

Integrated Climate Change Strategy

Assessing & Managing Climate Related Risk Across
Business Operations

CORPORATE OFFICE:

Vakrangee Corporate House

Plot No. 93, Road No. 16, M.I.D.C., Marol, Andheri (East), Mumbai – 400093, Maharashtra

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1. Climate Change Strategy – Assessing & Managing Climate Related Risk

Vakrangee is the unique technology driven company focused on building India's largest network of last-mile retail outlets to deliver real-time BFSI, ATM, e-commerce and logistics services to the unserved rural, semi-urban and urban markets. The Assisted Digital Convenience stores are called as "Vakrangee Kendra" which acts as the "One stop shop" for availing various services and products.

Vakrangee's Business model is completely sustainable model focused on enabling Indians to benefit from financial, social and digital inclusion. Through our vast network of outlets, we are driving financial, digital and social inclusion in rural India. Our ultimate purpose is to ensure that every Indian has the opportunity to benefit from financial, digital and social inclusion and has access to the global marketplace.

Since we are a technology platform providing services in an environment friendly format at the last mile in rural remote locations, Therefore, our services are always sustainable in nature as we provide Paperless bio metric enabled banking and paperless ATM services. However, these areas of operation have been the basis of determining the material topics for our business.

We have integrated our Business strategy and mapped our sustainability initiatives with the United Nation's Sustainable Development Goals. The goals are a blueprint to achieve a better tomorrow. Our aim is to efficiently adopt these goals and address the global challenges, which includes poverty, financial inclusion, social inequality, climate, environmental degradation, economic growth & prosperity, and peace and justice.

Our commitment for sustainability is supported by a robust governance and risk management mechanism. Our governance bodies oversee the impact areas of our business operations and major global risks faced by all businesses, such as climate change risks. We have multiple roles and teams that are responsible for management of various aspect of sustainability in our operations.

1.1. Process: Climate-related risks—Company level

At a company level, the GHG reduction strategy committee which consists of Chief Technology officer, Chief Strategy officer and Chief Operation officer. The committee aims to Integrate environmental considerations into our business operations and take proactive steps and leverage technology & Innovation for energy conservation throughout our operations with an aim to lower our carbon footprint and save Carbon Emissions. Their role also includes Regularly discuss and identify the various Environment related Issues, Risk assessments, initiatives, monitor & measures those initiatives of the company from time to time. The GHG Reduction committee meets

monthly with our department heads to discuss emerging climate related risks and opportunities, Further meets at least quarterly to discuss changing risk conditions across all time horizons, drives an annual, materiality and environmental risk assessment with the respective stakeholders. The committee in coordination with the respective Business vertical head and stakeholders also conduct materiality exercise.

By the materiality exercise, we aim to identity both the ESG risks and opportunities we face as a business. As part of our existing ongoing engagement with our stakeholders, we undertook our materiality exercise in FY2020, where our stakeholders communicated the material topics in relevance to their relationship with us.

During the materiality assessment process, risks are evaluated for materiality based on a combined score from two indices of importance: importance to business success and importance to sustainability. Importance to sustainability includes a number of climate-related considerations, such as governmental regulations, environmental agreements, and sustainability-related investment decisions. A risk is considered to be material in part if it has a significant impact in any of these categories, and the magnitude of sustainability risks (including climate-related risks) are considered with equal weight as the risk's importance to business success. Risks are classified either as company-level, when evaluated during the materiality assessment process, or asset-level, when evaluated through the Business Continuity Program.

1.2. Process: Climate-related risks—Asset level

Assets Side Risks covered through Business continuity Plan: Vakrangee also utilizes a risk assessment process as part of our Business Continuity Program. The GHG reduction committee meets with respective Business Heads along with IT team to review the Business continuity plan on a quarterly basis.

The Business Continuity plan focuses on sustaining the organization during and after disruption. This policy ensures that the Our Business Continuity Management arrangements are developed and implemented in a safe, prioritized, and structured manner with the commitment of the senior management team. This policy refers to a coordinated strategy involving plan, procedures and technical measures that enable the recovery of process after disruption.

