

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MAY 1, 2024

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## ABOUT THIS REPORT

This edition of our Environmental, Social, and Governance (“**ESG**”) report is current as of May 1, 2024, and reflects data and information available to us as of that date unless otherwise indicated. References to “Descartes” are intended to encompass The Descartes Systems Group Inc. (NASDAQ: DSGX; TSX:DSG) together with its various subsidiary companies on a worldwide basis.

Descartes continues to recognize the role that it can play in helping advance environmental, social, and governance initiatives that are important to our stakeholders, including our shareholders, customers, suppliers, and employees (“**ESG Initiatives**”). To that end, this report builds upon our report published in 2023 to demonstrate our progress in this domain.

The Corporate Governance Committee, with additional support from the Audit Committee of the Board of Directors of Descartes, continues to exercise oversight over our pursuit of these ESG Initiatives. To demonstrate our commitment to these principles, we continue to adhere to the previously adopted *Environmental, Health, Safety and Sustainability Statement* to provide guidance to Descartes’ employees, customers, and business partners of our expectations in this regard. A copy of this statement can be found later in this report.

Descartes’ Board of Directors and management team recognize that the company is on a journey in relation to the ESG Initiatives. We continue to examine various facets of our business to identify opportunities to develop more formal programs and identify relevant and meaningful metrics to monitor and assess our progress against the ESG Initiatives.

As we continue exploring these ESG Initiatives, we remain encouraged that many of the approaches, practices, and policies that Descartes has already put in place continue to keep us on the right path to advance our goals. Our efforts, over many years, to be a trusted provider of services to our customers, a great place for our employees to work, and a responsibly managed company for our investors to invest in already support many of the core principles within the ESG Initiatives that we believe are most relevant to our business.



## Topics of Key Importance

Over the past year, we've made strides in advancing our ESG Initiatives. Continuing to be informed by the *Sustainable Accounting Standards Board (SASB)* standards, we've maintained our commitment to sustainability and responsible corporate practices. Additionally, we've integrated insights from the *Software & Information Technology (IT) Services Industry* standard ensuring our efforts are well-rounded and impactful. This report highlights our continued progress in key areas outlined by the SASB standards:

- Reducing the Environmental Impact of Our Operations
- Safeguarding Data Privacy and Upholding Freedom of Expression
- Enhancing Data Security Measures
- Cultivating a Global, Diverse, and Highly Skilled Workforce
- Mitigating Risks Associated with Technological Disruptions

We have also diligently monitored the evolving landscape of the *International Sustainability Standards Board (ISSB)*, and we are committed to aligning to any local and applicable regulatory pronouncements that may parallel or surpass the ISSB guidelines. We recognize the significant impact these developments can have on business practices and we are proactive in adapting to these changes, ensuring that our financial disclosures and our broader reporting obligations reflect the latest in sustainability accounting practices. This includes an assessment of how the applicable standards may influence the reporting of our environmental commitments, social initiatives, and governance practices within our financial statements. Our approach is to anticipate and adapt to these regulations ahead of time, thereby maintaining our leadership in ESG practices and transparency in financial reporting. This commitment underscores our dedication to accountability and sustainability, ensuring that we remain at the forefront of responsible corporate practices in an ever-evolving regulatory environment.

This document does not encompass all of our ESG-related practices and accomplishments. Our journey is ongoing, and our approach remains deliberate, balancing various factors to meet the needs of all stakeholders. We invite our stakeholders to explore additional details in our Annual Information Form and Management Information Circular available on our website at [www.descartes.com](http://www.descartes.com) as well as [www.sedarplus.ca](http://www.sedarplus.ca).



The main topics of key importance in the report align to the key disclosure topics of the *Sustainable Accounting Standards Board (SASB)* standards and the *Software & Information Technology (IT) Services Industry* standard.



## A MESSAGE FROM OUR CEO



I am very pleased to update you on the progress we've made in our ongoing ESG endeavors over the past year. Your continued interest and support underscore our shared commitment to sustainability and responsible business practices.

At Descartes, our dedication to unite people and technology to facilitate global trade has been unwavering. Over the past year, we've continued to prioritize understanding and addressing the evolving needs of our customers, driving us to develop innovative solutions that not only propel business success but also reduce environmental impact and enhance social responsibility.

Throughout this journey, stakeholder feedback has remained crucial, shaping our approach to ESG Initiatives. Drawing insights from a diverse range of voices, including employees, customers, partners, suppliers, and shareholders, we've identified key priorities for action. Our strategic investments are guided by these insights, enabling us to make meaningful contributions to sustainability and responsible governance.

