



ESG ANALYSIS ON 100 LISTED COMPANIES

INDIA INC's READINESS FOR REGULATORY PUSH



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ACKNOWLEDGEMENTS

At the outset, Stakeholders Empowerment Services (SES) would like to thank NSE for providing this opportunity and a platform to present report of SES on a contemporary and extremely relevant issue. From all corners, be it investors, government, regulators or even stakeholders, there is pressure on companies to not only disclose but also improve their performance. Securities market regulator has taken a lead and has prescribed a comprehensive and detailed disclosure regime through Business Responsibility and Sustainability Report (BRSR), which is yet to come into effect. As a result, the Report is appropriately titled as “ESG Analysis of 100 Listed Companies – India Inc’s readiness for Regulatory Push”. Undoubtedly, this endeavour would not have been possible without the initiative taken by NSE and its guidance & support provided to the SES team on a continual basis. The purpose of this Report is to provide a brief summary of ESG footprints of selected NSE listed companies, evaluated by SES through its proprietary model (“**Model**”).

The Report is result of collective effort of NSE and SES. NSE provided financial support, guidance and logistics; and evaluation is done using the Model developed by SES. The Report (including data capturing, analysis, findings and report writing) was solely done by SES team, without any involvement of NSE.

I express my sincere gratitude to all team members from NSE and SES for this Report, and in particular following team members for their untiring efforts in compiling and analysing voluminous data and developing the Report in its present form.

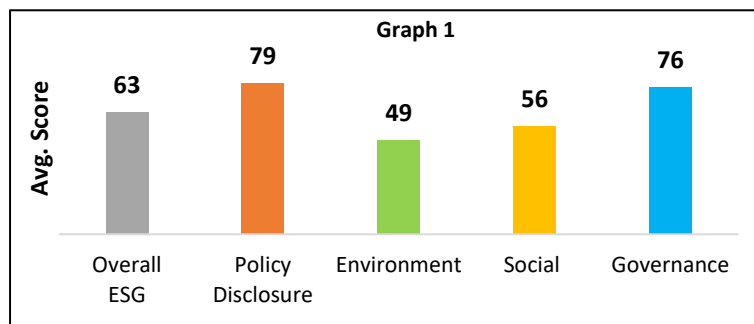
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EXECUTIVE SUMMARY

SES carried out its first study of 50 companies on behalf of NSE on ESG practice (published in 2020 – based on data of FY 2018-19) This is a sequel to that study, and the findings of this study cannot be compared with the previous one as it will amount to comparing two incomparable. As in this study sample size is 100 companies (double of previous study) and model for evaluation has undergone substantial changes incorporating SEBI BRSR guidelines to limited extent, changes in various reporting standards as also SES own experience. Sample was chosen based on broad criteria specified by NSE to make sample representative and avoiding concentration of a single industry. SES has taken companies from 16 Industries. For this study SES used ~1400 parameters per company i.e. almost 1.4 lacs parameters. Additionally, 20 companies from IT and Finance Sector (Banks / NBFCs / Insurance) were also analysed separately.

Although, findings are not strictly comparable with previous study, yet wherever possible previous years scores have been used as reference point.

Key Highlights from the Study:



The Graph 1 depicts Average score (out of 100) of sample companies overall as also across 4 evaluation parameters Policy, Environment, Social & Governance factors.

Among the four evaluation parameters, companies have largely scored better on Policy disclosures

followed by Governance factor compared to Environment & Social factors. Which is result of regulatory push in governance and disclosures on policies through BRR. Governance reforms have been a work in progress for last two decades, transformed into laws by various regulatory agencies resulting in better compliance and better score. Similarly, BRR has mandated disclosure of various policies and hence Companies have scored higher on Policy disclosure parameters, whereas on E & S evaluation factors regulatory policies are few resulting in poor score in comparison to G & Policy

TABLE 1: SCORING PATTERN ACROSS DIFFERENT FACTORS

Parameter	MIN.		AVG.		MED.		MAX.	
	2019	2021	2019	2021	2019	2021	2019	2021
Overall ESG	62	↓ 51	71	↓ 63	72	↓ 63	80	↓ 73
Policy Disclosures	48	↓ 17	85	↓ 79	88	↓ 83	98	↓ 97
Environment	44	↓ 31	70	↓ 49	70	↓ 49	88	↓ 77
Social	49	↓ 36	63	↓ 56	64	↓ 57	83	↓ 71
Governance	61	↑ 63	75	↑ 76	75	↑ 76	84	84

Note: significant changes have taken place in evaluation model from 2019 to 2021 to reflect increased awareness, focus and regulatory dictate relating to Environment & Social. Lower score in 2021 compared to 2019 does not necessarily mean deterioration in performance.

POLICY DISCLOSURES

All sample companies had policies regarding Employees, Stakeholder, Environment and Corporate Social Responsibility. Very few companies had framed policy on Public Advocacy, may be owing to

the fact that in India advocacy is seen in bad light hence if at all done, is done in a non-transparent manner. 3 companies scored less than 20 on policy disclosure, this is due to inadequate disclosures falling short of requirement in BR Report.

A major change is in offing as BRSR will be applicable to the top 1000 listed entities (by market capitalization), for reporting on a voluntary basis for FY 2021-22 and on a mandatory basis from FY 2022-23. In sample of 100 companies, 5 Companies have voluntarily prepared and disclosed BRSR for FY 2020-21 showing leadership over rest 95 who have disclosed BRR only.

Out of sample 100 companies, 74 companies provided references to Global Reporting Initiatives (“GRI”) and 61 companies provided references to International Integrated Reporting Council – IR Framework in Sustainability Reports (*Note: Few companies in their Integrated Report have also mentioned references to GRI Standards*). Further, 86 Companies mentioned references **SDGs** and 26 companies have provided referenced and are supporter of **TCFD**.

ENVIRONMENT

Within the sample companies, lowest score of 31 was observed on E factor, which was almost 40% of the top score of 77. The average sample score was 49. There was a wide gap between the top and bottom scoring companies. On one hand wide divergence is reflective of lack of mandatory provisions governing E factor, on the other hand while it reflects a sense of concern in few companies to E factor as reflected in high E score on voluntary basis, as against lack of concern by majority of the companies.

- Wide divergence in scores was also observed with sample companies within the same industry, indicating that although companies are operating within same industry yet there is asymmetry in appreciation and concern for environmentally sustainable practices and disclosure on the same.
- 98 companies in the sample have disclosed having an environment policy.
- Surprisingly on 3 key environmental parameters; energy consumption, renewable energy and water consumption, some Sample companies have got a score of zero. This is due to lack of initiatives or lack of disclosures of initiatives (if any taken by the Company)
- In sample companies, 84 companies disclosed existence of Environment Management Systems. 16 companies have not provided information in this regard.
- **Energy Consumption:** It was observed that 6 industries out of 10 Industries group observed increase in terms of energy consumption, however in terms of Energy intensity it was only 1 industry out of 10 industries for FY 2020-21, reporting increase.
- Only 63 companies have made disclosures on energy consumption & only 43 companies disclosed data on energy intensity for FY 2020-21.
- **Renewable Energy:** 48 companies in the sample have not provided adequate disclosures on renewable energy consumption. Further, only 33 companies in the sample have made disclosures on renewable energy share (%) in total energy consumption for FY 2020-21 (Previous Year – 30 Companies).
- Out of sample companies during FY 2020-21, 19 companies % renewable Energy Share increased for FY 2020-21 compared to 20 Companies for FY 2019-20.
- **Air Emission:** Out of sample 100 companies, 67 companies had made disclosures on absolute GHG emissions for FY 2020-21, however, only 42 companies have made disclosures on GHG intensity. Only 55 companies have made disclosures or provided information on other air emissions.

- On average, GHG emissions increased by 3.2% for FY 2020-21 compared to increase of 8.5% for FY 2019-20.
- On average, GHG emissions intensity decreased by 4% for FY 2020-21 compared to decrease of 2.9% for FY 2019-20.
- **Water Consumption:** While 61 companies disclosed information on water consumption for FY 2020-2, only 32 companies disclosed information on water intensity.
- On average, Water Consumption decreased by 6.4% for FY 2020-21 compared to decrease of 2% for FY 2019-20.
- On average, Water Consumption intensity decreased by 6.5% for FY 2020-21 compared to increase of 0.6% for FY 2019-20.
- **Waste Management:** Only 45 companies have made disclosures on data relating to hazardous waste data & 39 Companies have made disclosures on data relating to non-hazardous waste data for FY 2020-21.
- **Effluents:** 28 companies have made disclosures on data relating to Effluents.

SOCIAL

Within the sample companies, lowest score of 36 was observed on S factor, which was almost 50% of the top score of 71. The average sample score was 56. There was a wide gap between the top and bottom scoring companies.

With gap between low and high being 35, indicating the best score was more than 100% higher score compared to worst. Both low and mean score indicate tremendous potential to catch up by many Indian companies with Indian leaders.

- **Workforce:** Metal industry has the highest number of Permanent employees both aggregate and in terms of average employees per company. This is followed by Pharma and Automobile.
- Healthcare Services industry (included in 'Others' Industry category) has highest % of women employees i.e. 40.82% as at end of FY 2020-21. This is followed by Consumer Services (35.19%) and Telecom industry (21.10%) (included in 'Others' Industry category).
- 27 companies have women employees more than 10% of total permanent workforce, 4 companies had women employees less than 1% of total permanent workforce and 6 companies did not disclose the data.
- % of Women Employees in the sample increased by 5.75%, i.e. from 5.95% in FY 2019-20 to 6.29% in FY 2020-21. In absolute numbers, there was an increase of 2.90%.
- 7 companies have not disclosed absolute number of employees with disabilities.
- 27 companies do not have any permanent employee with disabilities.
- For FY 2020-21, 34 companies reported having attrition rate of less than 10%. Out of which, 7 companies reported 3-5% and 5 company reported 2% attrition rate.
- 68 companies adequately disclosed percentage of employees who were given training on skill upgradations for FY 2020-21.
- 78 companies which disclosed absolute numbers of complaints relating to Human Rights (under BR Report P5-Q2), 72 companies have reported zero complaints.

- **Health & Safety:** 37 companies did not provide information on number of fatalities for FY 2020-21 (Previous FY - 42).
- Out of 63 companies which have disclosed data, 39 reported ZERO fatalities during FY 2020-21. (Previous FY – 32 companies reported ZERO fatalities)
- Total 158 complaints relating to sexual harassment were reported by the sample companies during FY 2020-21 (Previous FY - 240).
- During FY 2020-21, 53 companies out of sample companies did not have any sexual harassment related complaints (Previous FY - 48)
- **CSR & Community Engagement:** The total CSR spend in the sample companies marginally increased by 1.66% during FY 2020-21, as compared with FY 2019-20.

GOVERNANCE

Average score of Governance factors, across the sample companies was 76, with a high of 84 and low of 63. Median score was 76. High governance scoring companies are the one's which apart from mandatory requirement have also aspired to meet non-mandatory good governance practices having taken a leap beyond tick box approach and mere legal compliance, venturing into policies that protect and defend interest of stakeholders.

- **Independent Directors:** Within the sample companies, there were 533 Independent Directors in total (on an average 5.3 IDs per company) and 100 of them were associated with the Company or group companies for more than 10 Years.
- **ED Chairperson:** Board Chairperson of 43 companies were Executive Directors (ED).
- In 72 companies, Promoters held position of the chairperson, out of which 34 are Eds.
- **Women Director:** 2 companies did not have women IDs, 19 companies within the sample had more than 2 Women Directors.
- **Age of Directors:** 37 companies have at least one NED with age >75 years, while 11 companies have at least one ED with age > 70 years.
- **Board attendance:** 26 companies in the sample has 100% attendance of all directors during FY 2020-21 in Board meetings.
- 9 companies (4 are PSUs Companies) in the sample had conducted more than 10 Board meetings during FY 2020-21.
- **Board Committees:** Except 1 Company, all the companies complied with SEBI LODR provisions on composition of committees.
- 73 companies wherein more than 4 AC meetings were held. This was next followed by 24 companies in case of NRC meetings.
- **Remuneration:** For FY 2020-21, EDs shared ~90% of the total Board remuneration and the remaining ~10% is shared between NED-NIDs and IDs during FY 2019-20. During FY 2020-21, ED remuneration has decreased marginally from 90% to 89%.
- 77 company's remuneration of EDs consisted less than 50% variable performance-based payment, including 32 companies with no performance payments.
- 95% of NEDs (P & NP) drew remuneration less than ₹ 25 lacs during FY 2020-21.

- 10 IDs (2%) received total remuneration of more than Rs. 1.5 crore and 73 IDs (11%) received total remuneration between Rs. 50 lakhs to Rs. 1 crore.
- **Statutory Auditors:** No case was found in the sample companies wherein Statutory Auditors were removed or resigned before the expiry of the term.
- **Pledge:** 30 companies in the sample have shares encumbered or pledged by the promoters of the Company. The pledged shareholding is valued at Rs. 3,27,811 crores as at 31st December, 2021 i.e. ~3.6% of the total market capitalisation of such companies.
- **Shareholders Voting trend:** Overall for 346 resolution, public institutional shareholders voted against for more than 10% of their total votes polled, whereas public others voted more than 10% against for 53 resolution.
- On 46 resolution, institutional shares voted for more than 50% AGAINST of the total institutional votes polled. In case of public others, this number stands at 13 resolution.
- **Ethics, Bribery & Other Governance factors:** Except 4 companies, all the companies have adequately disclosed code of conduct of board of directors and senior management personnel.
- Only 28 companies in the sample reported absolute numbers of whistle blower related complaints, received during FY 2020-21.
- Only 40 companies have given disclosure related to stakeholder's complaints relating to ethics, bribery and corruption, 26 out of 40 companies not reported any complaints.

