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Environmental, Social, and Governance Policy

The Policy is applicable to Fractal Analytics Limited and its subsidiaries in the jurisdictions in which the Company does business.

Document Name	Environmental, Social and Governance Policy
Release / Effective Date	December 11, 2023
Purpose and Abstract	This ESG Policy document presents the Environmental, Social & Governance (ESG) commitments and aspirations of Fractal. Fractal commits to initiating implementation of the ESG commitments across all offices and operations in a strategic and phase-wise manner. Fractal aspires to set ambitious targets and strive for continuous improvement in ESG performance for offices and operations where ESG implementation is at mature stages.
Location	Mumbai, India

About Fractal

Fractal Analytics Limited (hereinafter referred to as "Fractal") is one of the leading providers of artificial intelligence (AI) and analytics solutions. Fractal serves clients by combining advanced algorithms (AI), data-to-decision technology (Engineering) and behavioural sciences (Design). Fractal's major clientele comprises some of the world's most admired Fortune 500® companies.

Fractal has over 4400 people across 16 global locations.

Fractal has incubated, acquired, or invested in AI-led businesses such as Senseforth.ai (Conversational Intelligence), Crux Intelligence (AI Decision Engine), Asper.ai (Revenue Growth Management), Theremin.ai (AI driven equity investing), Eugenie.ai, Analytics Vidhya (Edtech Platform) and Neal Analytics.

Vision and Mission

Fractal's vision is to *power every human decision in the enterprise so the human mind can be free to imagine audacious possibilities that can transform human life across the planet.*

Fractal's mission is to *reshape business through science and advanced data tools and uncomplicate decision making, so human intelligence can be freed from the drudgery of monotonous work and committed to the pursuit of imagination and creative rewards.*

Fractal's core values are

1. Client First

2. Learn and Grow

3. Thing Big, Act Fast

4. Extend Extreme Trust and Be Accountable

Read more about our values at fractal.ai/our-values

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Purpose and Scope of the ESG Policy

This ESG Policy document presents the Environmental, Social & Governance (ESG) commitments and aspirations of Fractal.

- Fractal believes that a proactive, science-based, solution-oriented approach will help embed environmental stewardship in our operations and deliver on Fractal's commitment towards environmental responsibility to stakeholders. Fractal encourages resource conservation, resource use efficiency, increase in the use of green energy, and works towards minimizing waste and emissions in business operations. The company minimizes Greenhouse Gas (GHG) emissions and will align with India's Nationally Determined Commitments (NDC) as well as global call for corporate climate action recommended by the Science Based Targets initiative (SBTi).

- Fractal is an Equal Opportunity Employer. Fractal does not discriminate on the basis of race, gender identity, sexual orientation, religion, age, disability, socio economic or health status (including HIV). Fractal will continue to promote equality, diversity and inclusivity at the workplace and maintain fair labour practices.

- Fractal continues to encourage vendors and suppliers to uphold responsible business practices that focus on ethics, human rights, and compliance with labour and environmental standards. Fractal will encourage its suppliers to develop an ESG policy and to measure and monitor their ESG footprint. Fractal has provided a grievance redressal mechanism to engage with all stakeholders. Suppliers are expected to comply with the Supplier Code Of Conduct that contains Fractal's ESG expectations from Suppliers as well.

- Fractal is committed to intelligent, just, and consistent action to enable people, planet, and communities to thrive. Fractal also reflects on the SBTi, and We Mean Business Coalition portals as a result of its public commitment to environmental stewardship.

The ESG Policy is applicable to all the owned or operated premises of Fractal. Fractal commits to initiating implementation of the ESG commitments across all offices and operations in a strategic and phase-wise manner. Fractal aspires to set ambitious targets and strive for continuous improvement in ESG performance for offices and operations where ESG implementation is at mature stages.

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ESG Commitments

Fractal commits to incorporating ESG considerations across the business operations and in its business strategy to ensure management of risks and to add value for all stakeholders.

Fractal's ESG commitments have been developed based on extensive internal deliberations, workshops, external experts' input, and stakeholder driven materiality assessment exercise.

Materiality

Fractal conducted double materiality assessment to identify ESG aspects that are most important for Fractal and its stakeholders. The materiality assessment follows the approach prescribed by the Global Reporting Initiative (GRI) standards.

The focus areas thus identified are ...

Environment	Social	Governance
Net Zero Commitments	Human Rights	Strategic Risk Assessment
Water Conservation	Employee Health & Well-being	Innovation & Intellectual Capital
Waste Recycling	Fair Wages and Pay Equity	Data Privacy & Security
Sustainable Procurement and Supply Chain Management	Employee Diversity & Inclusion	Business Ethics
	Talent Attraction & Retention	Corporate Governance
	Grievance Management & Whistleblower Protection	Enabling Sustainability through our products and services
	Social Responsibility	

The above results of the double materiality assessment have been considered in framing Fractal's guiding and operational principles that support implementation of the ESG policy.

