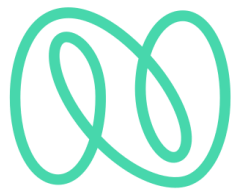


arabesque s-ray

Initial ESG Performance Assessment

A Document for:



nagarro

07.12.2020

Introduction

This Initial ESG Performance Assessment contextualizes Nagarro's existing information on sustainability along the non-financial thematic Environment, Social and Governance dimensions. The Initial ESG Performance Assessment acts as a summarization of Nagarro's sustainability policies, metrics and initiatives. Therefore, it provides an outside-in perspective and indicative assessment of Nagarro's sustainability performance.

Statement from the CEO

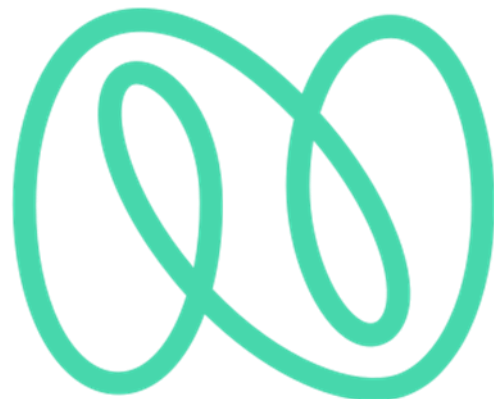
“

We believe ESG is naturally embedded in Nagarro's CARING core values and in our culture and in many of our social and environmental activities, yet we have not addressed the ESG topic formally before now. We would therefore like to especially thank Arabesque for their report, which is our first-ever external ESG evaluation. We will analyze and consider all their suggestions and are committed to continuing and expanding our ESG efforts.

”



Manas Fuloria
CEO and Co-Founder of Nagarro



Executive Summary




Nagarro, as a provider of IT & digital product engineering solutions and services, shows a strong sustainability performance. Moreover, Nagarro's provided documentation confirms that sustainability is a matter of high importance for Nagarro. This commitment to sustainability is also endorsed by Nagarro through the corporate CARING principles. As Nagarro is currently in the process of becoming an independent listed company through its spin-off from the Allgeier Group there are ongoing efforts towards improving the sustainability performance by formalizing and implementing policies and adhering to recognized standards. In order to represent Nagarro's current sustainability performance, Arabesque S-Ray has developed an indicative assessment in the traffic light figure below¹, the green color indicates the strong sustainability performance of Nagarro:

Sustainability Performance



- Nagarro shows a strong sustainability performance based on its commitments to sustainability which is engrained within its products, services and workforce and is enacted through several policies, projects and programs
- Nagarro is a leader amongst selected industry peers within the Social dimension through initiatives, policies, structures and projects on product quality & safety, employment quality, training and development, and numerous ventures that focus on positively engaging with local communities

Key Findings

	<p>Environment</p> <ul style="list-style-type: none"> • Strong performance and environmental commitment stemming its certified environmental management system, efforts on efficient resource use, emission reduction projects and several initiatives and programs that aim to deliver a positive environmental impact • Limited reporting on quantitative measures towards global resources use (e.g. renewable / non-renewable energy) and produced emissions, but committed to improve this
	<p>Social</p> <ul style="list-style-type: none"> • Strong performance through an exceptional commitment and engagement in an abundance of initiatives, policies, and certified management systems on product quality & safety, training and development, employment quality and community relations • Reasonable performance in relation to workforce diversity but a good engagement with projects to increase and promote this
	<p>Governance</p> <ul style="list-style-type: none"> • Strong performance that is based on well-defined policies, statements and structures on corporate governance, business ethics and transparency which are enacted by both management and the workforce • Adequate information on policies and trainings on anti-competitive business practices but require more formalized policies and trainings that are in alignment with international standards / policies

Key Suggestions

- **Reporting Framework:** Nagarro should consider to report on an established sustainability reporting framework, its topics and indicators
- **International Conventions:** Nagarro should subscribe to and implement international conventions / initiatives on sustainability to align with industry practices and solidify its commitments to sustainability
- **Sustainability Strategy:** Nagarro should focus its strategy and reporting capabilities on three topics in accordance to established sustainability reporting frameworks (i) Environmental impact of business operations (ii) Quality and safety of delivered products and services (iii) Workforce diversity and skill sets
- **Sustainability Resources:** Nagarro should further develop existing corporate responsibility capabilities and resources to actively implement and report on defined strategic sustainability goals

¹The traffic light serves as an indicative assessment of Nagarro's overall sustainability performance. The assessment reflects Nagarro's size, current developmental status and ability to show policies and outcomes on sustainability matters. It is founded on information that was provided by Nagarro and then compared to direct industry peers based on Arabesque S-Ray data. The indicative assessment is independent to Arabesque S-Ray's UN Global Compact or ESG Score. The different traffic light levels and approach are explained further in the Appendix section of this assessment.