EMERGENCE OF ESG IN INDIA

Climate Change is the defining issue of our time and we are at a defining moment. From shifting weather patterns that threaten food production, to rising sea levels that increase the risk of catastrophic flooding, the impacts of climate change are global in scope and unprecedented in scale. Without drastic action today, adapting to these impacts in the future will be more difficult and costly.

- **United Nations (Global Issues)**

INDIA'S PLAN FOR CLIMATE ACTION:

At the 26th Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC), better known as COP 26, India's Prime Minister Honourable Narendra Modi, had set five environmental targets as part of India's climate action Plan (referred by him as 'Panchamrits').

As per Ministry of External Affairs website ([weblink](#)), following is the extract of PM speech:

"In the midst of this global brainstorming on climate change, on behalf of India, I would like to present five nectar elements, 'Panchamrit', to deal with this challenge.

First- India will take its non-fossil energy capacity to 500 GW by 2030.

Second- India will meet 50 percent of its energy requirements from renewable energy by 2030.

Third- India will reduce the total projected carbon emissions by one billion tonnes from now till 2030.

Fourth- By 2030, India will reduce the carbon intensity of its economy by more than 45 percent.

And fifth- by the year 2070, India will achieve the target of Net Zero.

These 'Panchamrits' will be an unprecedented contribution of India to climate action."

- **National Statement by Prime Minister Shri Narendra Modi at COP26 Summit in Glasgow**

Further, considering it important to address the needs of the developing countries, developed countries have committed to jointly mobilising **USD 100 billion a year till 2025** for improving the quantity, quality and access to finance to support communities around the world to take action on the changing climate.

With commitments set at National level, the initiatives to be taken will not be limited to the Government only, and India Inc. will be expected to play key role as part of their contribution to India's Climate Action Plan, both within and outside organisation (through CSR).

Therefore, it's now, not just only about

- how to avoid impact on Company from negative environment impact,
- but to also focus on how to avoid negative impact on environment by the Company

However, SES is of the opinion that more than the above two, the mindset has to change from negative to positive and asking a question as to how my company can bring about a positive development on ESG factors.

Further, it is important for Corporate India to understand the financial implications of such commitments that were made at the Conference. In order to achieve climate goals, every company, every financial firm, and investor will need to adapt to a raft of new policy decisions that the future governments will implement in order to meet these goals.

ESG PUSH IN INDIA & WORLDWIDE:

REGULATORY DEVELOPMENTS IN INDIA:

ESG evaluation has quickly metamorphosed and has become as fundamental as financial analysis for most investors, particularly for institutional investors. Many investors are looking for sustained returns with responsible investment. Both regulatory as well as voluntary efforts have made ESG as a focus area. Chronology of Regulatory Developments in India:

NATIONAL VOLUNTARY GUIDELINES (“NVG”)

- **2011:** This was India's first pilot regarding ESG. MCA introduced the NVG Guidelines.
- Companies were required on voluntary basis to adopt the principles of Business Responsibility and Report on their initiatives.

BUSINESS RESPONSIBILITY REPORTING (“BRR”)

- After MCA, SEBI in 2012 mandated top 100 Companies by market capitalisation to Report their initiatives on Business Responsibility in the Annual Report.
- SEBI also provided a specific format in which companies were required to respond to series of questions on Business Responsibility practices.
- This was further extended for top 500 companies. Also, advised on adoption of Integrated Reporting by top 500 companies on voluntary basis.

EXTENSION OF BRR REPORTING TO TOP 1,000 COMPANIES

- **December, 2019:** SEBI extended the mandate to provide BRR to top 1,000 Companies from the financial year 2019-20.

NATIONAL GUIDELINES ON RESPONSIBLE BUSINESS CONDUCT (“NGRBCS”)

- **March, 2019:** In order to align the NVGs with the emerging global concerns, the Sustainable Development Goals (SDGs), and the United Nations Guiding Principles on Business & Human Rights (UNGPs), the NVGs were revised and released as the National Guidelines on Responsible Business Conduct (NGRBCs).

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (“BRSR”)

- **August, 2020:** In 2018, the Ministry of Corporate Affairs (MCA) had constituted Committee on Business Responsibility Reporting for finalising Business Responsibility Reporting formats for listed and unlisted companies, based on the framework of the NGRBCs. SEBI was also part of this Committee and worked on the report. In August, 2020, post release of Committee Report, SEBI had published consultation paper on the format for Business Responsibility and Sustainability Reporting.
- **May 2021:** SEBI amended SEBI LODR with respect to requirement of publishing BR Report, and replaced it with BRSR Report. It stated that **with effect from the financial year 2022-2023, filing of BRSR shall be mandatory for the top 1000 listed companies (by market capitalization) and shall replace the existing BRR. Filing of BRSR is voluntary for the financial year 2021-22.**
- **On BRSR, SEBI Circular dated 10th May, 2021 stated that:**

“SEBI was one of the early adopters of sustainability reporting for listed entities amongst its global peers. The filing of the BRR containing ESG (Environment, Social and Governance) disclosures was first introduced for listed entities in 2012. Since then, a number of developments

have taken place. With the adoption of the Paris Agreement on Climate Change and UN Sustainable Development Goals, adapting to and mitigating climate change impact and transitioning to sustainable economies have emerged as major issues globally. The COVID pandemic has also accelerated the relevance of ESG considerations to investors resulting in increased awareness of investors and a shift towards sustainable investing. The same is reflected in the spurt in new launches of ESG themed mutual funds and growth in assets of such schemes, including in India. As ESG investing becomes more mainstream, disclosure requirements need to keep pace with this change and the BRSR is a significant step towards this direction.”

OTHERS REGULATORY DEVELOPMENTS:

In addition to mandate for BRSR Report, SEBI has also taken efforts to introduce disclosures norms for ESG Mutual Fund Schemes and ESG Rating Providers for Securities Markets.

- **October, 2021:** Consultation Paper on introducing disclosure norms for ESG Mutual Fund Schemes ([Weblink](#))
- **January, 2022:** Consultation Paper on Environmental, Social and Governance (ESG) Rating Providers for Securities Markets ([Weblink](#))

SES in its previous study on “ESG Analysis of 50 Listed Companies in India”, observed that Companies had largely scored better on Policy disclosures followed by Governance factor compared to Environment & Social factors. These scores were on expected lines; policy is a low hanging fruit, higher governance score was result of almost two decades of regulatory efforts, whereas, E&S were new kids in town and mandatory push was missing. Apart from lack of regulatory push, proper appreciation of E & S factor was not yet part of corporate DNA, as much as one would like it to be. Additionally, disclosures differ from company to company and at times not comparable. Even at times disclosure practices of a company differs Y-o-Y, which makes data difficult for comparison. And current scores have continued the same pattern.

However, with introduction of BRSR and various ESG actions in process (consultation papers on ESG MF & ESG Providers), the missing Regulatory push will no more be a reason. In next two years, Indian Inc. and investors will see a change in landscape of disclosures and way investment decisions are taken. Companies are expected to make adequate disclosures on ESG parameters through BRSR and Investors / MFs to strengthen ESG stewardship practise.

KEY DEVELOPMENTS IN STANDARDS / FRAMEWORKS - GLOBAL:

Entire ESG disclosure standards, evaluation parameters, focus and targets are evolving at a fast pace and yet to settle down in any universally acceptable form/ standard. There are multiple standards, disclosure, evaluators and guidelines. The reason is not far to seek, firstly it is a new area which has suddenly become important in almost no time creating a panic like situation, secondly unlike many other evaluation parameters, it is highly subjective area. Yet things appear to move in right direction. There have been various developments in last one year or two, in the form of merger, collaboration, or introduction of new standard. All with one objective to add value creation in ESG space. Following key developments have taken place globally:

SASB AND THE IIRC COMING TOGETHER AND CREATE VALUE REPORTING FOUNDATION

SASB on its website has stated that in response to global market demands for convergence, in November 2020 the IIRC and SASB announced their intention to merge into a unified organization, the Value Reporting Foundation.

The merger was formalized in June 2021. By integrating two entities that are focused on enterprise value creation, this merger represents significant progress towards simplifying the corporate reporting landscape.

SASB AND GRI

As part of the effort to promote clarity in the sustainability disclosure landscape, in July 2020 SASB and GRI announced a collaborative workplan to show how companies can use both sets of standards together. GRI and SASB have been working together to support companies that want to communicate with their various stakeholders using both the GRI Standards and SASB Standards.

GRI: REPORTING WITH THE SECTOR STANDARDS

The GRI Sector Program will develop standards for 40 sectors, starting with those that have the highest impact. As a new addition to the family of GRI Standards, the Sector Standards are designed to help identify a sector's most significant impacts and reflect stakeholder expectations for sustainability reporting. They describe the sustainability context for a sector, outline organizations' likely material topics based on the sector's most significant impacts, and list disclosures that are relevant for the sector to report on. The revised Universal Standards 2021 will remain the starting point for all GRI reporting and for the use of the Sector Standards, thereby increasing transparency and relevancy of the sustainability reporting for organizations in the sector.

IFRS FOUNDATION AND GRI

On 24th March, 2022, the IFRS Foundation and Global Reporting Initiative (GRI) have announced a collaboration agreement under which their respective standard-setting boards, the International Sustainability Standards Board (ISSB) and the Global Sustainability Standards Board (GSSB), will seek to coordinate their work programmes and standard-setting activities.

By working together, the IFRS Foundation and GRI shall provide two 'pillars' of international sustainability reporting - a first pillar representing investor-focused capital market standards of IFRS Sustainability Disclosure Standards developed by the ISSB, and a second pillar of GRI sustainability reporting requirements set by the GSSB, compatible with the first, designed to meet multi-stakeholder needs.

"The MoU between GRI and the IFRS Foundation is a strong signal to capital markets and society that a comprehensive reporting system, which combines financial and impact materiality for sustainability reporting, is possible on a global scale. Aligning GRI's established and widely adopted standards for sustainability impacts with the investor-focused standards being developed by the ISSB will benefit both companies and investors, as well as a wide range of stakeholders around the world."

- Eelco van der Enden, Chief Executive Officer of GRI

With development both at national level by Indian Regulator – SEBI, and by various voluntary standards / frameworks at global level, we can expect less crowded standard setting arena yet a focussed and relevant ESG disclosures and transparency.

In India considering Mutual Funds are expected to invest only in companies which have published BRSR Report, we may see companies outside the top 1,000 club keen on publishing BRSR, to ensure that they are eligible for investments by MFs.

And with expected improvement in disclosures, SES expects that in future ESG scores are likely to move up, both due to as also due to better performance & meeting set Targets.

ESG FUNDS - INDIA:

Whether one likes it or not for investors in the end it is only the financial returns that determine their behaviour. As a result, for long investors and analysts have been using traditional financial metrics to value a company as if it is only financial metrics that matters determine valuation.

Probably, one of the key reasons for investors for focussing on ESG is to explore whether ESG focus can add value to investment. Or to look at contra view, the consequences of ignoring ESG. While there have been studies from both sides, one arguing better returns of ESG focussed investment, while other dismisses and argues that there is no direct relationship between ESG focus and returns.

ESG focussed funds are relatively new investment choice, as a result ESG funds are few with a relatively moderate AUM.

Following is information on ESG Funds in India:

Table 2: Equity – Thematic (ESG)	
Scheme Name	AUM (Rs. Crores) 28-Feb-2022
SBI Magnum Equity ESG Fund	4,390.06
Axis ESG Equity Fund	1,864.79
Kotak ESG Opportunities Fund	1,567.11
ICICI Prudential ESG Fund	1,520.54
Aditya Birla Sun Life ESG Fund	1,029.43
Quantum India ESG Equity Fund	55.64
Quant ESG Equity Fund	40.81

The Table 2, contains list of Equity – Thematic ESG Funds, as taken from the AMFI website

The said list of ESG funds in aggregate has AUM of Rs. 10,468 crores.

As on 1st October, 2021, the list in Equity – Thematic consisted only of SBI Magnum ESG, Axis ESG and Quantum India ESG, with aggregate AUM of Rs. 6,422 crores.

In five months, there has been addition of 4 more Equity – Thematic based ESG funds, adding AUM of approx. Rs. 4,000 crores.

It appears that investor interest in responsible investing (ESG) is gaining momentum, which demands for an objective, quantitative analysis of the effect of ESG for their portfolio's performance.

SAMPLE SELECTION

In its first study carried on behalf of NSE on ESG practice (published in 2020 – based on data of FY 2018-19), only 50 companies were part of the sample (year reference of said report is referred as 2019). In a sequel to that study, SES has enlarged the Sample in this study to include 100 companies based on broad criteria specified by NSE keeping in view objectives of the study. Sample size has been enlarged as more and more companies have started giving comprehensive data on ESG factors and increased sample size becomes more representative. The Sample covers 37% of Market capitalisation of Nifty 500 Listed companies.

