostering awareness of sustainability principles amongst the Company's employees;

- Promoting the principles of this statement to the Company's suppliers and partnering with suppliers and organizations that are ethically, socially and environmentally responsible;
- Engaging with the communities in which the Company operates to meet community needs and to make a positive impact; and
- Continuously seeking ways to improve the Company's performance in accordance with this statement.

DEVELOPING AND MAINTAINING A SUSTAINABLE WORKFORCE

Developing our Employees

What employees can expect:

At Enghouse, we value the contributions that each of our employees make towards achieving our corporate goals. We strive to ensure that each member of our team is given the tools and support needed to make valuable contributions and develop professionally. We're committed to providing a stimulating and rewarding work environment and offer to each team member:

Challenging and Purposeful Work

A Voice – Everyone has a voice. Improvement suggestions are always welcomed. Employees are encouraged to participate in pulse surveys to provide feedback on topics relevant to the employee experience, such as working from home.

Opportunity – Enghouse provides opportunity for our customers, our growth and for our people.

At Enghouse, employees can work with globally recognized market leaders who take pride in delivering quality services and innovations. Our culturally diverse population enables us to serve worldwide respecting cultural norms and practices.

Competitive Compensation and Benefits – Our overall compensation programs are designed to provide employees and their dependents with support in maintaining health and financial protection. Our programs generally include:

- Industry competitive compensation

- Eligibility for annual performance-based bonuses

- Eligibility for merit increases following performance reviews based on enhancements in level of skill, effort, productivity, quality of work and alignment to company values

- Eligibility to participate in a retirement savings plan and, in many countries, to receive corporate contributions as well

- Comprehensive coverage for: medical, dental, vision and paramedical expenses

Employees at the center

Engaged employees are at the center of our results. We've adopted an approach to employee engagement implementing programs and tactics for top-down communication, and collaboration and learning through technology platforms. We seek to bridge the

geographical gap and create a sense of team regardless of physical location. We solicit feedback from employees on targeted topics to ensure decisions and offerings align to employee needs.

Onboarding new talent

Recruiting new talent that's aligned to both our values and expectations for output is a focus as we grow our employee population organically. We source from a diverse and inclusive talent pool by having our positions in front of a large and broad audience. We hire for not only technical skill but also cultural fit. Candidate fit to us means a background that will broaden and better our employee base with diverse perspective, whether it be from cultural, geographical, educational or other life and work experience. As new employees join, Enghouse takes new employees through education on the industry, what we do and why we do it, most importantly, how Enghouse does it differently. The process is driven to orient new employees to see where they fit in and how they can help us become better.

Our approach to diversity

As of the date of this report, Enghouse has approximately 1700 employees across countries globally. Naturally, this geographic dispersion inherently brings a certain level of cultural and ethnic diversity to our overall employee group. We've come to learn that as we look at the overall composition of our workforce, "diversity" does not always follow the same criteria and considerations in different regions of the world.

Board Diversity

Our Board of 7 directors includes two women.

Respect for Human Rights

Human Rights and Labour Practices. Enghouse has adopted several policies that are focused on respecting the rights of all employees and providing a safe and healthy working environment. These include compliance with requisite occupational health and safety requirements of the jurisdictions in which we operate. Our Code of Business Conduct and Ethics Policy is a key components of our approach in this area. In addition, we expect each of our suppliers to respect basic human rights in their own operations and we enshrine that principle in our Business Partner Code of Conduct which defines the standards by which we expect our suppliers to conduct their own businesses.

Recognizing that the Corporation's commitments to these principles are reflected in a variety of different policies, the Corporation has adopted an over-arching Human Rights Statement as follows:

Enghouse Systems Limited

<u>Human Rights Statement</u>

Enghouse Systems Limited (collectively, the "Company") is committed to providing a global work environment that is free from harassment or discrimination based on the grounds contained in federal, national, state, provincial or other Human Rights legislation. More fundamentally, in addition to compliance with applicable laws and regulations, the Company is committed to conducting its business in a manner that is consistent with internationally recognized norms, tenets and principles such as the *United Nations Universal Declaration of Human Rights*.