Nagarro's Current Sustainability Performance

The purpose of this section is to contextualize and summarize Nagarro's existing information and initiatives along the non-financial thematic Environment, Social and Governance dimensions. In the subsequent dimensions, this assessment will address and focus on sustainability themes that are deemed financially material² for the Information and Technology Services Industry. Based on the conducted analysis the current sustainability performance of Nagarro was assessed.

On the Social and Governance dimensions, Nagarro enacts numerous corporate initiatives and is able to show a strong understanding of sustainability subject matter requirements as well as industry practices. These efforts are enacted through Nagarro's guiding CARING principles³. While Nagarro displays a strong sustainability performance on the Environment dimension, selected points for improvement have also been identified within this assessment. Such points of improvement are primarily associated towards formalizing and implementing environmental policies and standards. Moreover, as Nagarro becomes a publicly listed global, they should consider to further improve its public reporting capabilities by providing the detail required by established sustainability reporting frameworks, standards, and regulations. Nevertheless, Nagarro is committed to constructively improve and excel within ESG performance and reporting capabilities.

Environment (E)

Key Findings

Environment



- Strong performance through commitments and efforts to achieve an efficient and sustainable use of resources (e.g. water) within business processes and buildings
- ISO 14001 certified environmental management system – develops, implements/monitors environmental goals and engages in numerous projects to foster conservation and environmental stewardship
- Low resource use in business processes and engages in projects to reduce emissions (e.g. development of an electric vehicle fleet) but currently not reporting on energy composition (renewable and non-renewable) and emissions across global operations

Overall, Nagarro has committed itself to strong environmental performance. This can be seen through its certified environmental management system, efforts on efficient resource use, emission reduction projects, and an abundance of initiatives and programs that deliver a positive environmental impact.

Within the environment dimension, the sustainability theme of **Resource Use**⁴ (the efficient use of energy and other natural resources including land and materials) requires attention. As Nagarro is not directly involved in the manufacturing of products, its most used resources are electricity, energy and water for the operation of business systems and buildings. Regarding this, Nagarro shows commitments, efforts and policies to achieve a strong degree of efficiency and sustainable use of resources in the business processes.

² This is based on the SASB Materiality Map® and Arabesque S-Ray's dynamic materiality assessment.

³ Nagarro's guiding principles are defined by one word – CARING (Client-centric, Agile, Responsible, Intelligent, Non-hierarchical and Global). This denotes a humanistic, people-first way of thinking and nurturing, and a strong emphasis on ethics. CARING guides Nagarro globally, but Nagarro acts locally to affect change where it is most needed and relevant.

⁴ By these sustainability themes we are referring to 22 well-defined sustainability-related topics that are part of the Arabesque S-Ray feature taxonomy.

Regarding water use, Nagarro employs strict monitoring and installment of technologies and processes. Through these efforts, Nagarro has been able to recycle up to 56% of its consumed water in selected offices in India. This stringent commitment, supported by internal policies to monitor and manage water usage, should be noted as a positive differentiator compared to selected industry peers. Nevertheless, Nagarro's shortcoming should also be raised. These shortcomings come in relation to a lack of energy efficiency and renewable energy use targets. Thus, Nagarro needs to devote attention towards a specified recording, monitoring and reporting of its resource use across its global operations.

Another key sustainability theme in the environment dimension is **Emissions** (contribution of business activities to the emission of greenhouse gases and other air pollutants). Currently, Nagarro does not measure its Greenhouse Gas Emissions (GHG) which arise from its business operations. Given this, it is difficult to quantify and develop a direct comparison and analysis towards the business-related emissions. However, in spite of this limitation at present Nagarro commits to reduce its energy consumption and emissions with regards to its vehicle fleets and transportation efforts. Such initiatives are also being implemented by sustainability leaders within the Information and Technology Services Industry. These efforts come in the form of an increasing transition to more electric vehicle fleets. The transition sees a conversion of staff transportation vehicles from diesel to electric vehicles and thereby reduces the environmental impact of transportation used for its staff. Given this transition, electric vehicles now make up 22% of the Nagarro's vehicle fleet in India.