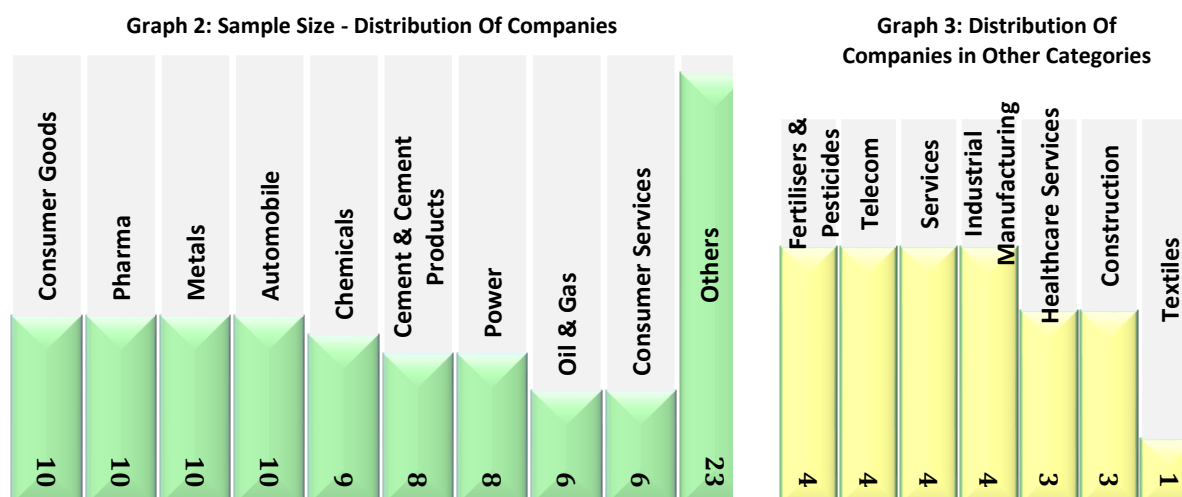
To avoid any bias in Sample selection objective criteria were adopted, overarching consideration for inclusion was availability of structured ESG data both qualitative and quantitative. A comprehensive ESG analysis would not have been possible based on disclosures made in BRR alone. Some Indian listed companies, going beyond legal requirements, publish Integrated or Sustainability or ESG reports as well. It was obvious that in depth study of ESG practices could analyse only such companies.

Criteria for inclusion in sample:

- ✓ Company must have disclosed either Integrated or Sustainability Report or related Report for FY 2020-21 on or before 15th January, 2022: and
- ✓ In top 10 company list of a sector/ industry (by market capitalisation of NSE as on 31st December, 2021)
- ✗ Should not be an IT/Finance & Banks Industry

Note: 20 companies from IT and Finance Sector (Banks / NBFCs / Insurance) were analysed separately.

Graph 2 & 3 represents industries covered in the Sample with number of companies from each industry.



Industry classification is based on NSE (Source: NSE [website](#)). Industry wise Complete list of companies ([Annexure II](#)).

SAMPLE SUMMARY:

- ✱ 100 Listed Companies
- ✱ 16 Industries
- ✱ For analysis purpose: clubbed 16 industries into 10 industry groups

- ✱ Industries with less than 5 companies are classified as ‘**Others**’ and include: Fertilisers & Pesticides, Telecom, Services, Industrial Manufacturing, Healthcare Services, Construction & Textiles.
- ✱ Market Capitalisation: ~36.82% of Nifty 500 companies (as on 31st December, 2021).
- ✱ Promoter managed – 98 (including 7 PSUs), Professionally managed – 2
- ✱ In 98 promoters managed companies’ promoters’ shareholding distribution is as per Table 3.
- ✱ Sample companies have average promoter holdings at 52.80% (as on 31st December, 2021)

Table 3: Shareholding Distribution				
Promoter’s Shareholding →	0 < 25%	25-50%	50%+	No promoter
(#) →	1	31	66	2
(%) →	1	31	66	2

ADDITIONAL STUDY OF 20 IT & FINANCIAL COMPANIES

In the sample of 100 companies, IT & Finance companies were excluded as they may not have material Environment impact compared to that of manufacturing or processing companies. For example, water consumption in IT & Finance companies is largely limited to domestic uses by employees.

SES has separately provided scores for 20 IT & Finance companies. For list of 20 companies of IT & finance companies refer [Annexure III](#).

ESG HIGHLIGHTS

ESG MODEL AND ANALYSIS STATISTICS:

Sample companies were analysed based on pre-determined set of questions and parameters.

TABLE 4: EVALUATION STATISTICS	
QUESTIONS IN THE MODEL	PARAMETERS ANALYSED IN EACH COMPANY
'QUESTIONS'	'PARAMETERS'
378	1,432
TOTAL PARAMETERS ANALYSED	1,40,000+

To arrive at ESG score of sample companies, over one lakh parameters were analysed i.e. on an average over 1,400 parameters were used for one company.

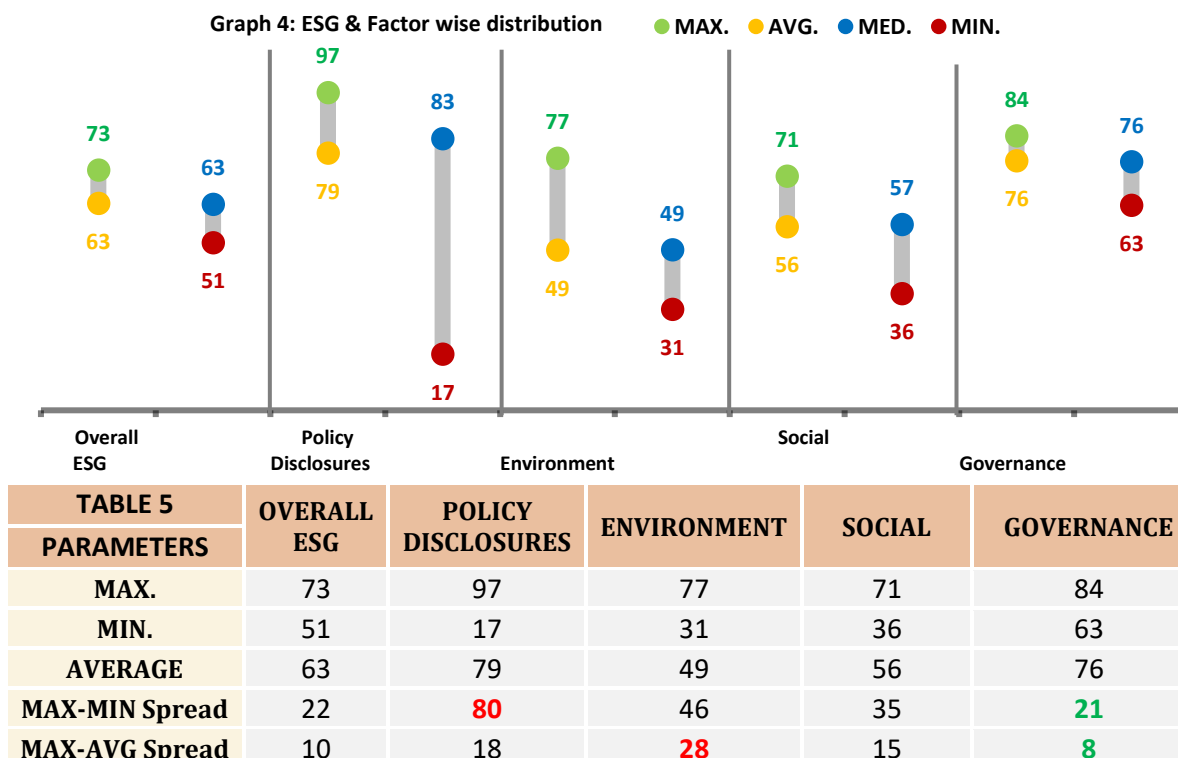
ESG FOOTPRINT:

ESG Scores¹ are also categorised into ESG Footprint levels, higher the score, higher the footprint and lower the risk.



ESG SCORE DISTRIBUTION:

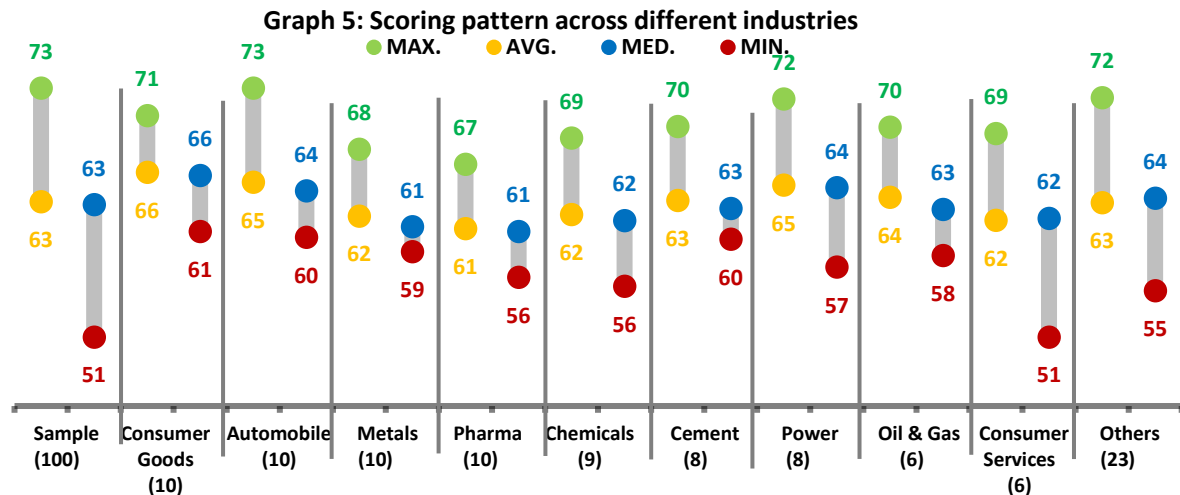
Graph 4, ESG & Factor wise distribution (Minimum, Average, Median, Maximum)



¹ ESG score of a Company is out of 100.

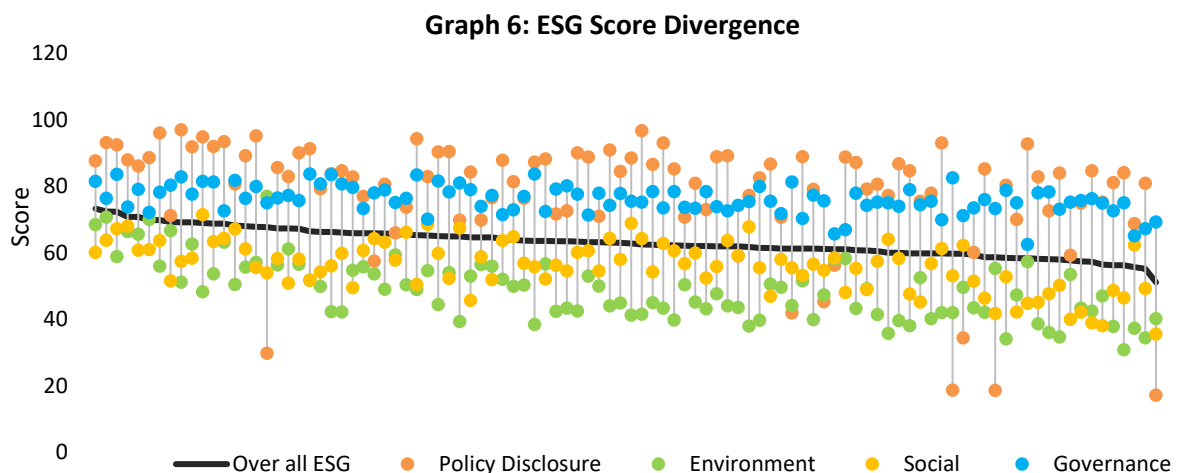
Variance between Max and Average is lowest at 8 in Governance against 28 & 15 in E & S factor respectively, very clearly establish causality between performance and regulations. Reflecting lack of effective regulations relating to E & S factors. This hypothesis gets further strengthened by highest of 97 and average of 79 in Policy disclosures which is result of regulatory push in governance and disclosures on policies through BRR. Therefore, **low scores on E & S need not be attributed to poor performance alone but could be on account of lack of legal push in disclosures as well.**

Further many gaps could be due to the fact that for these disclosures, there is no prescribed format and very little historical data. Additionally, disclosures differ from company to company and at times not comparable even YoY within the same company.



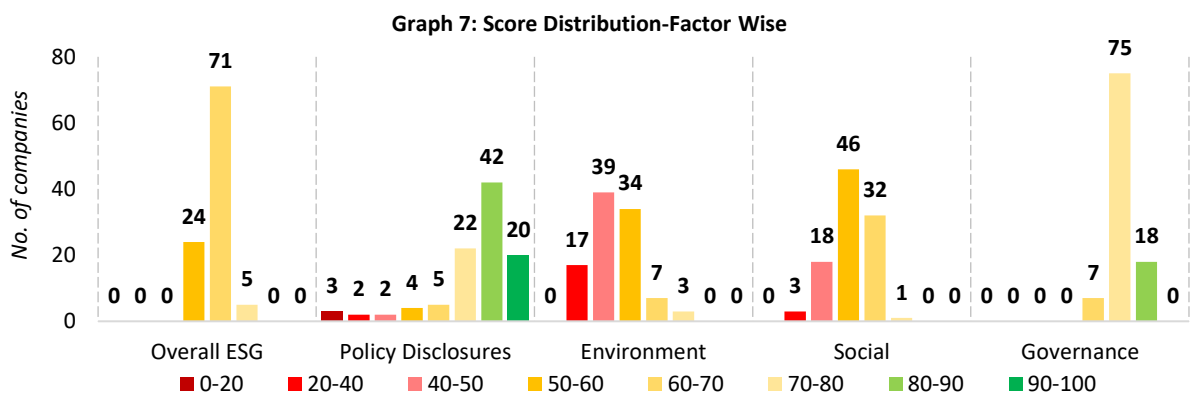
- On average basis, Consumer Goods industry tops the list of being the highest scoring industry in the sample at an average of 66.
- Second and third highest average score is in Automobile (65) and Power (65).
- The top 3 industries have better disclosures on E & S, compared to other industries in the sample.
- Least divergence was observed in Metals (9), Cement (10) and Pharma (10) Industry.
- Lowest average score was observed in Pharma companies.