Environment related risks considered such as Natural Calamities on Business Operations - Our premise is situated at higher altitude in the Western coast of India which is low seismic and non-flooding zone. In case of major disaster, operation can be move to DR recovery site.

Fire accidents - Our premise is equipped with state-of-the-art integrated building management system which gives advance alert for any disaster like fire and any other disaster.

Catastrophic events - In the case of Catastrophic events such as:

- Floods
- Earthquakes
- Acts of terrorism
- Accidents or sabotage

All Our product and services are based through an online platform. We have an online disaster recovery for our Servers, and we are in process of setting up active-active DC-DR setup.

Detailed Business Continuity Policy –

<https://www.vakrangee.in/pdf/Policies-PDF/Business%20Continuity%20Policy%20v4.pdf>



1.3.Process - Climate Related Risk: Procurement & Supply Chain

Vakrangee considers climate related risks during procurement as well as dealing with all the vendors on the supply side. We carry our Risk assessment and ESG surveys periodically. Every supplier is made aware about our ESG framework and also needs to attend an engagement session as well as sign our supplier code of conduct which clearly mentions of environmental key aspects considered.

All our suppliers need to comply with necessary environmental sustainability standards defined in our policy and adopt best practices to reduce our environment footprint. We expect our suppliers to review these standards, ensure adherence and improve up on parameters on a regular basis to help contribute to the welfare of the society and environment. We have a robust Supply chain monitoring and compliance system in place. We reserve the right to ask the supplier to create full supply chain mapping back to origin to facilitate assessment of supply chain compliance. We reserve the right to audit any supplier's facilities periodically. Any results of such audits will be provided to the supplier with areas for improvement clearly identified.

As a process, we have dedicated contract managers who monitor all supplier contracts. Contract managers continuously assess and verify ESG parameters defined by the organization. We also implement in-depth monitoring of suppliers' social, ethical, and environmental practices, thus guaranteeing expertise, transparency, and independence of assessments. All procurements of the company have been identified and mapped in terms of risks as well as opportunities related to each purchasing category. The ensuring matrix distinguished three levels of stake: low, medium, and high.

This is related to the impact in terms of environment, social, product, service use, supply chain and business integrity. We conduct a document-based audit of suppliers on four pillars: environment, labour practices, fair business practices and supply chain management. After assessment, suppliers receive scorecards that detail their performance with respect to other suppliers, their areas of improvements and areas performing well. Suppliers are also encouraged to consider feedbacks to implement Corrective Action Plan (CAP) to improve their performance. We also perform on-site audits.

For effective supplier ESG performance monitoring and management, we ensure that the contract manager follows the below steps for robust Risk management:

Conduct regular random inspections of the supplied goods and/or services during the contract period to ensure that they meet ESG specification and are of a suitable standard and no workplace health and safety violations are being done

Check that all conditions and clauses in the contract are acted upon; the contract manager should be aware of any breaches of contract and be prepared to take action (after seeking legal advice) if any non-conformance on ESG parameters with the contract occurs. Advise the supplier in writing if dissatisfied with any aspect of ESG

performance under the contract Perform regular inspections of work to ensure ESG compliance with any applicable legislation, contract conditions, quality provisions; or workplace health and safety – depending on the nature of the procurement, its complexity and associated risks, this could be on a daily, weekly or monthly basis

1.4. Process - Climate Related Risk - Franchisee Partners

All franchisee partners are made aware through dedicated engagement and training session is organized to make them understand the ESG framework and company related policies on Environment sustainability. All franchisee partners thereafter sign a documented Code of conduct policy. On an on-going basis, we conduct physical store assessment surveys where we check if all the guidelines related to sustainability are followed or not. Also, whether they are following the waste disposal methods properly or not.