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Guiding Principles

This policy has been developed based on the following global and national guidelines:

- **Ten Principles of the United Nations Global Compact (UNGC)**[1]
  UNGC is a principle-based framework for businesses to adopt sustainable and socially responsible policies and to report on their implementation. UN Global Compact guides businesses to take a principles-based approach to the Sustainable Development Goals (SDGs) and helps integrate action on the SDGs deeply into core business practice.

- **National Guidelines on Responsible Business Conduct (NGRBC)** by ministry of Corporate Affairs, Government of India[2]
  The NGRBC is designed for companies that are invested or operating in India to guide the companies for adoption of responsible business practices in alignment with local and national standards and norms. The NGRBC informs the regulatory disclosure framework Business Responsibility and Sustainability Reporting (BRSR).

- **Core and Expanded Metrics** by World Economic Forum's International Business Council[3]
  The metrics provide guidance on the ways in which companies measure and demonstrate their performance against environmental, social and governance (ESG) indicators and track their positive contributions towards achieving the Sustainable Development Goals (SDGs) on a consistent basis.

Fractal commits to

1. Ensuring compliance with applicable environmental and social, legal requirements and standards of governance on a proactive basis.

2. Adopting Good International Industry Practices (GIIP) in alignment with global ESG standard reference frameworks that go beyond compliance.

3. Proactively engaging with stakeholders and ensuring timely redressal of grievances.

4. Establishing and maintaining systems, developing processes and procedures, and building capacity in the organization to achieve the policy objectives.

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[1] UN Global Compact, https://www.unglobalcompact.org/what-is-gc/mission/principles

[2] Latest version: 2015, https://www.mca.gov.in/Ministry/pdf/NationalGuildeline_15032019.pdf

[3] Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, published in September 2020. https://www.weforum.org/stakeholdercapitalism/about

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Operational Principles

Fractal's operational principles guide actions towards its commitments based on Fractal's ESG focus areas.

- **Net Zero Commitments**
  - Fractal is responding to corporate climate action by committing to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign.
  - Fractal is setting near- and long-term company-wide emission reductions targets in line with the recommendations by Science Based Targets initiative (SBTi).

- **Resource Conservation using the principles of Reducing, Reusing, and Recycling, and Reimagining**
  - Fractal is committed to proactively promoting and adopting practices to conserve energy, water, and natural resources, by practicing reuse and recycle.
  - Fractal aims to reuse all potable water for sanitation purpose.
  - Fractal is committed to 100% source segregation of waste and practicing upcycling of waste streams to the maximum extent.
  - Fractal will continue to seek assurance of its GHG emissions. Fractal has independent third-party certification of its Scope 1 and Scope 2 emissions for the last 4 fiscals in line with the AA1000AS standard – Moderate Assurance.

- **Employee Health & Wellbeing**
  - Fractal aims to provide a safe, non-discriminatory, inclusive, and healthy working environment for all employees. Fractal's commitment is also supported by external recognition and accolades by entities such as The Great Place To Work Institute, India.
  - Fractal is committed to caring for the mental, physical, and general well-being of Fractalites and their families, by incorporating wellness and sustainability into the workspace design, creating channels and a safe environment for people to communicate their concerns. Fractal's commitment is also supported by external recognition and accolades by entities such as the International WELL Building Institute. Fractal India workspaces incorporate intelligent and scientific air purification systems and measure and monitor air quality. These workspaces also incorporate ergonomics into workstation design. Fractal is committed to providing continued learning and mentorship by creating and curating technical, consulting, business, and life skills courses. This commitment has also found reflection in accolades such as Fast Company's 100 Best Workplaces for Innovators (USA, 2023).
  - Fractal aims to actively listen to employees' feedback and concerns with the help of fast, anonymous, and confidential communication channels to build a sense of fulfilment and holistic wellness amongst employees at Fractal. The

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Economic Times Future Ready Organization (2023), Fortune India - Employers Of The Future (2023) also recognize Fractal's commitment to attracting and retaining talent in a meaningful fashion.

- o Fractal is committed to extending counselling support to all employees across all geographies.

- o Fractal aims to inculcate a culture of regularly appreciating employees across all kinds of roles and responsibilities.

- **Diversity, Equity, and Inclusion**
  - o Fractal aims to promote equality, diversity and inclusion at workplace and maintain fair labour practices to ensure that all individuals are treated fairly and provided with an opportunity to excel in their career. Fractal's commitment is also supported by external recognition and accolades by entities such as The Great Place To Work Institute, India.

  - o Fractal aims to build a gender balanced workplace and enhance ethnic representation.

  - o Fractal is committed to incorporate equity in performance, evaluation, promotion and pay.

  - o Fractal is committed to encourage and sensitize employees to ensure all employees from diverse backgrounds and affiliations feel respected, valued, and safe to express themselves. Training and sensitization programs reinforce these commitments.