We believe it is critically important to incorporate our commitment to Human Rights into our business practices and operations. The Company does so by:

- Providing a safe space for employees that is free of harassment, bullying and violence;
- Promoting ethical conduct and behavior by our employees and suppliers through adherence to the Company's *Code of Business Conduct and Ethics*;
- Protecting the privacy of our employees, customers and suppliers and others in accordance with the Company's various privacy policies and programs;
- Avoiding the use of forced or child labour in compliance with applicable laws and international norms;
- Ensuring that employees and prospective employees are treated fairly and equally in the recruitment and hiring process;
- Fostering a diverse and inclusive work environment and providing opportunities for underrepresented employee groups and communities to participate and thrive;
- Focusing on the procurement of goods and services in a responsible, ethical and sustainable fashion; and
- Maintaining safe, healthy and respectful working conditions in accordance with the Company's *Environmental, Health, Safety and Sustainability Statement*.

Business Conduct and Fair Dealing. The Corporation is committed to conducting its business in an ethical and honest manner. This principle is a core component of the approach taken in the design of the Corporation's Code of Business Conduct and Ethics Policy, our Business Partner Code of Conduct and our Global Anti-Corruption Compliance Policy.

(a) **Code of Business Conduct and Ethics Policy**. Our Code of Business Conduct is designed to set out our expectations of our employees in how they conduct themselves in their business dealings on behalf of the Corporation and in the performance of their duties. This includes guidance in the areas of ethical conduct in dealing with customers, suppliers and co-workers; avoiding conflicts of interest; compliance with applicable laws; and reporting of any violations of the code itself.

(b) **Business Partner Code of Conduct**. Our Business Partner Code of Conduct sets out our expectations of how our suppliers will conduct themselves in their business operations, including our expectations of their compliance with applicable laws, providing a safe work environment, following sound labour practices, compliance with the Foreign Corrupt Practices Act or similar legislation and responsible sourcing.

(c) **Anti-Corruption Compliance Policy**. Our Global Anti-Corruption Compliance Policy sets out our expectations for all Enghouse employees and any other party representing Enghouse to conduct themselves with honesty and integrity, prohibiting any direct or indirect form of bribery and similar facilitation payments. This policy also addresses the concept of political contributions, prohibiting any such contributions where the purpose could be seen as an attempt to secure an improper business advantage.

Reducing our Own Environmental Footprint

Environmental Impact. As noted earlier in this report, Enghouse products create positive environmental impacts that assist our customers in reducing their own environmental impact footprint through the use of many of our solutions and services.

In addition to those benefits for Enghouse customers, we have also taken a number of actions over the past several years which we believe positively impact our own environmental footprint including:

a. **Cloud Architecture for SaaS Delivery** – By offering many of our products and services in a SaaS delivery model and consolidating the operation of those services to a few key data-centers and colocation facilities which are then delivered over the cloud, we've reduced the number of servers that we would otherwise operate across our global operations, with corresponding decreases in

the electrical power consumed to operate those servers and to power the necessary air-conditioning to manage heat from those servers.

b. **Business Travel** – Staring in early 2020, the Covid pandemic significantly reduced business travel for Enghouse both for customer related meetings or events and internal meetings and events. Although we expect to see some level of resumption of business travel, we believe this will have established new norms both with our customers and within our internal operations, where travel will be much more limited. That reduced travel results in significant reductions in greenhouse gas and carbon dioxide emissions from the airplanes and automobiles that would otherwise have been utilized.

c. **Reduced Office Space Footprint Globally** – The business and operations of Enghouse have evolved over the past number of years where an increasing percentage of our workforce was working remotely. With the Covid pandemic starting in early 2020, much of our workforce moved to working remotely from home locations. We believe this increased level of remote working arrangements will continue. This has decreased the demand we have for physical office space in which our employees can work and has allowed us to reduce the size of office spaces we have historically occupied or in some cases completely eliminate certain office locations as being unnecessary.