Our latest ESG report highlights progress in several key areas. Importantly, many of these activities represent a continuation or an ongoing effort:

- Continuing to advance environmental sustainability by assisting customers in reducing carbon emissions, paper usage, and fuel consumption.
- Sustaining our support for customers in meeting social and governance obligations, including compliance with economic and trade sanctions.
- Persistent investments in data privacy and security to uphold stakeholder trust.
- Ongoing efforts to cultivate a diverse and inclusive workforce in a supportive work environment.
- Further focus on reducing our physical office footprint and their related carbon emissions as we continue to support flexible, remote work settings.
- Upholding high standards of business conduct and ethics across all operations.

Amidst the backdrop of shifting global trade dynamics and geopolitical landscapes, our approach remains measured, balancing a variety of factors that are important to all stakeholders. We recognize the need for continuous evolution to effectively meet the changing needs of our stakeholders.

As you review this report, I invite you to join us in acknowledging that much of our progress is built upon ongoing efforts, and there is still work ahead. Your feedback remains invaluable as we navigate this journey, and we welcome your insights as we strive to strengthen Descartes for the benefit of all.

Thank you for your support and interest in Descartes and our ongoing commitment to advancing ESG Initiatives.

**Edward J. Ryan**

Chief Executive Officer

The Descartes Systems Group Inc.

# ABOUT DESCARTES

## Descartes Unites the People and Technology that Move the World

- **Bridging Technology and Global Needs:** Over the past year, the complexity and demands in global supply chains have only grown, highlighting the critical need for systems that are both agile and secure. Descartes has continued to lead in this space, fusing state-of-the-art technology with our extensive trade knowledge and network capabilities to ensure the timely and efficient delivery of goods, information, and resources.
- **Global Reach and Innovation:** Our position as a premier logistics and supply chain technology provider has been further solidified, with over 26,000 customers globally primarily relying on our cloud-based solutions. These solutions are designed to boost productivity, enhance customer service, ensure competitive resilience, and adapt to regulatory and market shifts. Our commitment to innovation remains strong, as evidenced by our continued growth and financial performance.
- **Strategic Locations and Industry Leadership:** Descartes is proud to be publicly listed on Nasdaq and TSX, with a solid base in Waterloo, Ontario, Canada, and an extensive network of global offices and partners. Our solutions are essential for a wide range of logistics-intensive businesses, highlighting our role as a cornerstone for stability and comprehensive logistics services.

## Core Areas of Focus

- **Innovative Logistics Technology Platform:** This year has seen further enhancements to our Logistics Technology Platform, integrating advanced technologies with our expansive logistics network and a wide range of management applications. This has led to significant improvements in logistics and supply chain productivity, performance, sustainability, and security.
- **Expanding the Descartes Global Logistics Network™:** Our network has become more robust, facilitating enhanced connectivity and real-time data exchange across over 160 countries. This network is a critical component in connecting various sectors, including logistics, manufacturing, retail, and government, to streamline operations and information flow.
- **Advanced Applications and Intelligence:** Our modular, cloud-based applications have been instrumental in streamlining numerous logistics processes, from routing and scheduling to global trade data access. Additionally, our focus on intelligence and innovation has led to the adoption of internet of things (IoT), machine learning, artificial intelligence (AI), and analytics, further enhancing decision-making and operational capabilities.

## Sustainability and Environmental Stewardship

- **Reducing Environmental Impact:** Descartes remains committed to minimizing the environmental footprint of logistics operations. Our solutions have continued to contribute to reductions in carbon emissions, paper use, and fuel consumption. The latest edition of Descartes' Environmental Impact Guide provides a detailed overview of these achievements and our ongoing efforts to promote sustainable logistics practices.

Descartes invites you to be part of our journey towards creating more efficient, secure, and sustainable supply chains and logistics operations. Together, we are setting new standards for the industry, with a focus on innovation, customer success, and environmental responsibility.

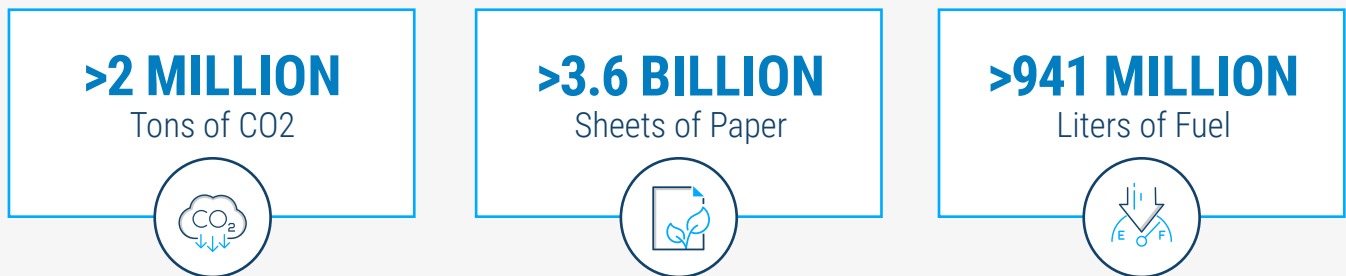
## Descartes Continues to Elevate Environmental Sustainability in Supply Chains

In an era where supply chains are increasingly complex and accelerated, Descartes remains committed to leading the digital transformation for businesses large and small. We invite you to join us in this ongoing journey of innovation and improvement.