Lastly, Nagarro's performance on **Environmental Management and Stewardship** (mechanisms and policies employed to manage the overall environmental performance of the business and the impact of business activities on biodiversity and animal welfare) was analyzed. Overall, Nagarro shows a significant commitment to environmental management and facilitates over an ISO 14001 certified environmental management system. Thereby, Nagarro is managing its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

These efforts towards an environmental responsibility are also enacted through an abundance of projects. Four projects to address are (i) the tree planting initiatives "sociabble" in collaboration with Tree Nation, (ii) the funding of plantation drives to plant and maintain trees in Gurgaon, India (iii) the "GIVEUP to GIVE BACK" initiative, which is pledged to give up use of plastics and motivate employees to reduce habits that harm the environment, and lastly (iv) the re-construction of the Manpur village pond, a restoration program that saw the full restoration and development of a pond eco habitat. The commitments of Nagarro within this sustainability theme must be highlighted as being particularly noteworthy in comparison to peers within the Information and Technology Services Industry, as only a few other competitors engage in such projects.

Social (S)

Key Findings

Social



- Strong and in some cases excellent performance with regard to initiatives, policies and projects on product quality & safety, training and development, employment quality and community relations (level of community involvement and public trust)
- Certified systems for information security management (ISO 27001) and quality management (ISO 9001) with clear processes and efforts to monitor, audit and ensure high quality and safe products and services
- Reasonable performance on workforce diversity with 25% of the workforce being female and engages in projects to increase workforce representation and diversity

Nagarro shows strong performance on the Social dimension with regards to initiatives, policies and projects on product quality & safety, training and development and lastly community relations. Given that the companies within the Information and Technology Services Industry are reliant upon the skillset, capabilities and motivation of their workforce, the social dimension is especially significant.

In relation to **Diversity** (representation of and equal opportunity for women and minorities in the workforce and on the board), Nagarro is able to show a reasonable performance. Nagarro states within its Constitution, that there is to be no discrimination on the basis of ethnicity, gender, marital status, pregnancy status, religious belief, sexual orientation, transgender identity or expression, age, world view, medical condition, disability, union affiliation or military veteran status within business operations. Additionally, the relevance and importance of diversity is also enacted by Nagarro within the management board; thus, Nagarro adheres to an internal policy have at least one third women within management boards. However, currently only 25% of Nagarro's workforce is female, and in relation to management positions, only 19% of the workforce is female. Despite this, Nagarro is focused to ensure that there is absolutely no discrimination in terms of gender pay or work profiles and on average there is almost no pay gap between gender identities among employees⁵.

In terms of the age composition of its female workforce, 27% are under the age of 30, while 24% are between 30-40 years. This indicates a young workforce which provides Nagarro with an opportunity to grow fast. However, while there is room for improvement in relation to diversity, Nagarro performs well compared to selected industry peers. This performance is based on the fact that the majority of listed companies in the Information and Technology Services Industry fail to reach at least this level of diversity or are currently not disclosing on this aspect.

To overcome the current workforce disparities, Nagarro is committed to increase female employee representation by engaging in programs to ensure a representative and diverse workforce. One such program is the company's internal "glass window" program. The program invites female employees on a temporary, rotational basis to all formal and informal meetings at senior levels. These efforts focus on ensuring that female coworkers make up at least a third of the participants in every senior formal or informal meeting. The outcomes that are expected from this program are increased leadership training,

⁵The gender pay gap was calculated internally through Nagarro by taking the employee role genus, function and technology focus according to the employment type bands and sub-bands. From this the female to male salary ratio was calculated and compared.

confidence building, decision making, networking and deliver greater benefits to the company. Moreover, in line with the program, the size and composition of Nagarro's management group has been expanded.

Next to the focus on the gender composition of Nagarro's workforce the efforts and initiatives towards the employment and engagement on people with disabilities must be addressed. Therefore, Nagarro engages in numerous projects to include and integrate people with disabilities into the workforce. One such project is the TestingPro - CARING for Autism project. The project trains people with autism to become software testers and seeks to open their way to the job market. This project has seen the development and integration of exceptionally skilled and qualified individuals into Nagarro's workforce.