Graph 6, highlights ESG Score of each sample companies and divergence of score across Policy Disclosure, Environment, Social & Governance for each of the sample company



Note: Overall ESG score of companies has been sorted from high to low (Left to Right)

- From Graph 6, it can be observed that in case of high ESG scoring companies, the divergence among Policy, E, S & G is very narrow, which indicates that a company has to excel on all three parameters E S & G to have a leadership status.
- However, when we move towards right, and till extreme right, the divergence gap widens, which indicates that their inconsistent performance pulls the score down.
- Overall ESG score line in Graph 7, acts as a benchmark for analysis, wherein it can be observed that most companies have their score on Policy Disclosures and Governance scores above their overall score which in opinion of SES is result of Regulatory push on disclosures. On the other hand, a majority of companies have their Environment and Social score below their overall score. Clearly establishing voluntary disclosures requirement are not as effective as regulatory dictate.



Companies have largely scored better on Policy disclosures followed by Governance factor compared to Environment & Social factors. On policy disclosures 62 companies scored 80+, whereas on governance factor 18 companies scored 80+. However, no company having overall ESG score at 80+. Similarly, 67 companies had scored less than 60 on Social factor, compared to 90 companies scoring less than 60 on Environment factor.

3 companies scored less than 20 on policy disclosure, this is due to inadequate disclosures as required in BR Report were made.

Majority of the companies have scored 70+ in governance (93 Companies). This is on expected lines; higher governance score is result of almost two decades of regulatory efforts, whereas, E&S are voluntary and missing the mandatory push. Apart from lack of regulatory push, proper appreciation of E & S factor is not yet become DNA of corporates, as much as one would like it to be.

SES expects that in future scores are likely to move up due to introduction of Business Responsibility and Sustainability Reporting ('BRSR') by Regulator – SEBI, as also due to better performance.

SCORING MODEL - FACTORS

In SES scoring model companies were assessed broadly on 4 factors; Policy, Environment, Social and Governance.



I – POLICY DISCLOSURES

1.1. PRINCIPLE-WISE (AS PER NVGS*) BR POLICY/ POLICIES

1.2. GOVERNANCE RELATED TO BUSINESS RESPONSIBILITY AND ITS IMPLEMENTATION



II – ENVIRONMENT

2.1. GENERAL DISCLOSURES

2.2. PRODUCT / SERVICES

2.3. ENERGY CONSUMPTION

2.4. RENEWABLE ENERGY

2.5. AIR EMISSIONS

2.6. WATER CONSUMPTION

2.7. EFFLUENTS MANAGEMENT

2.8. WASTE MANAGEMENT

2.9. ENVIRONMENTAL INCIDENTS



III – SOCIAL

3.1. WORKFORCE DIVERSITY & MANAGEMENT

3.2. HEALTH & SAFETY

3.3. CSR & COMMUNITY ENGAGEMENT

3.4. PRODUCT / SERVICE QUALITY & CUSTOMER ORIENTATION

3.5. CYBER SECURITY / DATA PRIVACY



IV – GOVERNANCE

4.1. BOARD COMPOSITION

4.2. BOARD COMMITTEES

4.3. DIRECTOR'S REMUNERATION

4.4. STATUTORY AUDITORS

4.5. AUDIT & FINANCIAL REPORTING

4.6. STAKEHOLDERS ENGAGEMENT, OWNERSHIP & CONTROL

4.7. ETHICS, BRIBERY & OTHER GOVERNANCE FACTORS

For more detailed information, refer 'ESG Model: Evaluation & Assessment Factors'– [Refer Annexure I](#)







EVALUATION FRAMEWORKS:

- *National Voluntary Guidelines, Business Responsibility Report, Legal requirements relating to Environment & Social, Companies Act, 2013, various Regulations / legal requirements of SEBI and relevant other applicable legal requirements or voluntary frameworks.*
- *United Nations Principles for Responsible Investing; Global Reporting Initiative – GRI Standards; Value Reporting Foundation: International Integrated Reporting Council – IR Frameworks & SASB Standards; Sustainable Development Goals; Task Force on Climate-Related Financial Disclosures; UNGC Principles, International Organization for Standardization and relevant frameworks.*



*National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 (NVGs)

I - POLICY DISCLOSURES

This section analyses Company's disclosures in Business Responsibility Report / Business Responsibility & Sustainability Reporting which comprises of 9 principles and other general ESG practices.

EVALUATION STATISTICS				
2021	QUESTIONS	15	PARAMETERS	176
2019	QUESTIONS	15	PARAMETERS	137
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY		
	87.0 - Oil & Gas (2021)		97.0 - Automobile (2021)	2021
	92.6- Energy (2019)		97.9- Chemicals (2019)	2019
	84.1 - Chemicals (2021)		96.7 - Oil & Gas (2021)	MAXIMUM
	91.9- Automobile (2019)		97.9- Automobile (2019)	97
	83.2 - Cement (2021)		96.1 - Oil & Gas (2021)	AVERAGE
	91.5- Chemicals (2019)		97.4- Energy (2019)	79
				MEDIAN
				83
				MINIMUM
				17
				48

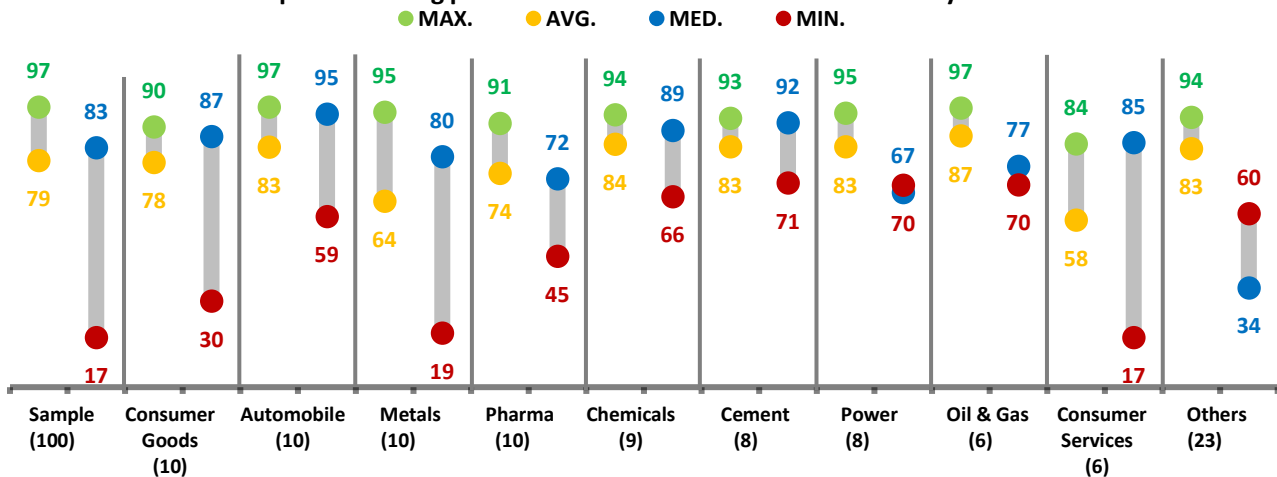
Note: Top 3 Industry: Average industry score; Top 3 Company: Top scoring company (referred as respective Industry)

WORST PERFORMING INDUSTRY	WORST PERFORMING COMPANY
	
57.8 - Consumer Services (2021)	17.2 - Consumer Services (2021)
73.7 - Metal & Mining (2019)	48.1 - Metal & Mining (2019)

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

SCORES & DISTRIBUTION:

Graph P1: Scoring pattern across different industries in 'Policy Disclosures'



Interpretation/ Commentary:

Overall sample companies have scored high in policy disclosures compared to E, S & G parameters, with median score of 83 and average of 79 across all the industries. This may be owing to the fact that most of the evaluation parameters are compliance related and the sample companies have been mandated by SEBI to publish Business Responsibility Report (BRR) in prescribed format since FY 2012-13. BRR requires companies to disclose if they have formulated policies across 9 principles of BR. Higher scores compared to other E, S & G factors reflect that compliance in letter rather in spirit is there in most companies.

Industry wise highest average score for policy disclosures was observed in **Oil & Gas** (87), followed by **Chemicals** (84), and **Cement & Cement Products** (83).

- 👍 Top scoring companies have provided comparatively better disclosures with respect to policy disclosures, other disclosures in BR Report and subscribes to various global ESG standards or principles.
- 👎 Low scores in the sample are attributed to companies not having policies or lack of requisite disclosures.

For instance, it may be noted that the BRR format requires companies to provide a Yes/ No response to a set of questions on Policy formulation across 9 principles. However, some companies have scored low as they have either not disclosed information in the prescribed format or not provided mapping of answers to questions under BR format with their sustainability report (applicable in case sustainability report is published).

SES is of the view that from investors perspective, information should be readily available without much efforts without any hassle. Therefore, as a policy, considering investors convenience, such companies have lost score as disclosure are not provided as per tabular format or in a consolidated manner at one place.



1.1 Principle-Wise (As Per NVGS) BR Policy/Policies

Assessment factors:

- Assessment of company's responses to ten questions on nine BR Policies. (Reference: SEBI BRR format - Section D- Question 2)
- Scores of all companies in the sample were analysed for arriving at a policy disclosure score. (overall 90 responses to 90 questions)

Proposed Regulation:

The Securities and Exchange Board of India (SEBI) has introduced new requirements for sustainability reporting by listed entities, titled 'Business Responsibility and Sustainability Report (BRSR)' replacing existing BRR.

BRSR will be applicable to the top 1000 listed entities (by market capitalization), for reporting on a voluntary basis for FY 2021-22 and on a mandatory basis from FY 2022-23. However, few leaders (5) have voluntarily prepared and disclosed BRSR for FY 2020-21, rest have disclosed BRR only.

Principle-Wise Scores (As Per NVGs²) Response

Table P1 reflects number of companies which have made disclosures across each BR principle and across each question:


TABLE P1: Principle-Wise (As Per NVGs) Response										
QUESTIONS		Principles (# of Companies)								
		1	2	3	4	5	6	7	8	9
1	Do you have a policy/ policies for principle	99	94	96	95	96	98	73	99	88
2	Has the policy been formulated in consultation with the relevant stakeholders?	93	86	92	92	89	93	68	92	83
3	Does the policy conform to any national / international standards? If yes, specify (50 words).	91	86	91	89	86	92	68	91	80
4	Has the policy been approved by the Board? If yes, has it been signed by the MD / owner / CEO / appropriate Board Director?	93	82	86	90	85	93	66	91	78
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	93	88	92	92	89	94	69	93	82
6	Indicate the link for the policy to be viewed online	99	59	68	70	72	88	42	99	61
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	93	88	91	91	88	93	68	93	83
8	Does the Company have an in-house structure to implement the policy / policies?	94	91	93	93	89	94	70	94	85
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	93	86	93	91	89	90	66	89	85
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	82	79	85	75	74	86	59	81	75

For certain principles such as P1, P3, P5 & P8, more than 95% compliance was observed with respect to policy formulation (based on disclosures in BRR Table). Higher positive responses on these


² NVGs: National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business

principles viz. Principle 1 (Ethics), Principle 3 (Employees), Principle 5 (Human Rights) and Principle 8 (Growth and equitable development - Social Responsibility), can be attributed to the fact that some of these policies flow from various legal mandates in India and hence most companies have formal policies to comply with the law on these principles.

Except for question relating to formulation of policies, no other question observed similar highly positive response across the sample.


 Among the nine principles, least number of sample companies responded positively for disclosures on Principle 7 (i.e. Public Advocacy). It had lowest score on all 4 measures (Max, Min, Average, Median).

- 27 companies do not have policy on Principle 7.


 Most sample companies responded in the affirmative to the question if they had formulated a policy on the principles of BR.

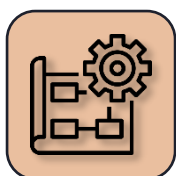
However, for other questions such as, if the policy conforms to national or international standard (Q3) sample companies on an average basis had 82 making disclosure which is ~10% less than the average number of 92 companies on Question 1.

Similarly, for question whether the company carried out independent audit / evaluation of the working of this policy by an internal or external agency (Q10), on an average basis 78 companies made disclosure which is ~15% less than average number of 92 companies on Question 1.

 Lowest average was observed for question requiring the link for the policy to be viewed online wherein 73 companies made disclosure. At times, companies only provide link of the website and not specific documents. Therefore, scores were deducted in case such policies were not available on company's website.

- In absence of such hyperlinks, it is inconvenient for stakeholders to search a company's website to find relevant information, especially, for those stakeholders which are not tech-savvy.

 Another set of question from less disclosing group i.e. only 78 companies disclosed on question relating to has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency? Probably because it is not mandatory as yet and on voluntary basis it might appear to be an avoidable cost, as its importance is yet to sink in.