Our measure of success is deeply tied to the achievements of our clients, with our focus firmly on delivering impactful results. Over the past year, our logistics and supply chain solutions have advanced further in automating, streamlining, and safeguarding the flow of goods and information. This progress has contributed to environmental sustainability, aiding in the reduction of carbon emissions, the decrease in paper usage, and the lowering of fuel consumption.

Building on our commitment to transparency and accountability, we have continued the annual tradition of publishing an *Environmental Impact Guide*. The 2023 edition of the Guide underscores the sustained efforts and enhancements our solutions have provided in aiding our customers to reduce their environmental impact. Key highlights from this year's Guide reflect a concerted effort towards eco-friendly logistics practices.

### In 2023, we helped our customers save:



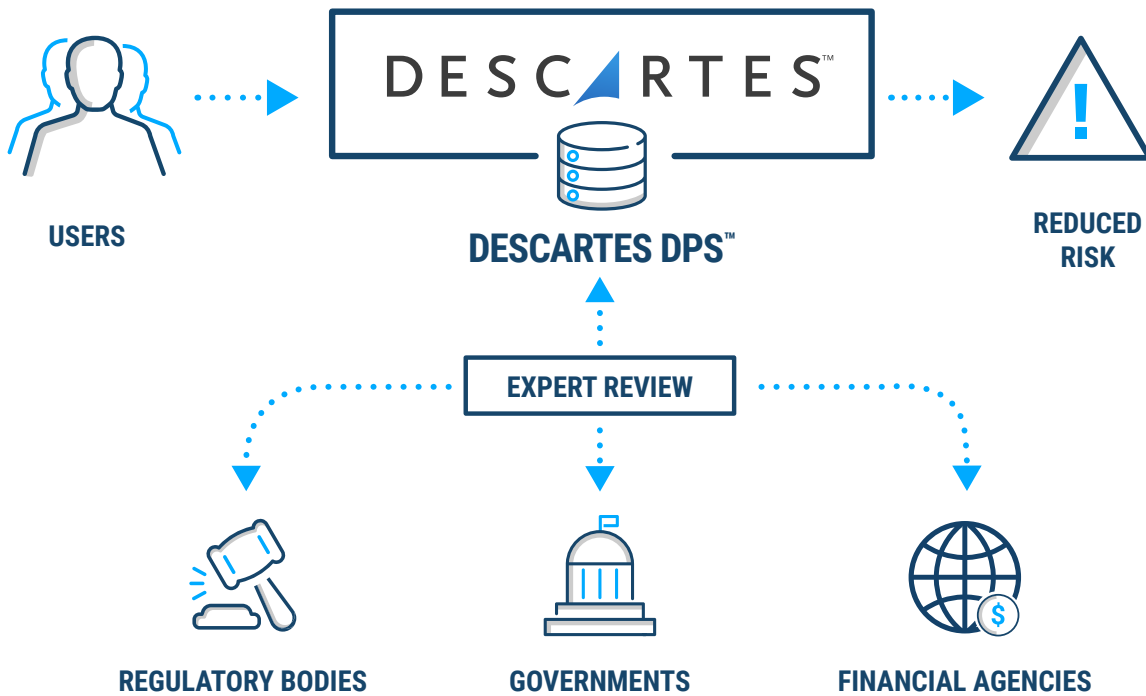
For a comprehensive understanding of our environmental impact achievements, we encourage you to visit our website at [www.descartes.com/who-we-are/social-responsibility-sustainability/environmental-impact](http://www.descartes.com/who-we-are/social-responsibility-sustainability/environmental-impact). Here, the full 2023 Environmental Impact Guide is available, showcasing our dedication to not just advancing logistics and supply chain efficiency, but doing so in a manner that respects and preserves our environment for future generations.

Infographic calculations were made using the paper calculator from Environmental Paper Network, the U.S. Energy Information Administration (EIA) Independent Statistics and Analysis, fuel economy data from The U.S. Department of Energy, and idling emissions data from Dieselnets and Frost & Sullivan



## DESCARTES HELPS CUSTOMERS ACHIEVE SOCIAL GOVERNANCE OBJECTIVES

Throughout 2023, Descartes was pivotal in empowering global customers to adeptly navigate the complexities of trade compliance, sanctions, and denied party screening (DPS). Our advanced solutions ensure rigorous compliance, enabling effective scrutiny of global partnerships, and entities in alignment with the evolving regulatory landscape.