Upon comparing these initiatives to the efforts of industry peers, Nagarro is largely aligned with the broader trends and developments. Nevertheless, Nagarro could improve and increase its performance and efforts on diversity by defining and communicating a policy with clear-cut targets, by further focusing on diversity beyond gender and by continually tracking and reporting on the development of its workforce diversity.

As Nagarro develops and provides scalable, integrable, and secure online applications for business processes and services, attention must also be devoted to **Product Quality and Safety** (quality and safety of products and services and level of customer satisfaction). To assure product quality and safety, Nagarro implements numerous policies, updates, trainings and memos to ensure security standards and compliance. Moreover, these processes and systems are enacted through a certified ISO 27001 - Information Security Management system. This also means that Nagarro meets the requirements for establishing, implementing, maintaining, and continually improving an information security management system within the context of the organization. It also includes requirements for the assessment and treatment of information security risks tailored to the needs of the organization. In addition to this certification, Nagarro is a part of a member of Data Security Council of India (DSCI), a not-for-profit industry body on data protection, setup by the National Association of Software and Services Companies (NASSCOM), committed to make cyberspace safe, secure and trusted by establishing best practices, standards, and initiatives in cyber security and privacy. To further engrain a high level of privacy and security, Nagarro's Constitution includes statements on the reasonable precautions and protection of confidential information (e.g. client Intellectual Property) from unauthorized stakeholders. This involves clearly defined steps and precautions as to what must not be done and what IT security steps are to be taken such as the recurring checks of data depositories. Additionally, Nagarro's inbuilt mechanisms such Software Quality Assurance Group audit the products and activities of the projects across the organization to verify compliance with the organization's standards.

Regarding quality management, Nagarro operates in accordance with ISO 9001 certified Quality Management System (QMS). This certification specifies Nagarro's quality management system requirements, thereby allowing the firm to clearly demonstrate its ability to consistently provide products and services that meet customers' and applicable statutory and regulatory requirements. In addition to this, Nagarro's Capability Maturity Model Integration (CMMI) certificates are focused on a process improvement approach that provides organizations with the essential elements of effective processes. Next to these certifications, it must be mentioned that many of Nagarro's clients have been clients for over a decade, thereby symbolizing a strong focus on product quality and safety. In line with this, the customer satisfaction levels of Nagarro are recorded: for 2019 the results show that 96% of Nagarro's clients were satisfied with the conducted work.

Another important sustainability theme is **Employment Quality** (working conditions and employee satisfaction). Within this, Nagarro prides itself in offering an abundance of schemes that empower employees to work in excellent conditions. In accordance with this, the implementation of work-life balance is very important. To ensure this, Nagarro offers employees flexible working schemes, which includes parental leave and sabbaticals. In addition to this, Nagarro aims to support its employees through the provision of daycare services within its India offices. These nurseries focus on ensuring that mothers can return to their placement with ease. This service has been successful with 99% of female employees re-joining their position after their maternity leave. Next to these flexible work schemes Nagarro offers regular health check-ups for its workforce, insurance at reduced rates, and regular fitness programs. The impacts of these programs and initiatives are monitored and recorded through workforce satisfaction surveys. Within these reports Nagarro's efforts and programs are rewarded by high workforce satisfaction levels, with the overall happiness score being 4 out of 5 on January 2020.

In line with this focus on employment quality come labor and working conditions. Nagarro states within its Constitution that it is compliant across international labor standards and that it is compliant with labor laws and has a zero-tolerance policy on child labor, forced labor, minimum pay, maximum working hours, and sexual harassment. For this Nagarro also has an Internal Complaints Committee (ICC) to cover and report on any possible infringements discreetly so that they can then be reported, investigated and processed. Nagarro also requests that employees engage in online awareness programs on such matters. In addition to this, the employment quality and safety are also certified through an ISO 45001 certified occupational health and safety management system. These commitments and structures are also stated requirements within Nagarro's Supplier Code of Conduct.

