

Vakrangee Ltd.

Data Processing India BOM:511431

ESG Risk Rating

7.1

Updated Dec 10, 2022

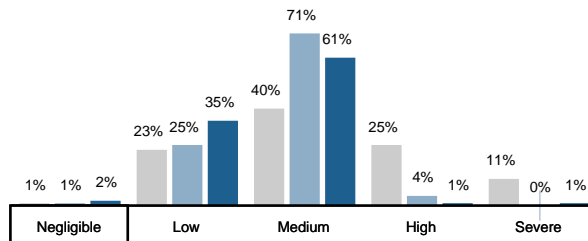
-0.4

Momentum

Negligible Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	36/15559	1st
Software & Services INDUSTRY	1/1074	1st
Data Processing SUBINDUSTRY	1/94	1st

Peers Table

Peers (Market cap \$0.3 - \$0.4bn)

Peers (Market cap \$0.3 - \$0.4bn)	Exposure	Management	ESG Risk Rating
1. Vakrangee Ltd.	31.6 Low	83.3 Strong	7.1 Negligible
2. PayPoint Plc	34.3 Low	36.6 Average	22.8 Medium
3. OptimizeRx Corp.	35.7 Medium	38.0 Average	23.2 Medium
4. Uzabase, Inc.	34.2 Low	28.7 Average	25.1 Medium
5. KGINICIS Co., Ltd.	32.6 Low	10.7 Weak	29.4 Medium

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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

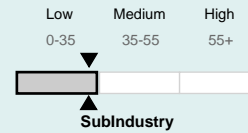
31.6

-0.1

Low

Momentum

Beta = 0.99



Vakrangee is exposed to human capital risks associated with shortages of talent with the required skillsets, relying on tech personnel, such as IT engineers, as well as staff to support its franchisees. A failure to attract and retain qualified personnel could impede its growth strategy, and lead to customer dissatisfaction and operational disruptions. Moreover, Vakrangee handles large volumes of sensitive data, including credit card information, presenting cybersecurity and data privacy risks. Data breaches could result in business disruptions, litigation and a loss of customer trust. The company is also exposed to risks of fraud, especially given its decentralized, franchise-based business model. In addition, its planned growth, such as its expansion target of 75,000 next-gen outlets, could lead to regulatory scrutiny over antitrust concerns.

The company's overall exposure is low and is similar to subindustry average. Human Capital, Data Privacy and Security and Business Ethics are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

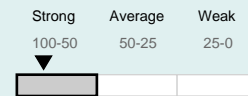
ESG Risk Management

83.3

+1.4

Strong

Momentum



Vakrangee has a board-level ESG committee, whose objective is to review material ESG issues that are relevant to its business activities. Vakrangee's employee benefits include stock options, healthcare services and health programmes, including programmes to help employees improve their diet and quit smoking. Despite its human capital development initiatives, its turnover rate for permanent employees was very high in FY2022, reaching 76.8%. In terms of cybersecurity management, Vakrangee's information security management system is certified to ISO 27001:2013, which is best practice. The company conducts privacy risk assessments on an annual basis and requires all employees to complete an information security and privacy awareness training programme annually. Vakrangee has received the anti-bribery management system certification ISO 37001.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure Score Category	ESG Risk Management Score Category	ESG Risk Rating Score Category	Contribution to ESG Risk Rating
Corporate Governance	9.0 High	63.3 Strong	3.3 Low	46.6%
Human Capital	8.0 High	80.0 Strong	1.9 Negligible	27.1%
Data Privacy and Security	7.6 Medium	100.0 Strong	1.5 Negligible	21.4%
Business Ethics	5.0 Medium	100.0 Strong	0.3 Negligible	3.5%
Product Governance	2.0 Low	95.0 Strong	0.1 Negligible	1.4%
Overall	31.6 Low	83.3 Strong	7.1 Negligible	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 Low (1)

Quality and Safety

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

None (13)

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Data Privacy and Security

Employees - Human Rights

Intellectual Property

Labour Relations

Lobbying and Public Policy

Marketing Practices

Sanctions

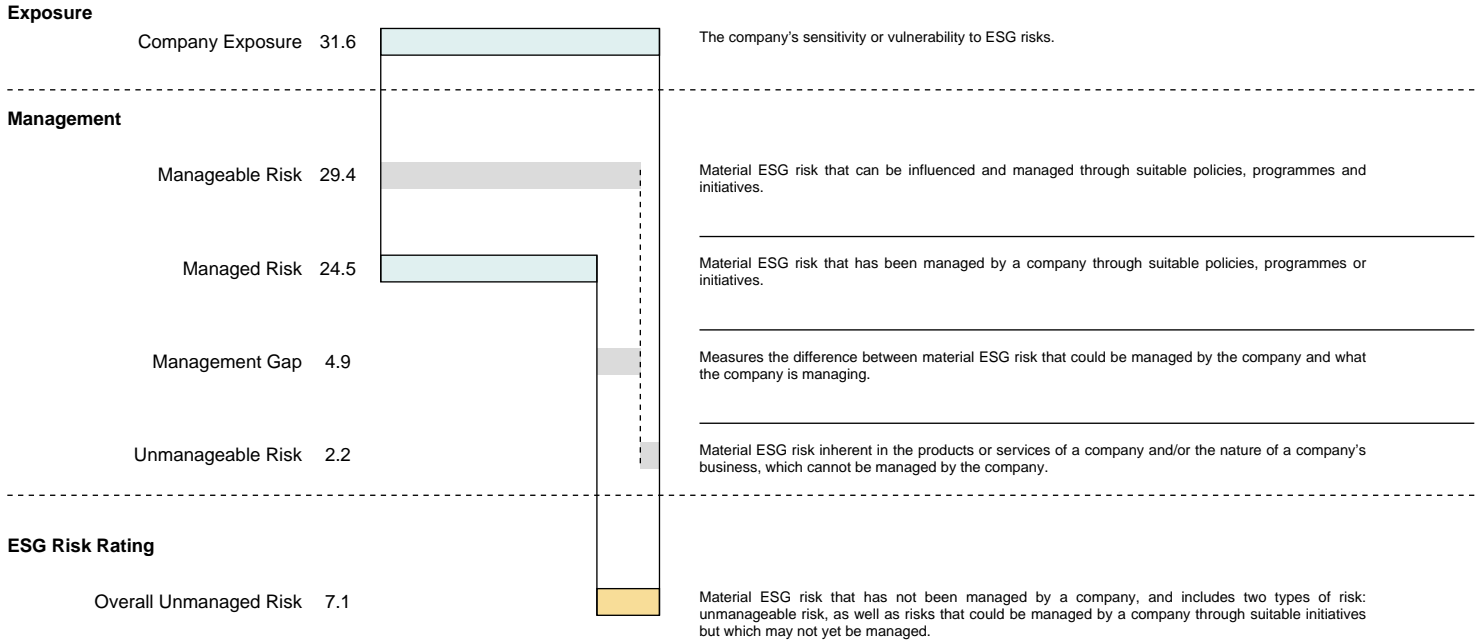
Society - Human Rights

Weapons

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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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