1.2 GOVERNANCE RELATED TO BUSINESS RESPONSIBILITY AND ITS IMPLEMENTATION

Assessment factors:

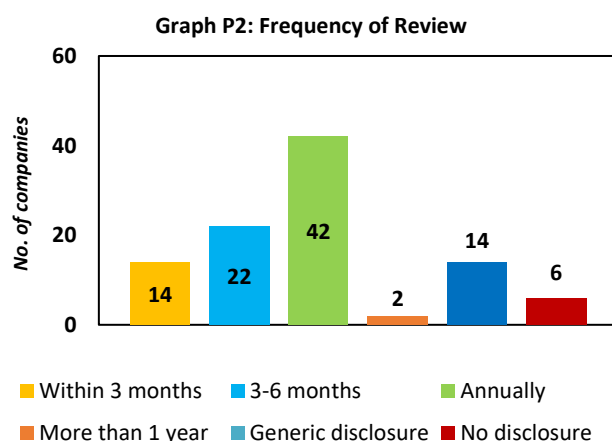
- Disclosure of Sustainability Reports
- Assessment of BRR Performance and frequency of review by sample companies.
- Participation of entities connected with the sample companies in companies BR initiatives

REFERENCES TO ESG DISCLOSURE PRACTICES - SDG, TCFD, GRI, IR & SR

- In Sustainability Reports, 74 companies provided references to Global Reporting Initiatives (“GRI”) and 61 companies provided references to International Integrated Reporting Council – IR Framework (*Note: Few companies in their Integrated Report have also mentioned references to GRI Standards*).
- Additionally, 86 companies mentioned about Sustainability Development Goals (“SDGs”)
- 26 companies have provided references and are supporters of Task Force on Climate-Related Financial Disclosures (“TCFD”).

ASSESSMENT OF BRR PERFORMANCE - FREQUENCY OF REVIEW

- The law mandates that companies disclose frequency at which they evaluate implementation of BR policies, as in the eyes of lawmakers planning, execution, review & corrective action are vital for any project.
- Regular meetings of Audit committees & Risk Management committee are tools to manage risk and ensure good financial control system and are considered to be of high importance.
- Likewise, meeting of committee or team responsible for BR implementation is equally important to review BR initiatives and implementation plans of the Company. SES assessed sample companies on this parameter as well.



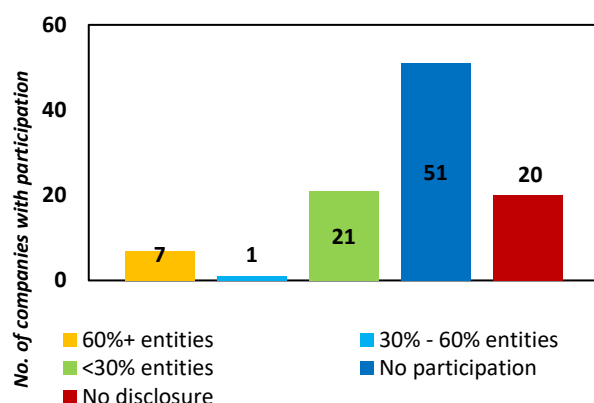
👍 80 companies from the sample have specified the period in which they assess the BR performance.

👎 The remaining 20 companies have either provided generic information (e.g. periodically) or has made no disclosure.

- Only 14 companies have stated that they assess the performance quarterly or within 3 months.
- 42 companies (42%) of the sample companies assess annually.

BUSINESS ASSOCIATE PARTICIPATION IN BRR

- Environmental & Social footprints of the Company's product and services do not start or end with the Company alone. They extend to raw material providers, supplier, distributors and consumers, who are important participant along the product life cycle. Hence, it is imperative that the efforts of the Company to improve its environmental or social impact, its BR initiatives must extend to and applied by entities the Company does business with.
- BRR Format requires companies to assess participation of entities such as suppliers, distributors etc in implementation of BR Practices of the Company.

Graph P3: Business Associate Participation

- Only 29 companies disclosed that other entity/ entities (e.g. suppliers, distributors etc.) participate in the BR initiatives of the Company.
- Out of such 29 companies, only 7 companies have mentioned that more than 60% other entities participate in BR initiatives of the Company
- 51 companies have disclosed that there is no participation (though they may encourage to participate in Company's initiatives) and 20 companies have not provided any specific information in this regard.

II - ENVIRONMENT

Scores obtained by sample companies on E factor have been analysed mainly covering Company's disclosures related to impact of operations on the environment and steps being implemented by the Company to mitigate its effect on the environment and its performance by evaluating whether the Company managed to reduce its impact on environment and was meeting the targets set.

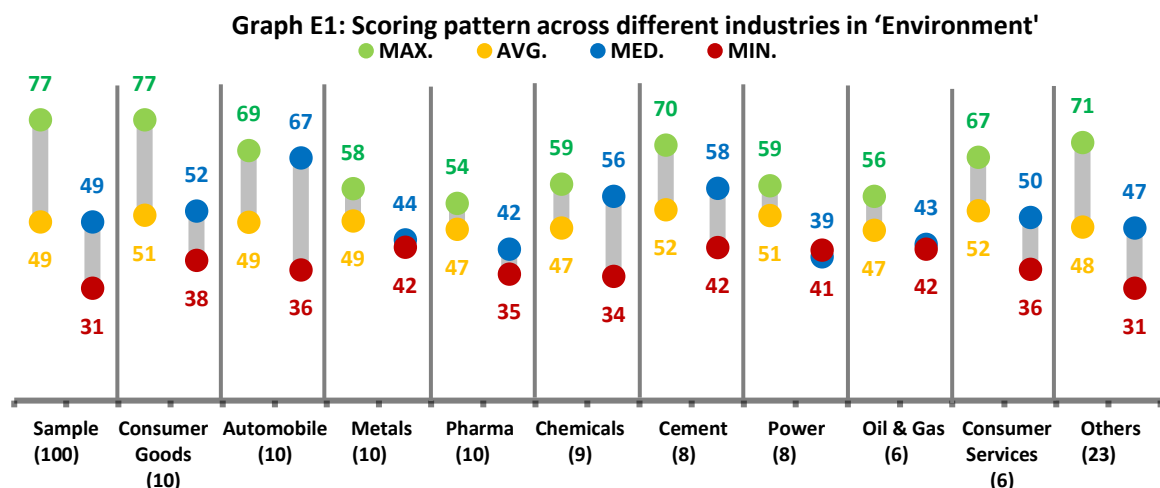
Note: significant changes have taken place in evaluation model from 2019 to 2021 to reflect increased awareness, focus and regulatory dictate relating to Environment, as seen from evaluation statistics. Lower score in 2021 compared to 2019 does not necessarily mean deterioration in performance.

EVALUATION STATISTICS								
2021		QUESTIONS		138	PARAMETERS		434	
2019		QUESTIONS		80	PARAMETERS		192	
BEST PERFORMING INDUSTRY			BEST PERFORMING COMPANY				2021	2019
	52.3 - Cement (2021)			77.0 - Consumer Goods (2021)		MAXIMUM	77	88
	75.0- Cement (2019)			88.0- Cement (2019)				
	52.1 - Consumer Services (2021)			70.7 - Others (2021)		AVERAGE	49	70
	72.7- Automobile (2019)			87.5- Metal & Mining (2019)				
	50.9 - Consumer Goods (2021)			70.0 - Cement (2021)		MEDIAN	49	70
	72.7- Consumer Services (2019)			87.3- Consumer Services (2019)				
Note: Top 3 Industry: Average industry score; Top 3 Company: Top scoring company (referred as respective Industry)								
WORST PERFORMING INDUSTRY			WORST PERFORMING COMPANY					
	46.67 - Oil & Gas (2021)			30.9 - Others (2021)				
	64.6 - Energy (2019)			44.0 - Others (2019)				

Note: Top 3 Industry: Average industry score; Top 3 Company: Top scoring company (referred as respective Industry)

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

SCORES & DISTRIBUTION:



Interpretation/ Commentary:

Consumer Goods was the top scorer in the Environment category with a score of 77, with average score being 49, and lowest score being 31 (Others category), clearly indicating the wide gap (46) between the

top and bottom, highlighting huge work in process as well as future work to bridge gap by laggards as also further efforts even by leader to improve and beat global peers.

Highest average scoring industries were Cement & Consumer Services (52), followed by Consumer Goods & Power (51). In all cases better than average score is on account of adequate & comparatively detailed disclosures made by these companies.

The laggards missed out mainly due to inadequate disclosures on data, initiatives and targets. Since, data or initiatives were not disclosed adequately, SES could not ascertain the performance of such companies.

Companies which have made better disclosures and are backed by positive performance i.e. reducing the impact on environment through business operations have generally scored higher.

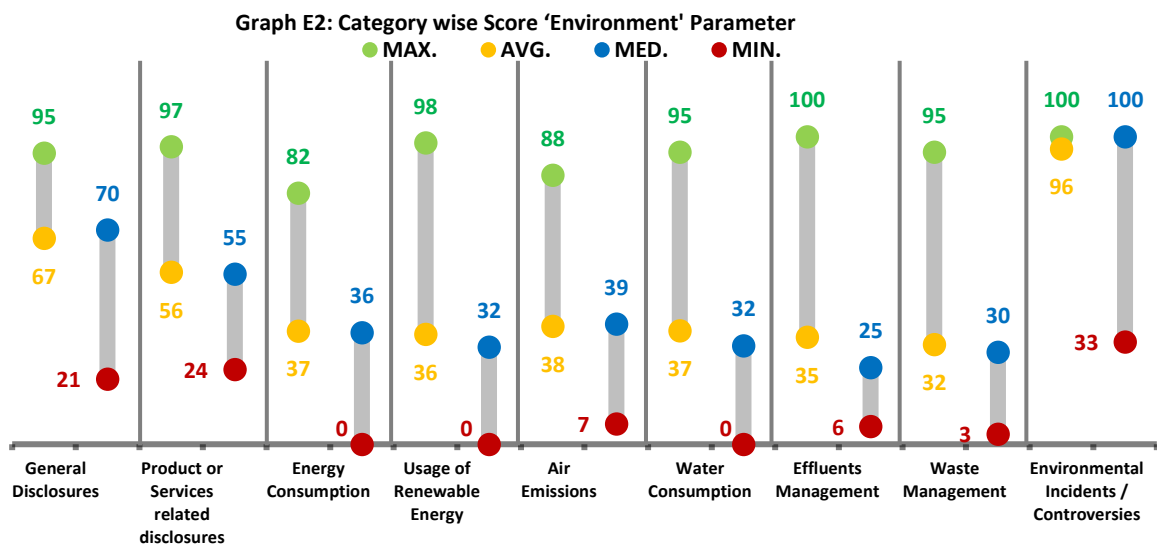


TABLE E1: Scoring pattern across different broad categories in 'Environment'

Parameter	MIN.		AVG.		MED.		MAX.	
	2019	2021	2019	2021	2019	2021	2019	2021
2.1. General Disclosures	38	↓ 21	79	↓ 67	81	↓ 70	100	↓ 95
2.2. Products or Services related Disclosures	23	↑ 24	60	↓ 56	59	↓ 55	100	↓ 97
2.3. Energy Consumption	30	↓ 0	75	↓ 37	74	↓ 36	100	↓ 82
2.4. Renewable Energy	20	↓ 0	61	↓ 36	59	↓ 32	100	↓ 98
2.5. Air Emissions	20	↓ 7	63	↓ 38	63	↓ 39	100	↓ 88
2.6. Water Consumption	0	↓ 0	56	↓ 37	51	↓ 32	98	↓ 95
2.7. Effluents Management	31	6	76	35	78	25	100	100
2.8. Waste Management		3		32		30		95
2.9. Environmental Incidents	0	↑ 33	90	↑ 96	100	100	100	↓ 100

- Across 10 Sub factors evaluated under Environment, only in 2 factors (Effluent Management & Environmental incidences) perfect score of 100 was obtained by few companies.
- Highest Median score was for 'Environmental Incidents' factor at 100, indicating that in more than 50% of sample companies there was no Environmental Incidence. Clearly indicating that Sample companies are aware of the risks arising out of environmental incidents on the business continuity.

- Highest average score of 96 was observed in Environmental Incidents (indicating almost no incidence) followed by General Disclosures (67).
- Surprisingly on 3 key environmental parameters; energy consumption, renewable energy and water consumption, some Sample companies have got a score of zero.
- Further, average score on Energy Consumption, Renewable Energy, Air Emissions, Water Consumption, Effluents Management and Waste Management was less than 40 i.e. almost half of Maximum score in these categories, which indicates that there is a lot of scope for improvement in the sample companies. If one company can do it, others can at least do the same.
- Once again it is emphasized that lack of disclosures could be the factor behind low scores.



2.1. GENERAL DISCLOSURES

Assessment Factors:

- General disclosures practices related to environment;
- Environment policy & its applicability to other entities
- Assessment of environmental risks
- Strategies / initiatives to address environmental concerns
- Environment related management systems & its certification

EVALUATION STATISTICS

2021	QUESTIONS	18	PARAMETERS	18
2019	QUESTIONS	15	PARAMETERS	15
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY		
	79.3 – Metals (2021)		94.7 – Multiple Companies (2021)	2021
	91.5- Fertilizers (2019)		100 – 3 Companies	2019
				MAXIMUM
				95
				100
				AVERAGE
				67
				79
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY		
	37.2 – Consumer Services (2021)		21.3 – Multiple Companies (2021)	MEDIAN
	67.5 – Others (2019)		38.2 – Automobiles (2019)	70
				81
				MINIMUM
				21
				38

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company.