In addition to strong measures for employment quality, Nagarro devotes substantial attention to workforce development. These efforts are situated under the **Training and Development** (opportunities and programs in place to enable and support learning for employees) sustainability theme. Nagarro, as a service-based company, relies on well trained, skilled employees. To promote this, Nagarro has been running an in-house initiative - "LevelUp!", via Nagarro university, which promotes skill building based on business needs. Nagarro University is an internal entity that develops and educates employees by continuously organizing programs and trainings for individual growth. Participation within these training is voluntary and driven by a recognition framework, thereby employees can work along learning plans to educate themselves and increased their skill set. Additionally, Nagarro conducts trainee programs to guarantee structured learning and facilitate a smooth introduction to new responsibilities and positions. Overall, Nagarro employees are able to access all learning and development activities and trainings with an unlimited number of hours per year. With this unlimited access to such trainings, Nagarro is able to situate itself among sustainability leaders within the Information and Technology Services Industry.

The last point to address in the social dimension is Nagarro's commitment and efforts in relation to **Community Relations** (level of community involvement and public trust). It is specifically this sustainability theme within which Nagarro is a distinct leader in the Information and Technology Services Industry. This is the outcome of an abundance of charitable initiatives and programs. Three particular projects are especially noteworthy, these are (i) the "Vision Zero" project on road safety within which Nagarro has assisted in the checking of roads, improvements of infrastructure, (ii) a program to improve 150 schools in rural areas in India, which include better access to water, sanitation, electricity and computers, and (iii) the "adoption" and support of a village in India to provide solar lights and a library. Given this emphasis on

community initiatives, it is clear that Nagarro is a deeply committed and pro-active stakeholder that seeks to contribute and integrate its expertise, resources and commitment in a variety of community related projects.

Governance (G)

Key Findings

Governance



- Strong performance that is based on well-defined policies, statements and structures that are enacted by both management and workforce on corporate governance, business ethics and transparency that comply with industry standards
- Coherent and defined policies committed to fair, transparent and law-abiding business processes that are transparent and managed through internal and external teams to ensure compliance and conduct audits
- Room for improvement in relation to further information on corporate governance, trainings on anti-competitive business practices and the endorsement of international conventions for business ethics

Overall, Nagarro is able to show strong performance within the Governance dimension. This is the outcome of well-defined policies, statement and structures that are enacted by both management and workforce.

In relation to **Corporate Governance** (procedures and mechanisms in place that ensure proper long-term control and management of the corporation), Nagarro is able to show good management structures. Nagarro seeks to act as a virtual global organization; given this, the organizational structure is designed for flexibility and agility. This global reach is also embodied in the fact that there are 16 different nationalities represented within Nagarro's senior management. This global organization is divided along three operational structures: General and Administration (e.g. Regional Accounting, Legal), Engineering (e.g. Business Units) and lastly, Sales and Marketing. This permits Nagarro to have the ability to grow and integrate acquisitions easily into the business.

Nagarro's management leadership consists of an executive board and a supervisory board. Thereby, Nagarro operates on a two-tier system within which the Executive Board is appointed and dismissed by the Supervisory Board. The Supervisory Board in turn is elected by the annual general meeting. Within this the management board represents the larger senior management team. The supervisory board consists of three members: two of the members hold substantial stakes in the company and the third member is not a shareholder. Currently, Nagarro offers a fixed and long-term share program as a remuneration program for its management team. A foundational long-term incentivization is also provided as some managers are either founders of Nagarro, or significant shareholders of the Allgeier Group.

In relation to **Business Ethics** (Fair business practices as it relates to issues like corruption, political contributions and anti-trust), Nagarro is committed to fair, transparent and law-abiding business processes. These commitments are stated within the Constitution, with commitments to fair business processes. Specifically, the Constitution contains a zero-tolerance stance on corruption or bribery and explicitly states a zero-tolerance policy for the selling or utilizing insider information to sell or purchase financial instruments. Moreover, Nagarro states within the Constitution that abiding to fair processes is always the overriding principle, and it specifies that it has zero-tolerance for unfair trade practices, undeclared conflicts of interest, discrimination, harassment and all other illegal behaviors. Nagarro also requires that all employees must

sign the “Zero tolerance to corruption” policy as part of the General policy booklet. To report any infringements or irregularities on this, Nagarro provides the opportunity to anonymously report any infringements directly to a whistleblower email address. Nevertheless, Nagarro provides limited training to employees on business ethics. The formalization of this could be matched with an endorsement to international conventions for business ethics e.g. the [United Nations Convention Against Corruption](#).

