

Nucleus Software

Modern Slavery Statement FY2021-22

1. Introduction

Nucleus Software Exports Limited (Nucleus) is a leading provider of lending and transaction banking products to the global financial services industry. As a pioneer in retail and corporate banking software since 1986, Nucleus combines expertise with a commitment to building lasting partnerships with our customers. Our software powers the operations of more than 200 Financial Institutions in over 50 countries, supporting retail, lending, corporate banking, cash management, mobile and internet banking, automotive finance, and other business areas.

Our five core values of Innovation, Collaboration, Respect, Integrity and Result Orientation form the foundation of our corporate philosophy and underpin everything we do – from the way staff work together to the way we develop products and partner with customers to ensure their success. They demonstrate our commitment to creating a strong corporate culture and long-term partnerships which deliver value to our customers.

At Nucleus we see our approach to tackling modern slavery risks as rooted in the same commitment to people and culture. The way we do business is important to us and we strive for continuous improvement in our counter-slavery response year-on-year, together with our suppliers and partners. This Statement sets out the systems and processes we have currently in place and the targets we are looking towards as we build upon our counter-slavery response into the future.

2. Nucleus Software: Our Corporate Structure, Operations and Supply Chain

This Modern Slavery Statement is submitted by Nucleus Software Exports Ltd (Nucleus), a company incorporated in India, as the only reporting entity under the United Kingdom *Modern Slavery Act 2015* (MSA) for our corporate group.

Nucleus is a publicly listed company on the National Stock Exchange of India Ltd and BSE Ltd since 1995. We are headquartered in Delhi but operate in various countries around the globe, directly and through our subsidiaries. In the United Kingdom, we operate through our branch office in London. Nucleus reported consolidated revenue in excess of GBP 36 million for the current reporting year.

Our annual report for the reporting year 2021-22 (i.e. period covering 1 April 2021 – 31 March 2022) can be accessed at <https://www.nucleussoftware.com/investors>.

We have a presence worldwide and our software powers the operations of more than 200 financial institutions in over 50 countries. In addition, we operate through the following subsidiaries, all of which we have a 100% shareholding in:

- Nucleus Software Solutions Pte. Ltd. (Singapore)
- Nucleus Software Inc. (USA)
- Nucleus Software Japan Kabushiki Kaisha (Japan)
- Nucleus Software Netherlands B.V. (Netherlands)
- Nucleus Software Ltd. (India)
- Nucleus Software Australia Pty. Ltd. (Australia)
- Nucleus Software South Africa (Pty) Ltd. (South Africa)

In addition to our London branch office, we have offices in Chennai, Pune, and Mumbai (India), and Dubai (United Arab Emirates). The Singapore subsidiary has a representative office in Jakarta (Indonesia) and Manila (Philippines). Through our subsidiaries and branch offices we provide front-end support to customers and explore new opportunities.

Being a company with international operations creates the necessity to recruit people from across the globe and globally Nucleus employs almost 2,000 workers, with a small proportion of those being employed as skilled contractors. We are a global organisation, but we maintain an emphasis on values and culture across all of our offices and regions. Our people are important to us and we have in place several unique strategies to build and maintain a relationship of trust with all our workers.

Considering our core business is financial technology services, most of our procurement is for operational services rather than products. This includes data and internet services, real estate, facilities management, security, and labour hire for housekeeping, among others. We do also procure products which are mostly operational, such as computers, phones, and office supplies.

3. Policies

Nucleus Software has a suite of policies and supporting procedures in place which govern relationships and articulate our values and culture. The policies most relevant for countering modern slavery risks are as follows:

- **Draft Anti-Slavery and Human Trafficking Policy:** The objective of this policy is to maintain the highest possible standards of business practice, and advise individuals of our 'zero-tolerance' approach to slavery. We plan to formally adopt this draft policy by FY22-23.
- **Draft Supplier Code of Conduct:** The Supplier Code of Conduct is to ensure that the values of Nucleus are being followed by suppliers and all their personnel. The matters covered include human rights, child and forced labor, equal opportunities, wages and hours. We plan to roll out the Code of Conduct to all direct suppliers by FY22-23.
- **Code of Conduct for Employees:** This Policy sets our expectations for ethical behavior of our staff.
- **Grievance Policy:** This policy encourages employees to air grievances in a formal manner, and outlines our procedures for lodging grievances and identifying the course of action for a resolution.
- **Prevention of Sexual Harassment Policy:** The objective of this policy is to create and maintain a safe work environment free from sexual harassment, exploitation,

intimidation and discrimination for all employees.