- Questions/ evaluation parameters under General disclosure are sector/ industry agnostic and applicable in equal measure to all the companies. Disclosures practices relating to environment (as detailed under assessment factors) were analysed.
- 👍 Metal industry (79.3) has outperformed all other industries/ sectors. Next best is Cement industry (at 77.6).
 - All Fertilisers & Pesticides and Oil & Gas companies have disclosed presence of environment policy, identified environmental risks, disclosed initiatives to reduce impact on environment.
 - In case of Automobile Cement, Chemicals and metals industry all companies provided information on energy management system.
 - In case of cement and metals industry, all companies in the industry has discussed about bio-diversity.

GENERAL DISCLOSURE PRACTICE RELATED TO ENVIRONMENT:

- 98 companies in the sample have disclosed having an environment policy.
- 65 companies have disclosed that their environment policy is extended to Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.

SELECTED INITIATIVES / ACHIEVEMENTS:

- Green Procurement policy, Climate Change policy, CSR Policy and Sustainability Policy extend company's efforts to monitor and protect environment in value chain by including the suppliers, community, distributors and transporters to minimise environmental impact. (a company from – Cement Industry)

Note: Companies selected are generally among top scorer of that particular section. However, this does not imply that the selected companies' disclosures / initiatives are the best in the sample, and that no other company could have similar practices or in cases better practices. The objective is to highlight good initiatives or practices. Same logic is applied to every section in Environment.

- A company may have relatively high impact in reducing negative environmental impact in cases where responsibility is not limited to the Company but is also extended to various other entities or external stakeholders associated with the Company as well.

SELECTED INITIATIVES / ACHIEVEMENTS:

- ...more than 60% of the entities that the company does business with participate in the BR initiatives of the Company. (a company from – Automobile industry)

- 👍 92 companies have identified environment risk and have disclosed strategies or initiatives to address environmental issues, caused by them.

- 👎 Only 47 companies disclosed that they have project related to Clean Development Mechanism / project related to Low Carbon Economy.

- 👍 Out of 8 cement companies, 7 companies have disclosed that they have CDM projects.

SELECTED INITIATIVES / ACHIEVEMENTS

- The Company applies the principles of Clean Development Mechanism (CDM) at its manufacturing Units aiming to reduce its impact on the global warming.
 - More than 90% of the energy required at Harihar Polyfibres comes from renewable sources. It also treats Prehydrolysate (PH) Liquor generated there by reducing pollution and produce biogas
 - Use of renewable green energy (Wind/Solar/hybrid) to reduce carbon footprints. Installed rooftop solar plant for generation of renewable energy at plant and colony.

(a company from – Cement Industry)

- The Company was registered its project 'Optimum Utilisation of Clinker' with the United Nations Framework Convention on Climate Change (UNFCCC) under the Clean Development Mechanism (CDM) wherein it was granted 4,50,000 units of Certified Emission Reductions (CERs) by UNFCCC.

(a company from – Cement Industry)

- 76 companies made disclosures regarding bio-diversity, planting of trees or increase of green cover.
- 👍 All the 8 cement companies in the sample have disclosed and discussed about bio-diversity / plantation.

SELECTED INITIATIVES / ACHIEVEMENTS

- At XYZ unit, the activities included maintaining the existing theme gardens such as butterfly garden, snake repellent plant belt and fruit garden to enhance the biodiversity and increase species of flora and fauna.

(a company from – Automobile Industry)

- One of the sample company planted 4500 trees on 3 acres land.

(a company from – Chemicals Industry)

ENVIRONMENT MANAGEMENT SYSTEMS:

“Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain.” – SEBI BRR Circular

International Organisation for standardization (“ISO”) states that “14001:2015 sets out the criteria for an environmental management system and can be certified to. It maps out a framework that a company or organization can follow to set up an effective environmental management system. **It can be used by any organization regardless of its activity or sector.**”

- In sample companies, 84 companies disclosed existence of **Environment Management Systems**. **16 companies have not provided information in this regard.**

👍 All the companies in Automobiles, chemicals, construction, fertilisers & pesticides, Industrial Manufacturing and metals have disclosed about the existence of EMS.

SELECTED INITIATIVES / ACHIEVEMENTS:

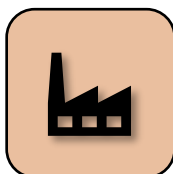
- One Company in sample also implemented ISO 14001 Environmental Management systems for Tier-1 Suppliers. As at end of FY 2019-20, 90% of Tier-1 suppliers had EMS. (a company from – Automobile Industry)

ENERGY MANAGEMENT: ISO 50001 is based on the management system model of continual improvement also used for other well-known standards such as ISO 9001 or ISO 14001. This makes it easier for organizations to integrate energy management into their overall efforts to improve quality and environmental management.

- Only 30 companies disclosed information about having **Energy Management System** (including information on ISO 50001 certification) as against 84 companies disclosing Environment Management System.

SELECTED INITIATIVES / ACHIEVEMENTS:

- One Company in sample completed Bureau Veritas Surveillance audit of ISO 50001 Energy Management System of all 3 ASW ESP MFG. campus. (a company from – Construction Industry)
- During FY 2019-20, three large units were certified as ISO 50001 compliant. (a company from – Metal Industry)






2.2. PRODUCTS / SERVICES DISCLOSURES

Assessment Factors: Company's disclosures and practices relating to products or services impacting environment due to;

- Environmental Impact of Products / Services | ● Sourcing of materials - sustainability issue
- Product life cycle assessment (LCA) | ● Product packaging

EVALUATION STATISTICS

2021	QUESTIONS	30	PARAMETERS	58
2019	QUESTIONS	26	PARAMETERS	26

BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY			2021	2019
	61.4 - Pharma (2021)		96.7 - Chemicals (2021)	MAXIMUM	97	100
	68.2 - Consumer Goods (2019)		100 - Others (2019)	AVERAGE	56	60
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY		MEDIAN	55	59
	41.0 - Consumer Services (2021)		24.4 - Consumer Services (2021)	MINIMUM	24	23
	48.0 - Metals & Mining (2019)		22.6 - Metal Mining (2019)			

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company.

- Unlike general disclosures where all questions and parameters were applicable uniformly across the Sample, in this section only relevant questions and parameters of the model were applicable to companies depending on nature of operation of particular industry. i.e. Packaging in Coal mining companies or in pure service companies was not applicable and not evaluated.
- 👍 Highest score was observed in Pharma industry. Pharma companies have made disclosures on parameters applicable to them such as sustainable strategies / initiatives that result in better environment, sustainable practices.
- 👎 However, average score of this section is only 56. This is probably due to the fact that there were no uniformly prescribed / standardised disclosures requirements. Even companies within same industry do not have consistent disclosure.
- Consumer Services has scored lowest. However, there was limited disclosures on LCA and product packaging.

SUSTAINABLE SOURCING:

Sustainable sourcing is the integration of social, ethical and environmental performance factors into the process of selecting suppliers. It includes green purchasing guidelines that might pertain to certain products or commodities and purchasing sustainably preferable products and services (products made from recycled or re-manufactured materials).

Companies do not exist in isolation; their supply chain is integral part of their operations and is of utmost importance for sustainable operations. Sustainability initiatives of the Company in isolation would leave the Company unprepared and open to risks from possible unsustainable operations of its Business Partners. Extending business responsibility initiatives of the Company across its supply chain

including its suppliers, associates, distributors can have a lasting impact on the company's sustainable performance and preparedness in the long run.

SEBI BRR Principle 2 requires that businesses should assure safety and optimal resource use over the life-cycle of the product – from design to disposal – and ensure that everyone connected with it: designers, producers, value chain members, customers and recyclers are aware of their responsibilities.

- 👍 90 companies have disclosed that they have procedures in place for sustainable sourcing.
- 👍 64 companies adequately disclosed steps or initiatives taken for sustainable sourcing.
- 👎 23 companies provided only statistical data on sustainable sourcing, though level and type of disclosure differed from company to company.
- 👎 Lack of uniformity was noticed in disclosures made under this category. While some companies provided data in absolute numbers, others provided in relative terms. In few cases, data was provided only for a particular plant or location rather than for company as whole. Therefore, holistic comparison across sample was not feasible.

SELECTED INITIATIVES / ACHIEVEMENTS:

- Most of raw material suppliers have minimum ISO 9001 certification and around 84% of manufactured raw materials are sourced from suppliers who have ISO 14001. Vendors are committed to Supplier Code of conduct and Green procurement policy guidelines. (a company from – Automobile Industry)
 - Onboarded an external agency to assess the sustainability performance of suppliers on an annual basis in line with the policy.
-Of the over 600 suppliers, at the end of the fiscal year 2019-20, it has evaluated 132 suppliers so far (accounting for 67 per cent of procurement spends). Basis responses, composite scores were calculated for all suppliers, and the suppliers were classified into red, yellow, and green levels. The minimum threshold for vendors has been fixed at the yellow level, and targets have been provided to all the suppliers to improve their compliance to the yellow level within 1 year. (a company from – Consumer goods Industry)

- 👍 Almost all the companies have provided information about their key activities or products / services.
- 👍 83 companies provided information on products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
- 👍 13 companies in the sample have discussed about or disclosed policies relating to procurement policy.

PRODUCT BAN / RECALL:



Products recall were mainly observed in Automobile & Pharma industry. Probably owing to the fact that the industry is highly regulated.

LIFE CYCLE ASSESSMENT:

ISO 14040 ([Weblink](#)): LCA addresses the environmental aspects and potential environmental impacts (e.g. use of resources and the environmental consequences of releases) throughout a product's life cycle from raw material acquisition through production, use, end-of-life treatment, recycling and final disposal (i.e. cradle-to-grave).

- 👍 31 companies disclosed about having performed life cycle assessments ('LCA') of their product.
- Out of these 31, only 7 companies disclosed that assessment was based on national or international standards.

PRODUCT PACKAGING:

- Companies belonging to Construction, Consumer Services, Healthcare Services, Power, pure service or companies wherein packaging is not material were not scored on this parameter. (42 Companies not scored)
- 40 (out of rest 58) companies provided information regarding packaging materials.
- 👍 9 Companies (~90%) in pharma industry provided information regarding packaging.
- 👍 Further, 7 companies (~70%) in consumer goods industry provided information regarding packaging.
- Consumer goods industry is largest user of packaging as it produces goods for end use by consumer and require extensive use of packaging materials.
- Pharma company's final product also being end consumer oriented have high consumer end use packaging.

SELECTED INITIATIVES / ACHIEVEMENTS:





- BRC/ IOP Certification as per BRC Global Standard for Packaging and Packaging Materials. (a company from – Consumer Goods Industry)
- Packaging improvements have led to the reduction in trips, diminishing the carbon footprint by 22.3 MT annually.
Packaging Size Optimisation: Savings to the tune of Rs. 0.63 crore (Rs. 32/vehicle) by increase in part quantity/bin. (a company from – Automobile Industry)
- ...identified sustainable packaging targets for fiscal year 2025. (a company from – Consumer Goods Industry)
- The target is to secure 100% collection and disposal of plastic packaging by 31st December 2020 in India." (a company from – Consumer Goods Industry)
- Most of product packaging – particularly secondary and tertiary packaging components – is manufactured using recycled materials such as paper and board. (a company from – Pharma Industry)



2.3. ENERGY CONSUMPTION

Assessment Factors: Company's disclosures & practices related to energy consumption;

- Investment on energy conservation equipment
- Disclosure of data on total energy consumption / energy intensity
- Reduction in total energy consumption / energy intensity
- Steps taken to conserve energy or reduce energy consumption
- Targets set and its achievements

EVALUATION STATISTICS								
2021	QUESTIONS		13	PARAMETERS		49		
2019	QUESTIONS		5	PARAMETERS		22		
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY			2021	2019		
	48.6 – Consumer Goods (2021)			81.7 – Cement (2021)		MAXIMUM	82	100
	86.1 – Metal & Mining (2019)			100 – 9 Companies (2019)				
Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company				AVERAGE	37	75		
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY			2021	2019		
	27.8 – Others (2021)			0 –Services (2021)		MEDIAN	36	74
	65.7 – Others (2019)			30.0 – Others (2019)				
Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company.				MINIMUM	0	30		

- Services companies have scored less due to inadequate disclosures.

Section 134 of the Companies Act, 2013 mandates disclosure of information relating to energy consumption and conservation.

👍 'Conservation of Energy' was universally discussed issue across Sample.

👎 Few companies have made only generic disclosures related to impact on conservation of energy.

👎 Generic disclosure on energy consumption / usage data does not facilitate any meaningful analysis.

- As a best practice, steps or initiatives taken and their impact should be disclosed.

SELECTED INITIATIVES / ACHIEVEMENTS:

- Conducted energy audits of 40 suppliers. (a company from – Automobile Industry)
- It has set up Energy Management Centre equipped with a supervisory control and data acquisition (SCADA) system that gathers all plant site energy information by remote Programmable Logic Controllers (PLCs) and field instruments. (a company from – Metal Industry)
- A dedicated energy cell to focus on exploring new cutting-edge technologies and up taking them to enhance energy efficiency. (a company from – Fertilisers & Pesticides)

CAPITAL INVESTMENTS ON ENERGY CONSERVATION EQUIPMENTS:

Energy is essential factor of production however, negative impact of energy usage on environment must be reduced by increasing usage of renewable & clean sources of energy and improving energy efficiency by energy saving equipment's.

Section 134 of the Companies Act, 2013 also mandates disclosure of information relating to capital investment made on energy conservation equipment's

- Capital investments made by the companies on conservation of energy was analysed.