- **Social Responsibility**
  - o Fractal is committed to enhancing equitable educational outcomes for disadvantaged children, empowering women to be financially independent, improving quality & affordability of healthcare, and providing safe housing solutions.

  - o Fractal is committed to applying a multidisciplinary approach to understand the personal and social contexts of underlying behaviours that need to be influenced to achieve positive social impact for all stakeholders.

  - o Fractal aims for a collaborative approach to help solve complex behavioural problems in public health, financial empowerment and other issues involving human decisions by creating behavioural science solutions.

  - o Fractal is committed to fostering creative partnerships with the Government, non-profit organizations, and the local community to address social issues.

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- **Data Privacy & Security**
  - Fractal is committed to data privacy as an utmost priority to meet global standards and best practices through a best-in-class IT infrastructure that anticipates and caters to client requirements, business goals, and objectives. Data privacy is a top priority and Fractal incorporates legal and client expectations across the globe, including key data protection laws such as GDPR, CCPA, and others as needed.
  - Fractal aims to uphold data security standards as prescribed by the NIST Framework. Fractal has globally recognized compliance certifications including ISO 27001:2013, SOC 2 Type 2.
    - Fractal conducts regular organizational training on information security and best in class hygiene and good practices.
  - Fractal is committed to Responsible AI to support its clients globally in leveraging AI in an ethical manner and to be responsible towards people, planet, and communities.

- **Sustainable Procurement and Supply Chain Management**
  - Fractal is committed to actively assess ESG risks in our operations and supply chain and take steps to mitigate the risks or adapt to reduce impact.
  - Fractal aims to promote procurement spend on sustainable goods and services. The Fractal Corporate Social Responsibility team in particular measures and monitors its sustainable and diverse procurement annually.
  - Fractal is committed to supplier diversity and prioritizes procurement from micro, small, and medium enterprises (MSME), organizations led by women or vulnerable groups, organizations involved with conservation of local arts and heritage and organisations that offer goods and services that are manufactured by local suppliers.
  - Fractal aims to encourage suppliers to uphold responsible business practices that focus on ethics, human rights, and compliance with labour and environmental standards.

- **Business Ethics and Corporate Governance**
  - Fractal is committed to establishing systems for Anti-Bribery and Anti-Corruption and to conducting regular trainings on the subject.
  - Fractal is committed to providing a safe channel for whistleblowers to report any non-compliance or grievances to Fractal's management.
  - Fractal is committed to upholding integrity, transparency, and highest ethical standards through implementation of comprehensive governance structures, processes, and practices.

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- **ESG Data and Disclosure**
    - o Fractal will monitor implementation of the actions, collect data, and connect with stakeholders to assess the progress on actions taken and the impact or the outcomes.
    - o Fractal will communicate ESG disclosures and relevant information and share progress with all the internal and external stakeholders, on a regular basis, in alignment with globally accepted ESG reporting standards. The Fractal ESG Taskforce will continue to share regular reports to and seek guidance from the CSR and ESG committee of the Board of Directors.

Supporting Policies

Fractal's ESG Policy draws support from the policies as stated below.

1. Fractal Analytics Code of Conduct
2. POSH Policy
3. Corporate Social Responsibility (CSR) Policy
4. Diversity, Equity, and Inclusion (DEI) Policy
5. Health and Safety Policy
6. Sustainable Procurement and Supply Chain Policy
    a. Supplier Code of Conduct
7. Anti-Bribery Anti-Corruption Compliance Policy
8. Modern Slavery Statement
9. Whistleblower Policy and Vigil Mechanism
10. Corporate Information security policy and GDPR
11. Risk Management policy

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Policy Implementation

ESG Governance

Fractal will implement the ESG policy with the following mechanism

- Senior management steering committee review and development of systems and practices for actions, data management, and capacity building. This steering committee meets quarterly and is known as The Fractal ESG Taskforce (ESTA)

- Strategic Leadership through resource allocation and progress monitoring by the Corporate Social Responsibility (CSR) and Environmental Social & Governance (ESG) Committee

- Strategic Supervision by the Board of Directors

ESG Roadmap

Fractal aims to devise a strategic ESG roadmap to address priority focus areas, develop action plan with targets, monitoring mechanisms, and disclose ESG performance in alignment with global ESG standard reporting frameworks.

Approval, Review and Revisions

This ESG policy shall be formally adopted by the Fractal ESG committee and senior leadership.

This policy shall be applicable from December 11, 2023, and shall be read in conjunction with the other policies of Fractal, as may be applicable.

This policy shall be reviewed on annual basis and updated as required, to ensure its relevance, effectiveness, suitability to the relevant stakeholders. Fractal shall be committed to obtaining input from all relevant stakeholders for the continued development of this policy. Feedback received from stakeholders as well as any revisions in the policy shall be duly recorded.

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