- **Whistle Blower Policy:** This policy is to enable our employees, customers, vendors and business associates to raise their concerns at an early stage and in the right way, without fear or victimization, subsequent discrimination, or disadvantage, and to identify and remediate any malpractices, misuse of company properties, mismanagement or wrongful conduct in the company.
- **Recruitment and Background Screening Policies:** We have built into our recruitment processes certain protections against activities that indicate modern slavery practices, such as prohibitions against charging of recruitment fees, and the like.

Nucleus follows a centralised approach as far as organisational policies and procedures are concerned. This means that our policies apply across all of the geographic locations in which we operate, subject to any specific legal requirements in each country in which we operate. Our policies are developed to ensure the protection of our employees and underpin the strong ethical expectations we have of Nucleites and the partners we work with. We also rely on our policies and processes to establish and ensure awareness of reporting channels that would allow employees and partners to report and escalate concerns, including those pertaining to human rights and modern slavery.

Our policy suite is complemented by additional initiatives that are aimed at fostering an open and inclusive culture. One example of such initiatives is our online platform through which Nucleites can ask management any questions. These can be submitted anonymously. We also have in place anti-slavery contractual clauses, which are built into our Service Agreements and impose obligations on our partners to take action to assess and address any instances of modern slavery, expressly prohibit such practices and empower Nucleus to require our suppliers to respond to assessment questionnaires.

We will deepen our human rights controls by implementing our Anti-Slavery and Human Trafficking Policy and through our targets laid out in this Statement. Over time we will be looking to make further enhancements to our policies in relation to addressing and eradicating risks of modern slavery. This will include investigations into how our grievance systems might be built upon to leverage accessibility and secure worker anonymity.

4. Our Due Diligence Processes

The ultimate responsibility for Nucleus' governance sits with our Board of Directors. The structure of our Board is unique in that we have in place several sub-committees that have responsibilities aligned to social performance of our organisation. These include our Stakeholder Relationship Committee, Corporate Social Responsibility Committee and Culture Committee. We will be looking to leverage this structure to support our counter-slavery response through effective Board oversight.

Our Board and its sub-committees are actively engaged on and responsive to emerging issues, including modern slavery and COVID-19, and our Board has signalled our commitment to strong counter-slavery action. We have a strong set of values which underpin our vision to increase financial access for combatting poverty and improving livelihoods. Inclusive growth and long-term development are important pillars of Nucleus' responsible corporate

citizenship, and they are the driving force behind many of our efforts. The inclusive and value-driven culture embraced by the Board for Nucleus is also guided by our executive management team. To ensure that all of our employees experience a feeling of belonging, we foster an open and inclusive atmosphere and ensure all employees are able to raise concerns and grievances to managers.

In line with our commitment to strong counter-slavery action, we are taking steps to further embed counter-modern slavery responses within our governance and procedures. This includes setting the issue as an agenda item for briefing to the entire Board before the end of every financial year, with an update on actions taken to date and priorities for the next year. We plan to formalise our internal counter-modern slavery working group, to manage the development and implementation of our modern slavery response framework over time. Our commitment and counter-slavery actions will be communicated to managers and staff to ensure awareness of the issue and the required responses across the company.

5. Risk Assessment and Management

Nucleus has researched and considered inherent slavery risks in our operations, supply chain, and the industry we work in. This was based upon the potential to cause, contribute to, or be directly linked to modern slavery through our operations and supply chains, in line with the UN Guiding Principles on Business and Human Rights.

We recognize that modern slavery risk exists in the technology and financial services sectors. Much like all service providers, our business uses technology products and hardware like computers, laptops, phones, data centers, and other technology equipment which can hold upstream supply chain risk such as rare earth materials from high-risk geographies. We expect that most of this risk resides beyond our direct operations and tier-1 suppliers. Our research has also identified that operational support activities are areas of risk for organizations like Nucleus, including cleaning, facilities management, waste disposal, and security services. While the majority of our workforce is directly employed or high-skilled contractors, we do outsource facilities services like cleaning and security via labor hire organizations.

