



DUE DILLIGENCE PROCEDURE

ESSA Sales & Distribution



1. Objectives

The Due Diligence Program aims to:

- Identify and manage financial, operational, legal, and reputational risks.
- Ensure compliance with international standards (e.g., OECD, UNGC, ISO 37001).
- Safeguard ESSA Group's assets, reputation, and stakeholder trust.
- Support informed decision-making for partnerships, acquisitions, and strategic initiatives.

2. Governance & Oversight

- **Program Owner:** Chief Compliance Officer (CCO)
- **Operational Leads:** Legal, Finance, Procurement, and Sustainability teams
- **Oversight Committee:** Due Diligence Steering Committee (representatives from HR, IT, Operations, and External Relations)
- **Reporting Line:** To the Board Audit & Risk Committee

3. Program Scope

Covers all **stakeholders and counterparties**, including:

- **Suppliers and contractors**
- **Agents, consultants, and intermediaries**
- **Non-profit or governmental partners** (for social programs or grants)

4. Key Due Diligence Streams



A. Legal & Regulatory

- Verification of corporate registration, ownership, and ultimate beneficial owners (UBO)
- Sanctions and watchlist screening (OFAC, EU, UN)
- Review of litigation history and compliance breaches
- Assessment of data protection and labor law compliance

B. Financial & Operational

- Review of audited financial statements (3 years)
- Evaluation of solvency, liquidity, and debt exposure
- Assessment of operational capacity and supply chain robustness
- Identification of hidden liabilities or related-party risks

C. Ethical & ESG

- Anti-bribery and corruption policy review
- Human rights and labor practice assessment
- Environmental performance (carbon, waste, water, biodiversity)
- Governance maturity (board composition, audit controls, transparency)

D. Cybersecurity & Data Integrity

- IT infrastructure risk audit
- Data privacy and cybersecurity maturity assessment
- Business continuity and disaster recovery plans

5. Risk Scoring & Categorization

Each stakeholder is rated based on due diligence outcomes:



Risk Level	Criteria	Action
Low	Full compliance, strong governance	Standard monitoring
Medium	Minor red flags, moderate exposure	Corrective actions + annual review
High	Major red flags (legal, ethical, financial)	Approval escalation, enhanced monitoring, or disengagement

6. Tools & Systems

- **Automated Screening Platform:** Integrate tools like **Dow Jones Risk & Compliance**, **LexisNexis**, or **Refinitiv World-Check**
- **Centralized Repository:** Secure database for due diligence reports and risk ratings
- **Workflow Automation:** Streamlined process for approvals and renewals

7. Training & Communication

- Mandatory **Due Diligence & Compliance Training** for procurement, legal, and finance teams
- Quarterly awareness sessions for business units
- E-learning modules for suppliers and partners

9. Monitoring & Reporting

- **Quarterly risk reports** to the Executive Committee
- **Annual assurance review** by Internal Audit



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- **Real-time dashboards** for risk tracking and red-flag alerts

10. Continuous Improvement

- Annual policy review based on new regulations and lessons learned
- Benchmarking against peer best practices and global standards
- Integration with ESG reporting frameworks (e.g., GRI, SASB, TCFD)

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