As a process, the entire Hardware kit for our franchisee outlets is procured centrally by the Vakrangee procurement team and ensures that all the products are in alignment with our Green procurement policies. Further, there is engagement and training session how to deal with wastage generated at the outlets. We also do engagement audits and surveys with sample number of outlets with both franchisees as well as customers on periodic basis to identify the key areas of improvements as well to understand the impact of key initiatives. We also check the adherence to our policies and guidelines.

We ensure that the Business Continuity Plan considers various climate-related risks. This includes working with our franchisees to ensure that their Kendras have mechanisms in place to climate-related risks. For example, we encourage our franchisees to build their Kendras in areas which will be least impacted in case of flood or water logging. Also, we have taken shop insurance for all our franchisees centrally to ensure that the services at the Kendras can be restored within minimum delay.

Based on survey feedback and observations, our GHG reduction committee does a quarterly meet to discuss the climate related risks identified as well as the potential opportunities identified. Accordingly, the plan of action is prepared in coordination with the respective stakeholder.

2. Risk Management: Robust Governance Structure

Our commitment for sustainability is supported by a robust governance mechanism. Our governance bodies oversee the impact areas of our business operations and major global risks faced by all businesses, such as climate change risks. We have multiple roles and teams that are responsible for management of various aspect of sustainability in our operations.

The table lists the governance bodies responsible for management and achievement of sustainable operations.

2.1.Board Oversight: Board-level Responsibility

1. Accountability starts with our Board, which provides governance and oversight over the strategy, operations, and management.
2. The Board actively and regularly reviews enterprise risk, which includes business continuity risk factors, among which are climate related factors.
3. The Board determines its own priorities and considers enterprise risk a key area for regular review on continuity, including climate-related risks, if identified as significant.
4. The Board oversees our senior management; to whom it has delegated authority to manage the day-to-day climate-related matters.
5. Within the company's most senior management group, there is a dedicated committee – The GHG Reduction Strategy Committee, which determines and monitors key environmental strategies.
6. Management briefs the Board or the Nominating and Governance Committee, as applicable, on climate / environment -related issues.

2.2.Chief Executive Officer (CEO)

1. To integrate sustainable development goals into Business strategy & Operations.
2. Assess and manage ESG-related risks and opportunities on regular periodic quarterly basis.
3. Sets and drive progress against company-wide objectives from a general business perspective, including through different business groups

2.3.Chief Operating Officer (COO)

1. Assess and manage Environment-related risks and opportunities on a Quarterly basis
2. To implement the Environment related Initiatives across Business operations at the Field level.
3. Along with Admin Team, Drive the operational progress needed to meet Resource efficiency targets, for example by supporting our facilities management teams to improve energy efficiency and ensure programs are appropriately resourced.
4. This two-pronged approach enables to make faster progress and articulate our journey consistently to employees and other stakeholders

2.4.GHG Reduction Strategy Committee

1. Regularly discuss and identify the various Environment related Issues, initiatives, monitor & measures those initiatives of the company from time to time.
2. The reporting and disclosure are done on an annual basis

3. Risk Management & Board ESG Committee

To ensure sustainable business growth, and promote a proactive approach in evaluating, resolving, and reporting risks associated with business, we have formulated a Risk Management Policy. Our policy adheres to Regulation 21 of SEBI LODR and RBI's guidelines on Risk Management in Banking Correspondence and White Label ATM (WLA) business. Risk management is active identification, analysis, evaluation, treatment, and documentation of risks that may pose a threat to our business.

Our Board of Directors periodically review and evaluate risk management system of the Company including the ESG risks which include climate related risks. The Dedicated Board ESG committee along with assistance of Board Risk Management Committee also reviews the adequacy of Management's approach in the identification and management of environmental risks and opportunities, including climate-related issues. Similarly, our Head of Department is responsible for implementing the risk management system, as applicable, and report to the Board and Audit Committee.

The Board ESG Committee will work with all the other Board Committees to assist the Board in fulfilling its responsibilities. The objective of the Committee is to consider the material environmental, social and governance issues relevant to the Company's business activities and support the Company in maintaining its position as a global leader in ESG performance.