TABLE E2: CAPITAL INVESTMENTS – ABSOLUTE AMOUNT (Rs. crores)							
INDUSTRIES	2020			2021			CHANGE IN AVG. YoY
	#	INVEST.	AVG.	#	INVEST.	AVG.	
Total	54 / 100	1,701.1	31.5	58 / 100	2,064.0	35.6	13.02%
Cement	5 / 8	698.7	139.7	5 / 8	789.6	157.9	13.00%
Chemicals	5 / 9	183.2	36.6	6 / 9	273.5	45.6	24.50%
Metals	7 / 10	359.0	51.3	7 / 10	249.7	35.7	-30.40%
Oil & Gas	4 / 6	160.4	40.1	5 / 6	234.0	46.8	16.80%
Others	10 / 23	152.5	15.3	10 / 23	201.7	20.2	32.20%
Automobile	8 / 10	37.2	4.7	8 / 10	179.8	22.5	383.10%
Pharma	6 / 10	48.9	8.2	7 / 10	61.4	8.8	7.60%
Power	2 / 8	3.9	1.9	3 / 8	39.1	13.0	570.30%
Consumer Goods	7 / 10	57.4	8.2	7 / 10	35.2	5.0	-38.80%
Consumer Services	0 / 6	0.0	0.0	0 / 6	0.0	0.0	-

Number of companies which disclosed data / INVEST: Amount invested for energy conservation equipment's | Avg.: Average investment per company which disclosed data

👍 Highest investments were observed in Cement Industry.

- Of the total investment of ₹ 2,064 Crore, in 2021 Cement industry contributed ₹ 789.6 Cr i.e. 38.26%. Almost a repeat of 2020 when out of ₹ 1,701 crores, Cement industry contributed ₹ 698.7 Cr i.e. 41.07%
- YoY increase in investment was ₹ 362.87 crore, of which ₹ 142.55 Crore came from Automobile industry alone.
- This skewed effort on energy conservation not only requires attention and improvement, it indicates that probably energy conservation is still not a focus area or our companies have reached a point of diminishing returns where no further improvement can be achieved. In absence of an established acceptable benchmark, it is difficult to evaluate, however given varied energy intensity, it can be easily concluded that it is not a case of having reached peak of energy efficiency, no further efforts are required.

👍 Except Consumer Goods & Metal industries, all the company's investment amount increased in FY 2020-21. Investments are based on the needs, objective and vision of the Company. For instance, if the objective is met with previous investment, the amount may decrease in coming years. However, each company must strive to be best in its sector and try to do better than its peers.

👎 42 companies have not disclosed absolute amount of capital investment made for energy conservation equipment's (Previous year: 46 companies).

ENERGY CONSUMPTION:

An increase in energy consumption, especially from non-renewable sources like thermal power plants results in an increase in the emission of greenhouse gases (GHGs). GHGs contribute to various issues, like global warming, ocean acidification, smog pollution, ozone depletion, etc. Therefore, it is essential for the company to reduce its energy consumption.

It is important that for meaningful analysis of the energy consumption performance of a Company, disclosures related to energy consumed during the particular financial year are made properly and comprehensively.

TABLE E3: NUMBER OF COMPANIES DISCLOSING ENERGY CONSUMPTION (ABSOLUTE)							
INDUSTRIES	#	2019		2020		2021	
		#	%	#	%	#	%
Total	100	53	53%	56	56%	63	63%
Automobile	10	8	80%	7	70%	8	80%
Pharma	10	6	60%	7	70%	8	80%
Metals	10	6	60%	7	70%	7	70%
Others	23	11	48%	11	48%	16	70%
Consumer Services	6	3	50%	3	50%	4	67%
Chemicals	9	3	33%	5	56%	5	56%
Cement	8	4	50%	5	63%	4	50%
Power	8	3	38%	4	50%	4	50%
Oil & Gas	6	3	50%	3	50%	3	50%
Consumer Goods	10	6	60%	4	40%	4	40%

Number of companies

- 👍 Number of companies reporting data on energy consumption have marginally increased y-o-y.
- Only 63 companies have made disclosures on energy consumption for FY 2020-21.
 - While some companies have not disclosed absolute energy consumption, but have disclosed % reduction in energy consumptions or energy savings made during the financial year.
 - SES is of the view that along with such disclosure's, companies could have made disclosures on total energy consumption as well, as such data is available and is used for calculating reduction or savings.
- 👍 Highest (%) disclosures were observed in Automobile and Pharma industry.

While reduction Y-o-Y in absolute terms may not reflect conservation or efficiency due to variety of factors. Therefore, ideal disclosure requirement is in term of intensity which is a better benchmark to compare and evaluate energy efficiency (linked to production or size of the Company).

Table E4, highlights the number of companies which have made disclosures on energy intensity:

TABLE E4: NUMBER OF COMPANIES DISCLOSING ENERGY INTENSITY							
INDUSTRIES	#	2019		2020		2021	
		#	%	#	%	#	%
Total	100	40	40%	41	41%	43	43%
Consumer Services	6	3	50%	3	50%	4	67%
Consumer Goods	10	6	60%	6	60%	5	50%
Metals	10	4	40%	4	40%	5	50%
Oil & Gas	6	2	33%	2	33%	3	50%
Chemicals	9	4	44%	5	56%	4	44%
Automobile	10	5	50%	4	40%	4	40%
Pharma	10	3	30%	4	40%	4	40%
Cement	8	3	38%	3	38%	3	38%
Power	8	3	38%	3	38%	3	38%
Others	23	7	30%	7	30%	8	35%

Number of companies

- Only 43 companies disclosed data on energy intensity for FY 2020-21.

DISCLOSURES (MEASUREMENT UNITS) - UNIFORMITY?

To compare absolute and relative performance of companies, it is important that the industry makes uniform disclosures. Most of the companies have made disclosures in GJ (gigajoule). However, excluding Metals, not all companies within a particular industry have made uniform disclosures by way of having common measurement units.

- 3 companies have provided various energy inputs having varied measurement units for each such input.
- While in case of absolute energy consumption, majority of the Company had common measurement unit viz. GJ, however, the same was not in the case of energy intensity, as some companies have disclosed intensity linked to production, plant wise production, with revenue, number of employees etc. Therefore, no holistic comparison across Sample was possible, merely based on company's disclosures.

ENERGY CONSUMPTION- PERFORMANCE:

Table E5: Analyses performance of companies with respect to energy consumption i.e. whether the companies managed to decrease absolute energy consumption.

TABLE E5: PERFORMANCE BASED ON ABSOLUTE ENERGY CONSUMPTION (NUMBER OF COMPANIES & % CHANGE IN ENERGY CONSUMPTION)						
Industries	2020			2021		
	↓	↑	AVG. CHANGE	↓	↑	AVG. CHANGE
Total	30	20	-0.3%	21	24	-7.8%
Consumer Services	3	0	2.00%	2	1	-91.20%
Consumer Goods	2	2	-3.20%	3	1	-19.90%
Automobile	5	2	-19.60%	5	2	-9.30%
Chemicals	3	1	3.80%	0	3	-5.50%
Metals	4	1	-0.70%	4	2	-4.50%
Cement	2	1	5.60%	0	2	-3.10%
Others	5	6	8.60%	3	7	-0.80%
Oil & Gas	1	2	-0.40%	2	1	-0.60%
Pharma	3	4	2.20%	1	4	5.00%
Power	2	1	7.50%	1	1	17.70%

Number of companies | % - Average % Change | Note: Excludes companies whose data was not comparable

👍 Highest average reduction was observed in Automobile Industry at 19.6% for FY 2020-21.

- Reduction in Energy consumption for FY 2020-21 is very high in Consumer Services (consisting of Hotels) as a number of hotels were closed for a large part of the year, due to the pandemic.

TABLE E6: PERFORMANCE BASED ON ENERGY INTENSITY (NUMBER OF COMPANIES & % CHANGE IN ENERGY CONSUMPTION INTENSITY)						
Industries	2020			2021		
	↓	↑	AVG. CHANGE	↓	↑	AVG. CHANGE
Total	15	19	2.13%	24	11	-6.36%
Consumer Services	3	0	-8.12%	2	1	-18.03%
Consumer Goods	4	1	-2.98%	3	1	-16.90%
Automobile	0	4	8.57%	3	1	-12.92%
Pharma	2	1	-2.27%	3	1	-11.94%
Chemicals	0	4	4.05%	4	0	-8.78%
Others	2	4	5.15%	3	3	-2.40%
Oil & Gas	0	2	17.50%	1	1	-2.27%
Metals	2	1	1.41%	2	1	-1.53%
Cement	0	2	1.15%	1	1	-0.22%
Power	2	0	-0.71%	2	1	19.18%

Number of companies | % - Average % Change | Note: Excludes companies whose data was not comparable or made disclosures for each plant, location wise etc

- It was observed that in terms of absolute energy consumption highest average reduction was observed in Automobile Industry, however in terms of Energy Intensity highest average reduction

- is observed in Consumer services, most likely due to work from home situation and non-functional of hotel during lockdown.
- It was observed that in 6 out of 10 Industries observed increase in **energy consumption**, whereas in **Energy intensity** it was only 1 industry out of 10 industries for FY 2020-21 where intensity increased, indicating better efficiency on energy consumption in 9 industry groups.

This indicates that reduction in energy consumption intensity is linked to other factors as well, else intensity performance would have been mirrored consumption performance.

TARGETS DISCLOSURES:

- Table E7, provides industry wise distribution of companies disclosing targets relating to reduction of energy consumption or intensity:

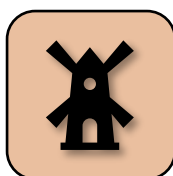
TABLE E7: INDUSTRY WISE TARGET DISCLOSURE (# OF COMPANIES)									
	AUTOMOBILE	CEMENT	CONSUMER GOODS	CONSUMER SERVICES	METALS	CHEMICALS	POWER	OIL & GAS	OTHERS
Short Term*	1	2	2	2	2	3	0	1	5
Long Term#	1	3	3	2	3	1	1	1	3

*up to 3 years / # more than 3 years

- Out of Sample companies only 27 companies discussed about target to reduce its energy consumption or improving its energy efficiency. Some companies discussed only about short-term targets or long-term targets, while some disclosed both short-term and long-term targets.
- Out of 27 companies, 18 companies discussed about Short term target & 18 companies discussed about long term targets

SELECTED INITIATIVES / ACHIEVEMENTS:





- Target to reduce 40% energy intensity for FY 2020-21 (From base year FY16) (a company from –Services Industry)
- Target for FY 22 to reduce energy intensity (plant operations) by 50% from FY13. (a company from – Consumer Goods Industry)



2.4. RENEWABLE ENERGY

Assessment Factors: Company's disclosures & practices on usage of renewable energy in its total energy mix;

- Renewable energy usage data
- Steps or initiatives for increasing renewable energy usage
- Targets set and its achievements

EVALUATION STATISTICS								
2021		QUESTIONS		9	PARAMETERS		33	
2019		QUESTIONS		6	PARAMETERS		24	
BEST PERFORMING INDUSTRY			BEST PERFORMING COMPANY				2021	2019
	58.1 – Cement (2021)			98.0 – Others (2021)				
	67.7 – Cement (2019)			100 – Consumer Goods (2019)		MAXIMUM	98	100
Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company						AVERAGE	36	61
WORST PERFORMING INDUSTRY			WORST PERFORMING COMPANY					
	23.7 – Power (2021)			0 –Multiple Companies (2021)		MEDIAN	32	59
	47.1 – Fertilizers (2019)			20.0 – Chemicals (2019)		MINIMUM	0	20

- The average score is only 36. However, Cement industry has scored comparatively higher due to adequate disclosures and positive performance in renewable energy share.
- Low scoring companies are the one's which have not made adequate disclosures.

In Paris Accord on Climate Change, India made a pledge that by 2030, 40%³ of installed power generation capacity shall be based on clean sources, it was determined that 175 GW of renewable energy capacity will be installed by 2022. This includes 100 GW from solar, 60 GW from wind, 10 GW from bio-power and 5 GW from small hydro power

An increase in the consumption of renewable energy will result in a reduction of overall GHG emission (direct as well as indirect). Therefore, it is essential for the companies to increase renewable energy consumption.

- 48 companies in the sample have not provided adequate disclosures on renewable energy. While some have not made any discussion and some have merely mentioned they have taken initiatives on renewable energy, but not disclosed any details of the same.

³ Source: Press Information Bureau / Government of India / Ministry of New and Renewable Energy ([Weblink](#))

Table E8, highlights the number of companies which have made disclosures on renewable energy (“RE”) share in total energy consumption:

TABLE E8: # COMPANIES DISCLOSING RENEWABLE ENERGY					
INDUSTRIES	#	2020		2021	
		#	%	#	%
Total	100	30	30%	33	33%
Consumer Goods	10	8	80%	8	80%
Pharma	10	4	40%	5	50%
Cement & Cement Products	8	5	63%	4	50%
Consumer Services	6	3	50%	3	50%
Automobile	10	3	30%	3	30%
Chemicals	9	2	22%	2	22%
Others	23	3	13%	5	22%
Metals	10	2	20%	2	20%
Power	8	0	0%	1	13%
Oil & Gas	6	0	0%	0	0%

Number of companies

🔴 Only 33 companies in the sample have made disclosures on renewable energy share (%) in total energy consumption for FY 2020-21.

- While some companies have not disclosed % share, but have disclosed % increase in renewable energy or increase in renewable energy capacity during a financial year.
- However, in the absence of % share disclosure, it is not possible to have peer to peer analysis.