Descartes solutions help businesses ensure they don't transact with denied, restricted, or sanctioned parties worldwide. The technology helps customers stay current with changing sanctions developments.

## DESCARTES INTERNAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK

Descartes' commitment to ethical, sustainable, and responsible operations is embodied in our Environmental, Health, Safety, and Sustainability policy. This document articulates the principles we uphold and our dedication to these values in our day-to-day operations. A copy of the current version of that statement can be found at <https://www.descartes.com/who-we-are/social-responsibility-sustainability>.

Our commitment to environmental stewardship, health, safety, and sustainable operations is deeply ingrained in our corporate ethos. Reflected not just in our policies, but in the everyday actions of our global team, this commitment drives our operational decisions and initiatives.

In 2023, we furthered this commitment through:

- Adherence to the standards set by applicable social, health, safety, and environmental legislation that influences our services and operations.
- Empowering employees to take personal responsibility for environmental, health, safety, and sustainability initiatives, fostering a culture of proactive engagement.
- Identifying and mitigating hazards to create a safer and more sustainable working environment.
- Encouraging active employee participation in sustainability efforts, ensuring a collective approach towards environmental responsibility.
- Building strong partnerships with suppliers and collaborators who align with our ethical, social, and environmental values.
- Continuously seeking ways to improve our environmental, health, and safety performance, guided by our policy and enriched by collective insights.

Through these efforts, Descartes is committed to leading in logistics and compliance solutions, while upholding our responsibilities towards social and environmental stewardship, ensuring our progress resonates with the values and expectations of all stakeholders.

# DEVELOPING AND MAINTAINING A SUSTAINABLE WORKFORCE

## Developing Our Employees

### Cherishing Our Values

At Descartes, our commitment to a values-driven culture remains unwavering. We not only evaluate new team members for their expertise but also for their alignment with our core values and how well they mesh with our cultural ethos. This dual focus on skills and values underpins our approach to nurturing talent across all levels of the organization, ensuring a harmonious and productive workplace.

Our foundational values are encapsulated in the T-E-A-M framework, reflecting our conviction that collaboration, both within our local teams and across our global network, is key to achieving remarkable outcomes. Our growth trajectory, fueled by organic development and strategic acquisitions, continues to bolster our collective capabilities and competitive edge.

- **Transparency:** Our commitment to openness extends to all stakeholders—partners, clients, and team members alike—ensuring clarity and honesty in all interactions.
- **Excellence and Expertise:** We set the bar high, expecting and delivering top-tier performance. Our team, composed of specialists dedicated to ethical practices and respect, embodies this pursuit of excellence.
- **Accountability:** Guided by a clear vision and objectives, we take personal and collective responsibility for our actions and their impact on our mission.
- **Metrics-Driven Results:** Our quest for ongoing improvement is quantifiable, aiming to not only track our progress but also to amplify the success and satisfaction of our clients, thereby fueling our future endeavors.



## What Team Members Can Look Forward To:

At Descartes, we recognize and value the unique contributions of each team member towards our collective achievements. Our commitment to providing a supportive and enriching work environment includes:

- **Challenging and Meaningful Work:** Our leadership position is maintained through innovation and a willingness to challenge the norm.
- **Empowerment Through Voice:** We champion open dialogue, where the strength of an argument prevails, fostering a culture of continuous improvement.
- **A Realm of Opportunities:** With Descartes, career prospects are boundless, enriched by our diverse, inclusive environment and our status as a leader in delivering quality services and innovations.
- **Competitive Rewards:** Our compensation package is comprehensive, ensuring well-being and financial security for our team and their families, through:
  - Market-aligned salaries
  - Performance-based bonuses
  - Merit-based increases
  - Retirement savings plans with company contributions
  - Comprehensive health and wellness coverage
  - Incentives for referrals and ongoing education

## Placing Employees at the Forefront

Our commitment to fostering an engaged and connected workforce is evidenced by our initiatives aimed at enhancing communication, collaboration, and learning. Embracing technology, we've narrowed the physical distance between our teams, ensuring a unified and cohesive work culture. We solicit feedback from employees on targeted topics to ensure decisions and offerings align to employee needs such as our hybrid approach to physical work, communication and connection needs of our expanding and mostly remote workforce, as well as benefit and support options for our global employee population. In line with our values-centric leadership philosophy, we encourage every team member to actively engage and contribute ideas for improvement, ensuring a supportive environment where proactive initiatives are recognized and valued.

## Welcoming New Talent

Our recruitment strategy prioritizes alignment with our values and performance standards, drawing from a diverse talent pool to enrich our team's capabilities. Our thorough selection process, involving various team leaders and potential peers, ensures a holistic assessment of candidate suitability, emphasizing cultural and experiential diversity. We're committed to further diversifying our workforce and fostering a culture of inclusivity and respect.