Detailed Role & Responsibility of Board ESG committee & Risk Management committee is - https://www.vakrangee.in/board_committees.html

3.1.Role of the Board ESG Committee

- Understanding how Company's ability to create value is impacted by environmental, social and governance issues - monitoring external ESG trends and understanding associated risks and opportunities.
- Understanding the expectations of key stakeholders.
- Reviewing the performance and results of key ESG investor Initiatives / surveys and global benchmarks - Overseeing the implementation of key initiatives identified, or areas for improvement identified from ESG investor surveys and global benchmarks
- Considering emerging ESG issues including climate related issues to understand their materiality with regard to Company's long-term value creation
- Review and Evaluate the Overall Business strategy from an ESG impact perspective including climate related risks.
- To monitor and review if the Sustainable development goals are integrated into any new Business strategy or new business initiatives.
- Assist the NRC Committee to review the performance of senior management from an ESG deliverable perspective.
- To review the progress of key initiatives being implemented by the GHG Reduction strategy Committee.

4. ISO Third Party Audits & Certifications:

ISO Audit & Certifications ensure implementation of Best Practices & Robust Risk management framework. Vakrangee is certified with ISO 14001:2015 Environmental Management System to improve the environmental performance through more efficient use of resources and reduction of waste, gaining a competitive advantage and the trust of stakeholders. ISO 20400 is the world's first International Standard for sustainable procurement and Vakrangee is ISO 20400 certified company.

It helps us to:

- Meet the demands of customers and other stakeholders to assume responsibility for its supply chain
- Identify legal, financial and moral risks associated with sustainability in the supply chain
- Monitor and improve the sustainability performance of suppliers



4.1. ISO 14001:2015 Environmental Management System



SHAMKRIS®

CERTIFICATE OF REGISTRATION

SHAMKRIS GLOBAL certify that the

Environmental Management System of

VAKRANGEE LIMITED


**“Vakrangee Corporate House”, Plot No. 93, Road No. 16, M.I.D.C. Marol,
Andheri (East), Mumbai – 400 093**

Complies with requirements of ISO 14001:2015

Scope of Certificate

Delivering Banking, e-Governance, e-Commerce, Insurance and other strategic alliances and partner's services/products by creating franchisee network and monitoring the performance, impact of our outreach and roll-out initiative by insuring front-end service delivery points within the reach of each and every citizen with prompt, accurate, secure and reliable integrated services/products to end customers through online devices with strong management and field team till the block level end by being the last-mile link connecting India's rural and urban citizens with the modern ecosystem.


Certificate No. : EM 1177	Date of Last Issue : 12/03/2020
Date of Initial Registration: 12/03/2020	Date of Expiry : 11/03/2023



CAB-05

Surveillance Audit
1st Year: 12 / 2020 2nd Year: 12 / 2021

*The Certificate is Valid ONLY if
the annual surveillance
completed & updated on website*



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4.2. ISO 20400 International Standard for sustainable procurement



CERTIFICATE OF REGISTRATION

SHAMKRIS GLOBAL certify that the
Sustainable Procurement Management System of
VAKRANGEE LIMITED

"Vakrangee Corporate House", Plot No. 93, Road No. 16, M.I.D.C.
Marol, Andheri (East), Mumbai — 400 093

Complies with requirements of ISO 20400:2017

Scope of Certificate

Delivering Banking, e-Governance, e-Commerce, Insurance and other strategic alliances and partner's services/products by creating franchisee network and monitoring the performance, impact of our outreach and roll-out initiative by insuring front-end service delivery points within the reach of each and every citizen with prompt, accurate, secure and reliable integrated services/products to end customers through online devices with strong management and field team till the block level end by being the last-mile link connecting India's rural and urban citizens with the modern ecosystem and by its sustainable procurement activities, balance meeting its needs for products and services with minimizing environmental, social and economic impacts.

Certificate Number : SPM 1323

Date of Last Issue : 12/03/2020

Date of Initial Registration: 12/03/2020

Date of Expiry : 11/03/2023



Surveillance Audit

1st Year: 12/2020 2nd Year: 12/2021





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