Within the last sustainability theme of the Governance dimension, **Transparency** (level of transparency and disclosure of critical information about the business), Nagarro employs several teams and engages in audits. Alongside using required financial auditors (to audit financial statements), Nagarro also appoints a local auditor in India to perform its internal audit and ensure no errors or frauds are committed. This focus on compliance and transparency is also extended by Nagarro by engaging in internal audits to monitor and ensure the adherence to in-house compliance benchmarks within the business processes. To do so, Nagarro employs an internal PROMISE (Professional Management of Information Services) team that conducts audits of Nagarro’s business processes, devices and data. In addition to this, Nagarro engages in Customer-centric Independent Risk Management – a mechanism to manage risks in various client projects at Nagarro. The team identifies primary areas of concern at an account level, areas of improvement at the organization level, and escalates high-risk projects to senior management if required. In addition to this, Nagarro follows the “4-eyes” or “Two-together” principle. Thereby, all client contracts involving the setting of prices or potentially giving rise to liabilities for Nagarro must be sent to the central legal team or entered into their designated management system. However, aside from the current audit and management efforts, Nagarro should also focus on establishing an in-house Corporate Sustainability Committee and focus on efforts to integrate an external auditing of future sustainability reports.

Current Reporting Capabilities in Relation to Existing Frameworks

Upon comparing Nagarro’s current existing information to the reporting indicators to established sustainability reporting frameworks (SFDR⁶, TCFD⁷ and SASB⁸) only a limited coverage can be established. The reporting topics in which Nagarro is lacking are those of a granular nature with requirements specific to reporting frameworks. Thereby, this current inability is not necessarily to be identified or singled out as a shortcoming, instead this can be accredited to the fact that Nagarro is currently not required to report on these components and has not compiled an independent sustainability report. However, the reporting on such components should be an area of focus going forward.

Despite this, Nagarro is currently able to provide information selected topics of the current draft of the Sustainability-related Disclosures in the Financial Services Sector (SFDR) sustainability reporting framework that is currently in consultation. Among these are climate and other environment-related indicators (e.g. water) and further social, employee, human rights, anti-corruption and anti-bribery matters. In addition to

⁶The Regulation on Sustainability-related Disclosures in the Financial Services Sector (“SFDR” or “Disclosure Regulation”) is regulatory framework currently in consultation and soon to be mandatory for the financial industry, where asset managers and others need to implement a due diligence policy with respect to the principal adverse impacts of investment decisions on the sustainability factors covered in the framework.

⁷The Task Force on Climate-related Financial Disclosures (TCFD) was asked to develop voluntary, consistent climate-related financial disclosures that would be useful to investors, lenders, and insurance underwriters in understanding material risks. The 32-member Task Force is global and is endorsed by various organizations, including large banks, insurance companies, asset managers, pension funds, large non-financial companies, accounting and consulting firms, and credit rating agencies.

⁸The Sustainability Accounting Standards Board (“SASB”) is an independent non-profit entity that has developed 77 codified standards providing a complete set of globally applicable industry-specific standards. These standards identify a minimum set of financially material sustainability topics and their associated metrics specific to the business models for a given industry.

this, Nagarro has expressed an interest to refer to, and guide its future reporting efforts along the global standard frameworks such as SFDR or UNGC.

In order to establish itself as a sustainability leader in the Information and Technology Services Industry Nagarro should focus its reporting and communication along three key strategic topics:

1. Environmental impact of business operations – reporting on resource use, greenhouse gas emissions, energy performance and the composition (renewable / non-renewable) of the energy used
2. Quality and safety of delivered products and services – cyber security measures, securities risks, incidents, protection of intellectual property and subsequent efforts to manage this
3. Workforce diversity and skill sets – structured information on age / gender and pay composition of the workforce across divisions and hierarchy levels and subsequent developments

Conclusion

This assessment provided an overview of Nagarro's sustainability performance along environmental, social, and governance dimensions. Moreover, it summarized the existing efforts, policies, initiatives and projects that are being implemented by Nagarro. Based on this, Nagarro shows a strong sustainability performance. This performance is the outcome of consistent efforts and focused work across the Environmental, Social, and Governance dimensions.