# ADVANCING OUR COMMITMENT TO DIVERSITY AND INCLUSION

## Evolving Our Diversity Strategy

Over the past year, Descartes has made strides in fostering an even more diverse and inclusive workplace. With a global team now exceeding 2,200 individuals across 25 countries, the rich tapestry of cultural and ethnic backgrounds within our team has only become more vibrant. This global presence has allowed us to embrace a multifaceted view of diversity, recognizing the unique contributions and needs of our workforce across different regions.

Our Human Resources team in North America continues efforts previously undertaken to identify and utilize associations, agencies, publications, and online sites that may offer greater diversity in candidates applying to roles within Descartes and for us to promote Descartes as an employer.

The intention of our effort is to expand the diversity of our external applicant pool within North America with the expectation that this will similarly result in more hiring of diverse applicants. Diversity, Equity, Inclusion and Belonging (DEIB) initiatives have been focused on talent attraction, selection, and leadership training that targets bias reduction.



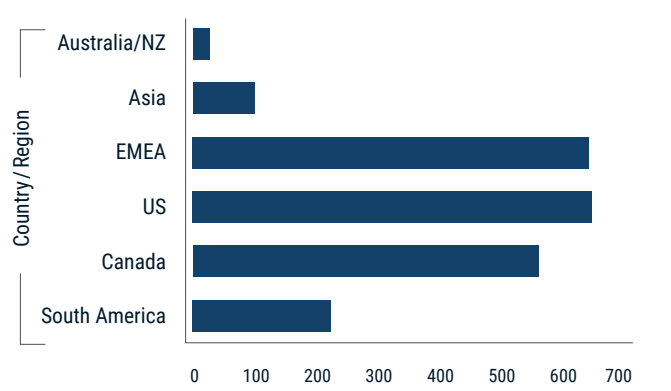
# DIVERSITY STATISTICS

## Board Diversity

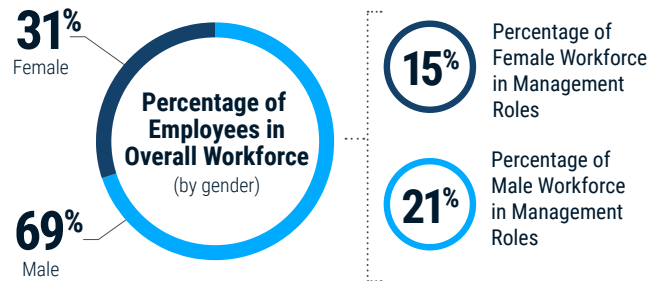
Our Board of Directors consisting of ten directors includes two visible minorities and four women.



## Cultural/Geographic Diversity – Global Headcount Distribution



## Gender Diversity – Globally (FY23)



## United States Employee Diversity

(Based on U.S. Equal Employment Opportunity Commission guidelines as of the end of 2023 and based on full-time headcount only)

|                            |            | American Indian/<br>Alaskan Native | Asian | Black or African<br>American | Hispanic<br>or Latino | Native Hawaiian<br>or Other Pacific<br>Island | Two or More<br>Races | White/<br>No Race Provided |
|----------------------------|------------|------------------------------------|-------|------------------------------|-----------------------|---|----------------------|----------------------------|
| People<br>Managers         | Headcount  | 0                                  | 10    | 1                            | 15                    | 1   | 3                    | 126                        |
|                            | Percentage | 0.00%                              | 6.41% | 0.64%                        | 9.62%                 | 0.64%   | 1.92%                | 80.77%                     |
| Individual<br>Contributors | Headcount  | 2                                  | 26    | 20                           | 63                    | 0   | 10                   | 365                        |
|                            | Percentage | 0.41%                              | 5.35% | 4.12%                        | 12.96%                | 0.00%   | 2.06%                | 75.10%                     |
| Total                      | Headcount  | 2                                  | 36    | 21                           | 78                    | 1   | 13                   | 491                        |
|                            | Percentage | 0.31%                              | 5.61% | 3.27%                        | 12.15%                | 0.16%   | 2.02%                | 76.48%                     |

## Championing Human Rights and Ethical Practices

Descartes remains steadfast in upholding the highest standards of human rights and labor practices. Our comprehensive policies and programs are designed to ensure a safe, respectful, and healthy environment for all employees, in compliance with international and local regulations.

Our commitment is embodied in our Business Partner Code of Conduct, demanding that our suppliers also adhere to these fundamental principles. The overarching Human Rights Statement, accessible at <https://www.descartes.com/who-we-are/social-responsibility-sustainability>, encapsulates our dedication to maintaining a workplace free from discrimination, harassment, and unethical conduct.

Reflecting on the past year, we have intensified our efforts to ensure our policies not only comply with current legal and ethical standards but also proactively address emerging human rights challenges. This includes a stronger emphasis on digital privacy and security, acknowledging the evolving landscape of remote work and digital communication.