While we acknowledge that all organisations have modern slavery risk in their onshore operations, our early research suggests that Nucleus' operational risks (even in higher-risk countries) are mitigated by several factors. These include our business model which relies upon a highly skilled workforce providing technology and financial services. Additionally, we have a strong company culture focused on five core values which emphasise respect for all our staff. We also foster long, trusting, and transparent relationships with our staff and have a suite of policies and procedures which provide protection to workers against the kinds of exploitation inherent in modern slavery.

Nucleus operates across a range of regions with different modern slavery risk and our upstream supply chain is likely broad. Of the regions in which we operate, the Walk Free Foundation's Global Slavery Index 2018 identifies Africa as the region of highest risk, followed by Asia and the Pacific, Europe, and then Central Asia. These broad regional risk categories are a start, but Nucleus will conduct a more granular supply chain risk assessment soon. We have incorporated modern slavery due diligence clauses in our services agreements with suppliers and are in the process of implementing a Supplier Code of Conduct which explicitly

covers human rights and modern slavery clauses. We will expand our engagement with suppliers to cover modern slavery as well as collect more data to enable us to assess the risk of modern slavery in our supply chain.

Nucleus acknowledges that these risk factors are likely to have been worsened by the current global COVID-19 pandemic, which is increasing worker vulnerability in many parts of the world, including countries where we hire manpower on a contractual basis or where some of the products we use ultimately originate from. This fact emphasises the importance of greater supply chain transparency and risk-reduction initiatives to ensure Nucleus is helping to limit the pandemic's detrimental effects on workers.

We have identified the following risk factors as the most relevant for consideration and additional examination in the future, based on our high-level review of inherent risks within our industry, operations, and supply chain: **Industry risks in labor hire**, and **geographic risk beyond our direct operations**. Nucleus will enhance our awareness of risks within our operations and supply chain as we progress with our counter-slavery response and adapt accordingly to best mitigate modern slavery risks. The following sections detail how we are increasing our awareness of these risks and developing and implementing a strategic counter-modern slavery response.

Key Performance Indicators to Measure Effectiveness of Our Actions

Nucleus is using an iterative approach to assess the effectiveness of our actions that will mature and progress over time. Our method is to measure where we are, target where we want to be, implement actions to get there, and then evaluate how well we met our targets before repeating this process. This iterative cycle is depicted in Figure 1 to the left.

It is important to note that Nucleus Software will not measure the effectiveness of our actions by the absence of detected slavery or slavery risk, as this could unintentionally engender a culture of avoidance. Instead, our assessments of effectiveness will focus on quantifiable actions and progression beyond a baseline.

As a first step, we have conducted an assessment of our readiness to report under the MSA, the findings of which informed this Statement. We have concurrently conducted a benchmarking assessment to identify best practice counter-modern slavery actions being undertaken by our industry peers. Based on these we have set targets and KPIs for improving our counter-modern slavery performance and will be reporting on our progress and effectiveness in future statements. Our counter-modern slavery efforts will be focused on the following target areas:

- Supply chain transparency
- Supply chain risk assessment
- Supplier engagement
- Industry engagement



Figure 3: Approach to assessing effectiveness of actions

- Slavery risk management
- Staff training
- Formalizing Board oversight
- Modern slavery working group
- Review of effectiveness of actions

Training on Modern Slavery and Human Trafficking

As a first step, Nucleus will develop modern slavery training and work towards rolling it out to current and future staff as part of their induction processes. The training will focus on a general understanding of the issue globally and where we operate and help to identify modern slavery risks and issues within our operations and supply chain. The training will also guide staff on how best to respond if an issue arises or they identify a possible risk. We will draw upon external standards and resources when developing our training, such as the United Nations Global Compact and the Walk Free Foundation. Our strong culture of a safe workplace will be an advantage when developing and implementing modern slavery training.

We are also considering the longer-term design and development of more specific modern slavery training for key functions within the business, such as our procurement staff, as they are essential in our counter-slavery response.

Approval

This statement was approved by the Board of Directors of Nucleus Software, the principal governing body of the reporting entity, on 23-June-2022.

Mr. Parag Bhise

Chief Executive Officer

23-June-2022