d. **Hybrid Work Arrangements** – At the current time we expect that Enghouse will continue to support and encourage arrangements whereby a significant portion of our workforce will be able to work remotely from home for all, or at least some, of their regular working hours. This will result in a reduction in commuting required of employees who can spend more time working from home. It will also have a positive impact on the quantity of fuel consumed and related emissions that would otherwise be associated with those commuting activities.

e. An overall **Reduce/Reuse/Recycle** approach, some examples of which are as follows:

    (a) reducing paper usage by adopting paperless processes where possible;

    (b) adopting electronic signing processes for documents to reduce paper copies and mail/courier usage and by default requiring two-sided printing of paper documents where a paper copy is required;

    (c) adoption of several communication tools to enable remote collaboration between employees and with customers and to reduce travel where possible;

(d) adoption of a notice-and-access approach to distributing annual shareholder meeting materials, thereby reducing the number of pages of printed materials and reducing the volume of mail weight that would otherwise by handled by postal delivery.

OVERALL CORPORATE GOVERNANCE FRAMEWORK AND RISK MANAGEMENT

Enghouse recognizes that its overall corporate governance framework is a key element of its approach to risk management and the long-term sustainability of its business.

For a more detailed discussion of Enghouse's overall corporate governance framework, please review our annual Management Information Circular, which is available on our website at www.enghouse.com and filed with Canadian Securities Regulators at www.sedar.com.

For the purposes of this Corporate ESG Report, we have highlighted below a few elements of our approach to corporate governance that we believe are directly relevant to risk management and the longer-term sustainability of Enghouse.

As relates specifically to ESG matters, our Board of Directors exercise oversight to the Environmental, Social and Governance initiatives pursued by the Corporation. Our Board has delegated responsibility for managing the oversight process related to ESG to its Corporate Governance Committee which consists entirely of independent directors.

At a more general level, we note the following key principles and components of the overall corporate governance framework under which Enghouse operates:

1. Independence

- Senior Management reports to, and operates under the oversight of, an external Board of Directors

- Board members elected annually by the shareholders

- The Board consists of 7 directors, 6 of whom are independent of management, the 7th being the CEO

- Independent Lead Director of the Board

- Regular separate meetings of independent directors without management present

- Careful monitoring of external commitments of Board members to ensure no "overboarding"

- Full disclosure of director attendance records in annual proxy materials

- Active Board committee structure consisting of separate Audit, Corporate Governance and Compensation committees, with each committee composed entirely of independent directors and each committee having a documented committee charter.

2. Diversity of the Board

- 2 of 7 directors directors are female

- Formal skills matrix used to assess the backgrounds of directors to ensure a well represented mix of educational, qualifications and career experience in backgrounds that are relevant to the Corporation and the industries it serves

3. Risk Oversight

- The Board exercises oversight over the Corporation's risk management.

- The Board has delegated responsibility for overall enterprise risk management oversight to the Audit Committee, but within that, there are several specific areas of risk oversight that are the responsibility of specific committees of the Board, in particular:

  – Accounting and financial reporting risk oversight – Audit Committee

  – Cyber-Security risk oversight – Audit Committee

  – Compensation risk oversight – Compensation Committee

Role of the Corporation's Auditor in overall Governance Framework

- Independent auditor with regular ongoing checks of software and technology companies

- Formal partner rotation program on the audit file to ensure fresh perspectives

Comprehensive Set of Governance Policies to Support the Governance Framework

Enghouse has adopted a number of policies and procedures to reinforce the principle that the Corporation, and its employees and directors, should at all times act in an ethical, respectful and responsible manner. These include the following specific policies, in addition to a variety of other policies that set the tone for the type of workplace we intend to operate and the manner in which we expect all employees and directors to conduct themselves:

1. Code of Business Conduct and Ethics Policy for all Enghouse employees;

2. Business Partner (i.e., Supplier) Code of Conduct;

3. Diversity Policy;

4. Anti-Corruption Compliance Policy;

5. Whistle-blower Policy.