Guided by global standards such as the *United Nations Universal Declaration of Human Rights*, our practices are rooted in a firm commitment to creating a safe, ethical, and inclusive workplace. We enforce a strict zero-tolerance stance on harassment and violence, uphold ethical conduct at all organizational levels, and protect personal data with robust privacy measures. Our rejection of forced and child labor aligns with international norms, while our dedication to fairness and equality shapes our hiring and employment policies. Central to our ethos is fostering a diverse environment where every employee is empowered to succeed and contribute to our collective growth. These ideals are reflected in the Company's overarching Human Rights Statement.



## The Descartes Systems Group Inc. - Human Rights Statement

The Descartes Systems Group Inc. and its various affiliates (collectively, the “**Company**”) is committed to providing a global work environment that is free from harassment or discrimination based on the grounds enumerated in federal, national, state, provincial or other Human Rights legislation. More fundamentally, in addition to compliance with applicable laws and regulations, the Company is steadfast in 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*.

These core values are specifically reflected in the manner by which the Company conducts itself in its dealings with its prospective and current employees, its customers and its other stakeholders as further outlined in the following practices, policies and initiatives:

- Providing a safe space for employees that is free of harassment, bullying and violence as expressed in the *Company’s Workplace Violence and Harassment Policy and Program*;
- 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 including but not limited to the *General Privacy Policy, Commercial Relationship Privacy Policy and Recruitment Privacy Policy*;
- Forgoing the use of forced or child labor 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;
- Recognizing the right of our employees to join associations of their own choosing or to refrain from joining, and the right to collective bargaining; and
- Maintaining safe, healthy and respectful working conditions in accordance with the *Company’s Environmental, Health, Safety and Sustainability Statement*



The Descartes Systems Group Inc. is committed to providing a global work environment that is free from harassment or discrimination based on the grounds enumerated in federal, national, state, provincial or other Human Rights legislation.



## Ethical Business Practices and Integrity in Dealings

Over the past year, our commitment to ethical business practices has been further strengthened by the adoption of a Modern Slavery Statement, marking a significant step in our ongoing journey toward ethical and fair business dealings.

- **Modern Slavery Statement:** Our Modern Slavery Statement underscores Descartes' unwavering commitment to ethical trading, responsible sourcing, and the eradication of modern slavery and human trafficking within our operations and supply chains. Our collaborative efforts across legal, HR, procurement, and product management teams in this regard further amplify our commitment to human rights and ethical business practices. For a comprehensive overview of our Modern Slavery Statement, please visit <https://www.descartes.com/legal/compliance/modern-slavery-human-trafficking-statement>.
- **Code of Business Conduct:** We continue to emphasize ethical engagement with all stakeholders, underscoring the avoidance of conflicts, adherence to laws, and transparent reporting of any misconduct.
- **Business Partner Code of Conduct:** Our collaborative efforts with suppliers continues, focusing on legal compliance, workplace safety, fair labor practices, ethical sourcing, and the avoidance of corruption in line with our established standards.
- **Global Anti-Corruption Policy:** Our firm stance against corruption has been reinforced, ensuring all Descartes representatives act with unwavering honesty and integrity, especially in areas prone to ethical risks such as political contributions.
- **Policy on Conflict Minerals:** Our resolve to responsibly source materials and eliminate conflict minerals from our supply chain remains steadfast, reflecting our broader commitment to ethical practices across all business aspects.

For more detailed information on our policies, please visit [Descartes' Legal Compliance page](#).



## Enhancing Our Environmental Sustainability

In the past year, Descartes has continued to build on our commitment to environmental stewardship, both by enabling our customers to reduce their environmental footprints through our solutions and by implementing practices that diminish our own ecological impact.

- **Cloud-Based Solutions:** We've continued to expand our use of cloud architecture for software-as-a-service (SaaS) delivery, centralizing workloads in public cloud infrastructures and efficient data centers that use renewable energy, with the main data centers using 100% renewable energy. This strategic consolidation is an integral part of our M&A integration strategy, where we continuously reduce our combined physical data center footprint and consolidate our public cloud tenants. This has led to a reduction in the carbon footprint and electricity usage for equivalent workloads.
- **Mindful Business Travel:** The unforeseen circumstances of the COVID-19 pandemic led to a significant decrease in business travel, setting new, sustainable norms for reduced travel moving forward. These changes have persisted, continuing to lower our greenhouse gas emissions from air and road travel.
- **Streamlining Physical Workspaces:** The shift towards remote work, accelerated by the pandemic, has allowed us to significantly scale back our physical office footprint. This transition to more remote work settings has persisted, further reducing our need for office space and associated energy costs for heating, cooling, and lighting. In fact, as evidence of our commitment to sustainability and responsible business practices, we successfully reduced our global office footprint by nearly 38,000 square feet in the past year. This reduction not only contributes to a decrease in carbon emissions associated with heating, cooling, and powering office spaces but also aligns with our broader ESG Initiatives, enhancing employee well-being by supporting flexible work arrangements. These efforts underscore our commitment to a sustainable future, balancing ecological responsibility with the health and productivity of our workforce.