Nagarro is currently in the process of becoming a listed company as an outcome of the spin-off from the Allgeier Group. Alongside this spin-off, there are ongoing efforts towards improving and further developing sustainability initiatives and reporting capabilities. The development of these initiatives and capabilities would enable Nagarro to disclose the indicators and topics of established sustainability reporting frameworks. In order to achieve this, Arabesque S-Ray was able to derive four main suggestions for Nagarro:

1. **Reporting Framework**
 - Nagarro should align their internal assessment processes with the established sustainability reporting frameworks and subsequently report according indicators and topics
2. **International Conventions**
 - Nagarro should subscribe to and implement international conventions / initiatives on sustainability to align with industry practices and solidify the commitments to sustainability, such conventions / initiatives are for example the United Nations Global Compact
3. **Sustainability Strategy**
 - Nagarro should focus its strategy and reporting capabilities on three topics in accordance to established sustainability reporting frameworks: (i) Environmental impact of business operations (ii) Quality and safety of delivered products and services (iii) Workforce diversity and skill sets
4. **Sustainability Resources**
 - Nagarro should further develop existing corporate responsibility capabilities and resources (both on a structural and operational level) to actively implement and report on strategic sustainability goals

We would be delighted to discuss these matters and help Nagarro to make an informed decision. Please do not hesitate to come back to us with any questions or adaptations you would like to make.

Appendix

Methodological Approach

To reach these findings the following steps were implemented:

- Arabesque S-Ray delivered Nagarro a selection of material disclosure frameworks that are commonly integrated / reported on. Namely this provided an overview of three different frameworks: SASB, WEF and SFDR. The overviews included an explanation of their approach, an outline of their intended outcome, and a list of the advantages and disadvantages pertaining to each.
- Based on this, Nagarro aggregated and delivered existing documentation, information and data on current sustainability structures and performances (e.g. Environmental Management ISO 14001 Certificate).
- Arabesque S-Ray contextualized and summarized Nagarro's documentation, information and data towards the corresponding environmental, social, and governance factors. This involved the comparison of Nagarro's information in comparison to selected industry peers and their available data points on sustainability.
- The provided information was then analyzed and summarized in relation to relevant reporting frameworks, where few matches were found.
- From Nagarro's current reporting, Arabesque S-Ray identified areas to be addressed by Nagarro to comply with future sustainability requirements to increase and develop its sustainability reporting performance and capabilities.
- Based on the analyzed information, an indicative overall assessment of Nagarro's sustainability performance (in the form of a traffic light) was developed and subsequently allocated (green = strong sustainability performance). More information on the indicative assessment is provided below.

Indicative Sustainability Performance Assessment – Traffic Light Levels

The traffic light serves as an indicative assessment of Nagarro's overall sustainability performance. The assessment reflects Nagarro's size, current developmental status (given the current context of Nagarro becoming a publicly listed company and is developing / formalizing sustainability reporting structures) and ability to show policies and outcomes on sustainability matters. This indicative assessment is based on data provided by Nagarro comparing its information to direct industry peers based on the corresponding Arabesque S-Ray data. The different traffic light levels reflect the ability of Nagarro to match the preparations (e.g. policies) and outcomes (e.g. quantitative sustainability theme related metrics) that are part of Arabesque S-Ray's internal taxonomy, research themes and subsequent topics. A very weak sustainability performance indicates a very little match while an excellent sustainability performance indicates a very strong match of a company's ability meet and fulfil the preparations (e.g. policies) and outcomes (e.g. quantitative sustainability theme related metrics) that are part of Arabesque S-Ray's internal taxonomy, research themes and subsequent topics. The indicative assessment is independent to Arabesque S-Ray's UN Global Compact or ESG Score. Guidance towards the different traffic light levels is listed below:



About Arabesque S-Ray

Arabesque S-Ray GmbH is a global sustainability data provider that focuses on advisory and data solutions by combining big data and environmental, social and governance (ESG) metrics to assess the performance and sustainability of publicly listed companies worldwide.

With offices in Frankfurt, London, Boston, Tokyo and Singapore, S-Ray empowers investors, corporates and other stakeholders across the world to make more sustainable decisions. The firm's evolution is a story of partnership between leaders in finance, mathematics, and ESG research working together to accelerate the transition to widespread corporate sustainability.

At S-Ray, we recognize that technology and human experience must intersect to best collaborate with and serve our clients. With diverse industry and academic experience across the global S-Ray team, we are driven by a passion to deliver products and solutions for a more sustainable future.

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