- **Hybrid Work Models:** As noted above, we continue to embrace hybrid work models that enable a significant portion of our workforce to work remotely, reducing the need for daily commutes. This shift is contributing to lower fuel consumption and fewer emissions from transportation.
- **Sustainable Practices:** Our ongoing commitment to sustainability is reflected in our comprehensive Reduce/Reuse/Recycle strategy, which includes:
  - Ongoing efforts to move towards paperless operations and electronic document signing to minimize paper consumption.
  - Leveraging digital communication tools to facilitate remote collaboration and reduce the need for travel.
  - Implementing recycling programs where available and using water dispensers to avoid plastic bottle usage.
  - Employing a notice-and-access method for distributing annual meeting materials to cut down on printed materials and postal waste.



# DATA PRIVACY AND INFORMATION SECURITY

## Data Privacy Enhancements

Over the past year, Descartes has further reinforced its commitment to safeguarding personal data across all facets of our operations and services. Recognizing the trust placed in us by customers, partners, employees, and other stakeholders, we've diligently worked to fortify data privacy measures.

Our foundational privacy principles continue to focus on minimizing data collection to what's necessary, utilizing data solely for its intended purpose, and retaining data only as long as needed. Based on these tenets, as applicable and warranted, we annually review our privacy policies to clearly articulate our data handling practices. These policies, accessible at the Descartes Privacy Center ([www.descartes.com/privacy-center](http://www.descartes.com/privacy-center)), cover:

- **General Privacy Policy:** Our comprehensive approach to personal data protection.
- **Commercial Relationship Privacy Policy:** How we manage customer and partner data with respect and integrity.
- **Recruitment Privacy Policy:** Our commitment to the privacy of prospective employees' information.
- **Privacy Choices:** Outlining the rights and controls individuals have over their data.
- **Cookie Usage Policy:** Transparent communication about our use of cookies for a better online experience.

In alignment with evolving ESG priorities, we've integrated considerations for transparency into our privacy frameworks, enhancing our commitment to responsible data stewardship and building trust with all stakeholders.



## Information Security Advancements

Descartes recognizes the critical importance of information security in preserving and realizing organizational value. Our comprehensive Information Security program, guided by leading frameworks such as ISO 27001, SOC 2 and the NIST Cybersecurity Framework, continues to evolve with investments in governance, risk management, and advanced security controls.

Key focus areas include:

- **Enhanced Governance and Risk Compliance:** Ensuring robust oversight and adherence to legal and regulatory standards.
- **Advanced Identity and Access Management:** Strengthening authentication protocols to safeguard access to sensitive information.
- **Proactive Cybersecurity Measures:** Employing state-of-the-art technologies and processes for threat detection and mitigation.
- **Strategic Supply Chain Security:** Assessing third-party risks to ensure the integrity of our extended ecosystem.

Reflecting our commitment to sustainable and responsible business practices, we've deepened our focus on securing not only our own data assets but also those we manage on behalf of our clients, emphasizing the interconnectedness of data security, corporate responsibility, and stakeholder trust.

Through rigorous risk assessments and the implementation of additional controls as needed, we maintain our risk within acceptable thresholds, ensuring both our internal and external information assets are securely managed. Our proactive approach is validated by regular security assessments and certifications, including annual IT audits, Sarbanes-Oxley compliance, ISO 27001 certification, and SOC-2 Type II reports.

In our ongoing effort to foster a security-aware culture, we provide comprehensive cybersecurity training and awareness initiatives, leveraging modern eLearning tools and communication platforms to keep our team informed and vigilant.

Descartes' commitment to data privacy and information security remains steadfast, as we continue to enhance our practices in line with industry best practices and evolving stakeholder expectations.

## Strengthening Our Security Framework

Descartes' commitment to a multi-layered security approach has been further solidified over the past year, ensuring the continuous monitoring of our operational landscape and IT assets. This oversight is part of our strategy to promptly detect and respond to security incidents, thereby affirming the robustness of our preventive measures.

Our incident response capabilities remain top-notch, operating round-the-clock to mitigate the effects of security breaches and expedite recovery processes. Efforts to forestall repeat incidents are rigorously pursued, reinforcing system resilience.

Engagement with external entities, such as law enforcement and regulatory agencies, continues to enrich our understanding and application of industry best practices and emerging threat intelligence. Our participation in specialized forums fosters a collaborative approach to refining incident response strategies.

Emphasizing sustainability in our security practices, we've integrated eco-conscious decisions into our IT operations, aligning with broader ESG initiatives. This includes optimizing our data processing to reduce energy consumption and exploring renewable energy options for our data centers.

Promoting a culture of security awareness is a cornerstone of our strategy. Through continuous education, personalized awareness campaigns, and practical assessments, we empower our team to uphold and advocate for stringent security standards, leveraging contemporary digital platforms for training dissemination.



## Physical and Cloud Security Enhancements

In delivering our services, Descartes relies on premier data centers and colocation facilities, ensuring that our SaaS solutions are supported by a resilient and secure infrastructure. Our commitment to maintaining this infrastructure is demonstrated through:

- **Robust Data Center Operations:** Our choice of data center providers reflects a strict adherence to excellence, with facilities that boast leading industry certifications such as ISO 27001 and SOC2, ensuring a secure and reliable environment for our services.
- **Disaster Recovery Preparedness:** Our comprehensive response and recovery frameworks are regularly reviewed and tested to confirm their effectiveness in aligning with our stringent recovery objectives, guaranteeing service continuity.

Our ESG-driven approach has led us to assess the environmental footprint of our physical security measures, ensuring that our data centers operate efficiently and responsibly, minimizing their impact on the environment

- **Cloud Service Partnerships:** In our use of cloud infrastructures such as Microsoft Azure and Amazon Web Services, we meticulously evaluate the security and compliance standards upheld by these providers, ensuring they meet our high expectations for data protection and privacy.

Descartes' ongoing efforts to fortify our physical and digital defenses are reflective of our unwavering dedication to safeguarding data integrity and availability, in harmony with our commitment to environmental and social governance principles.



## ENHANCED CORPORATE GOVERNANCE AND RISK MANAGEMENT FRAMEWORK

Descartes recognizes that its overall corporate governance framework is a key element of its approach to risk. Descartes has made significant strides in refining our corporate governance over the past year, reinforcing our commitment to sustainable business practices. Detailed discussions on our governance framework can be found in our Annual Information Form and Management Information Circular, available at [www.descartes.com](http://www.descartes.com) and [www.sedarplus.ca](http://www.sedarplus.ca).

Our governance model, especially in the realm of ESG, is driven by the Board of Directors' oversight. The delegation of ESG oversight tasks to the Corporate Governance Committee with assistance from the Audit Committee, both composed entirely of independent directors, underscores our dedication to transparent and accountable governance practices.

### Governance Highlights

- **Board Independence:** Our Board's structure is marked by a strong independence, with 9 out of 10 directors being independent. This independence is foundational for unbiased management oversight, facilitated by an independent Chair and regular exclusive meetings of independent directors.
- **Board Diversity:** Our Board's diversity is a testament to our commitment to inclusivity, with 60% of the Board being diverse, including 2 visible minorities and 4 female directors. This diversity, along with a varied mix of tenures and expertise, ensures a well-rounded and comprehensive governance approach.
- **Risk Management Focus:** Our risk management policy, guided by ISO 31000:2009 standards, is meticulously overseen by the Board. This structured approach to risk management is spearheaded by the Audit Committee, with specialized risks managed by corresponding committees.

### Roles of Auditor and Management

The independent auditor's role is pivotal in assuring the integrity of our financial reporting and systems integrity, bolstered by a structured rotation of audit partners.

Our management team, focused on stability and ethical leadership, supports long-term value creation. This is further reinforced by a transparent succession planning process and a competitive compensation strategy aligned with sustainable performance objectives.



## Comprehensive Governance Policies

Our ethical framework is supported by a robust set of governance policies, including:

- **Code of Business Conduct and Ethics:** Guiding all Descartes personnel towards ethical and responsible behavior.
- **Business Partner Code of Conduct:** Setting ethical standards for our suppliers and partners.
- **Director & Officer Diversity Policy:** Emphasizing our commitment to diversity and inclusion.
- **Global Anti-Corruption Policy:** Promoting honesty and compliance with anti-corruption laws.
- **Disclosure Policy:** Ensuring transparent communication with our stakeholders.
- **Whistleblower Policy:** Facilitating the reporting of unethical behavior.
- **Workplace Violence and Harassment Policy:** Ensuring a respectful and safe work environment.
- **Modern Slavery Statement:** Reflecting our commitment to combating modern slavery and human trafficking in our operations and supply chain, underscoring our ethical stance and dedication to human rights.

## ABOUT DESCARTES SYSTEMS GROUP

Descartes (Nasdaq:DSGX) (TSX:DSG) is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, security and sustainability of logistics-intensive businesses. Customers use our modular, software-as-a-service solutions to route, track and help improve the safety, performance and compliance of delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community. Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more at [www.descartes.com](http://www.descartes.com) and connect with us on [LinkedIn](#) and [X](#) (formerly Twitter).