🟢 Highest disclosures were observed in Consumer goods industry wherein 80% companies disclosed % of renewable energy consumption, which was followed by Pharma industry, Cement and Consumer services industry.

TABLE E9: PERFORMANCE BASED ON % of RENEWABLE ENERGY (NUMBER OF COMPANIES & % CHANGE IN RENEWABLE ENERGY %)						
Industries	2020			2021		
	↓	↑	AVG. CHANGE	↓	↑	AVG. CHANGE
Total	5	20	2.9%	7	19	2.9%
Pharma	1	0	-4.0%	0	3	6.3%
Consumer Services	0	3	1.4%	1	2	5.3%
Others	0	1	0.4%	0	3	4.2%
Cement & Cement Products	0	5	1.4%	0	4	3.2%
Automobile	0	3	8.8%	1	2	2.5%
Consumer Goods	3	5	6.5%	3	4	1.9%
Metals	0	2	0.1%	1	1	0.1%
Chemicals	1	1	-0.5%	1	0	-7.0%

🟢 Highest increased was observed in Pharma Industry (6.3% increase in % renewable share).

🟢 This was followed by Consumer Services Industry (5.3%)

SELECTED INITIATIVES / ACHIEVEMENTS:

- The thermal energy requirement at three of manufacturing operations are derived from 100% renewable source. (a company from – Consumer goods Industry)
- Approach – To maximise renewable capacity. (a company from – Consumer goods Industry)

TARGETS DISCLOSURES:

- Table E10, provides for industry wise distribution of companies disclosing targets relating to increase in renewable energy usage:

TABLE E10: INDUSTRY WISE TARGET DISCLOSURE (NUMBER OF COMPANIES)										
	AUTOMOBILE	CEMENT	CONSUMER GOODS	CONSUMER SERVICES	METALS	CHEMICALS	POWER	OIL & GAS	Pharma	OTHERS
Short term*	3	2	3	3	2	2	2	2	0	5
Long term#	1	2	2	2	2	2	4	3	2	6

*up to 3 years / # more than 3 years

- 35 companies in the sample have discussed about targets to increase its renewable energy or renewable share in total energy mix. Some companies discussed only about short-term targets or long-term targets, while some disclosed both short-term and long-term targets.
- Out of 35 companies, 24 companies discussed about Short term target & 26 companies discussed about long term targets.

SELECTED INITIATIVES / ACHIEVEMENTS:

- Achieved a renewable energy footprint of 57.38% in FY 2019-20, far exceeding the 36% goal set for the year 2020 during FY 2015-16. (a company from –Consumer goods Industry)







2.5. AIR EMISSIONS

Assessment Factors: Company's disclosures & practices on Air / GHG emissions;

- Disclosure of data on total GHG/ Carbon emissions or GHG/ Carbon intensity
- Steps or initiatives taken to reduce GHG / Carbon emissions
- Emissions within limits of CPCB / SPCB
- Targets set and its achievements

EVALUATION STATISTICS

2021	QUESTIONS	18	PARAMETERS	71
2019	QUESTIONS	10	PARAMETERS	43
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY		
	56.5 - Cement (2021) 71.2 - Automobiles (2019)		87.5 - Consumer Goods (2021) 100 - Consumer Goods (2019)	
				2021 2019
				MAXIMUM 88 100
				AVERAGE 38 63
				MEDIAN 39 63
				MINIMUM 7 20
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY		
	25.5 - Consumer Services (2021) 47.3 - Chemicals (2019)		6.66 - Others (2021) 20.0 - Chemicals (2019)	

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company.

- Consumer Services industry has scored low due to inadequate disclosures on emission data or initiatives.

GHG EMISSIONS:

As per Paris Agreement, India's Nationally determined contributions (NDCs)⁴ has three numeric targets for 2030: reduce emissions intensity by 33 per cent to 35 per cent from 2005 levels, achieve an installed power capacity of 40 per cent from non-fossil fuel sources and create an additional carbon sink of 2.5–3.0 GtCO₂e from forest and tree cover.

Emission of GHG causes various environmental challenges, such as global warming, climate change, ocean acidification, smog pollution, ozone depletion, etc. Therefore, it is critical for companies to take cognizance of their GHG emissions.

TABLE E11: # COMPANIES DISCLOSING GHG EMISSIONS (ABSOLUTE)

Industries	#	2019		2020		2021	
		#	%	#	%	#	%
Total	100	57	57%	67	67%	67	67%
Cement	8	5	63%	7	88%	7	88%
Metals	10	8	80%	9	90%	8	80%
Others	23	11	48%	13	57%	16	70%
Pharma	10	6	60%	7	70%	7	70%
Chemicals	9	4	44%	7	78%	6	67%

⁴ Source: Emissions Gap Report 2019 - United Nations Environment Programme

Oil & Gas	6	3	50%	3	50%	4	67%
Power	8	5	63%	6	75%	5	63%
Consumer Goods	10	6	60%	6	60%	6	60%
Automobile	10	6	60%	6	60%	6	60%
Consumer Services	6	3	50%	3	50%	2	33%

Number of companies

👍 67 companies made disclosures on carbon / GHG emissions.

👍 >80% of the companies in Cement and Metals industry have made disclosures on GHG emissions.

👎 Least disclosures were observed in Consumer Services industry.

- Likewise, in energy, for emissions as well some companies have generally made disclosures on reduction in emissions, initiatives which saved emissions etc however, have not disclosed absolute total emission data.

Table E12, highlights the number of companies which have made disclosures on GHG / Carbon Intensity.

TABLE E12: # COMPANIES DISCLOSING GHG EMISSION INTENSITY							
INDUSTRIES	#	2019		2020		2021	
		#	%	#	%	#	%
Total	100	37	37%	43	43%	42	42%
Cement	8	3	38%	5	63%	5	63%
Metals	10	5	50%	6	60%	6	60%
Others	23	9	39%	10	43%	11	48%
Chemicals	9	4	44%	5	56%	4	44%
Consumer Goods	10	4	40%	4	40%	4	40%
Automobile	10	4	40%	4	40%	4	40%
Power	8	3	38%	4	50%	3	38%
Oil & Gas	6	2	33%	2	33%	2	33%
Pharma	10	2	20%	2	20%	2	20%
Consumer Services	6	1	17%	1	17%	1	17%

Number of companies

👎 While 67 companies had made disclosures on absolute GHG emissions for FY 2020-21, however, only 42 companies have made disclosures on GHG intensity.

👍 Cement and Metals industries reported highest disclosures.

- While there is no uniformity in disclosing data, a company which disclosed absolute data need not necessarily have made disclosure on intensity as well, and vice-versa.

DISCLOSURES (MEASUREMENT UNITS) - RARE UNIFORMITY?

- Absolute data: Rare uniformity was observed as all the companies in the Sample have provided disclosures in tonnes or metric tonnes of carbon dioxide (CO₂) equivalent. Though companies as per their data size have used varied decimal options, i.e. reported either in thousands, millions or fully absolute data disclosed. Overall, there was uniformity in measurement unit.

- Intensity data: On the contrary in intensity data, companies have used diverse denominators to disclose intensity linked to production, plant wise production, compared with energy generated, with revenue, number of employees etc as per their nature of business. No uniformity in case of intensity data.

TABLE E13: PERFORMANCE BASED ON GHG EMISSIONS (NUMBER OF COMPANIES & % CHANGE IN GHG EMISSIONS)						
INDUSTRIES	2020			2021		
	↓	↑	AVG. CHANGE	↓	↑	AVG. CHANGE
Total	28	29	8.5%	32	29	3.2%
Consumer Services	1	2	5.2%	2	0	-42.5%
Automobile	5	1	-10.3%	5	1	-15.9%
Others	2	9	10.9%	6	7	-7.9%
Metals	6	2	10.6%	4	3	-2.6%
Oil & Gas	1	2	5.0%	1	2	-1.8%
Consumer Goods	3	3	1.7%	2	4	2.9%
Cement	4	1	-5.0%	2	4	6.7%
Chemicals	2	2	-5.8%	3	3	19.4%
Power	3	2	61.6%	3	2	20.2%
Pharma	1	5	6.6%	4	3	32.7%

Number of companies | %: Average % Change | Note: Excludes companies whose data was not comparable

- Consumer Services reported highest decrease at 42.5% for FY 2020-21. However, intensity comparison shall provide correct picture, as in case of energy consumption decreased but intensity increased.

TABLE E14: PERFORMANCE BASED ON GHG EMISSIONS INTENSITY (NUMBER OF COMPANIES & % CHANGE IN GHG EMISSIONS INTENSITY)						
INDUSTRIES	2020			2021		
	↓	↑	AVG. CHANGE	↓	↑	AVG. CHANGE
Total	20	12	-2.9%	22	12	-4.0%
Consumer Services	1	0	-10.1%	1	0	-56.9%
Consumer Goods	3	0	-14.6%	2	0	-23.3%
Pharma	1	0	-6.6%	2	0	-7.9%
Metals	2	2	-1.0%	4	1	-4.2%
Cement	2	1	-0.2%	5	0	-3.2%
Chemicals	3	1	-28.3%	2	2	-1.8%
Automobile	0	3	13.6%	1	2	-1.2%
Others	6	3	5.8%	5	4	-0.4%
Power	2	0	-16.2%	0	1	0.4%
Oil & Gas	0	2	11.9%	0	2	13.2%

Number of companies | %: Average % Change | Note: Excludes companies whose data was not comparable or made disclosures for each plant, location wise etc

- Oil & Gas industry reported highest emissions intensity increase at 13.2%, However, emissions had decreased in absolute terms.

- Consumer Services industry reported highest decrease in emission intensity at 56.9%. This is mainly due to the pandemic & lockdown.

TARGETS DISCLOSURES:

- Table E15, provides for industry wise distribution of companies disclosing targets relating to reduction in carbon / GHG emissions or becoming 'Carbon Neutral':

TABLE E15: INDUSTRY WISE TARGET DISCLOSURE (NUMBER OF COMPANIES)										
	AUTOMOBILE	CEMENT	CONSUMER GOODS	CONSUMER SERVICES	METALS	CHEMICALS	POWER	OIL & GAS	Pharma	OTHERS
Short Term*	1	2	3	4	4	3	3	1	0	7
Long Term#	4	6	3	3	7	2	3	2	3	7

*up to 3 years | # more than 3 years

- 49 companies in the sample have discussed about GHG emissions targets.
- Out of 49 companies, 28 companies discussed about Short term target & 40 companies discussed about long term targets.

SELECTED INITIATIVES / ACHIEVEMENTS:

- The Company has ambitious targets of being carbon neutral by 2030, 500% water positive by 2025, and waste neutral by 2025. (a company from –Automobile Industry)
- Committed to becoming Carbon Neutral by 2040 through energy efficiency, renewable energy, and sequestration by tree plantation. (a company from –Automobile Industry)
- Carbon road map in place to reduce the emissions by 5% by 2022. (a company from –Services Industry)

OTHER AIR EMISSIONS:

Any emission of harmful substances pollutes Earth's atmosphere and such emissions cause Air pollution upon recurring and excessive quantities are emitted. Sources of air pollution include gases (such as ammonia, carbon monoxide, sulfur dioxide, nitrous oxides, methane and chlorofluorocarbons), particulates (both organic and inorganic), and biological molecules.

Besides disclosure of GHG emissions, companies generally make disclosures on Particle Pollution ("PM"), Nitrogen Dioxides ("NO₂"), Sulphur Dioxide ("SO₂"), Volatile Organic Compounds (VOCs) or Ozone depleting substances (ODS).

TABLE E16: INDUSTRY WISE DISCLOSURE ON AIR EMISSIONS (NUMBER OF COMPANIES)								
AUTOMOBILE	CEMENT	CONSUMER GOODS	METALS	CHEMICALS	POWER	OIL & GAS	Pharma	OTHERS
6	7	4	9	6	5	4	2	12

- Only 55 companies in the Sample have made disclosures or provided information on other air emissions. Some companies discussed only about short-term targets or long-term targets, while some disclosed both short-term and long-term targets.
- The disclosures are not uniform across industries, as such gases / emissions depends upon the nature of the company's business operation.






2.6. WATER CONSUMPTION

Assessment Factors: Company's disclosures & practices on water usage or consumption;

- Disclosure of data on total water consumption / water intensity
- Steps or initiatives taken to reduce / recycle / re-use water
- Rain water harvesting system
- Targets set and its achievements

EVALUATION STATISTICS

2021	QUESTIONS	13	PARAMETERS	55
2019	QUESTIONS	10	PARAMETERS	43

BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY			2021	2019
	55.6 – Consumer Goods (2021)		90.0 – Consumer Goods (2021)	MAXIMUM	95	98
	85.3 – Cement (2019)		98.3 – Consumer Goods (2019)	AVERAGE	37	56
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY		MEDIAN	32	51
	21.8 – Oil & Gas (2021)		0 – Multiple Companies (2021)	MINIMUM	0	0
	39.1 – Energy (2019)		0 – Others (2019)			

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company.

'Ministry of Water Resources, River Development, and Ganga Rejuvenation'⁵ data reveals that,

- The average annual per capita water availability in the year 2011 was assessed at 1545 cubic meters, which is expected to reduce further to 1340 and 1140 in the years 2025 and 2050 respectively.
- The annual per-capita water availability of less than 1700 cubic meters is considered as water stressed condition, water availability below 1000 cubic meters is considered as a water scarcity condition.

India being in water stressed category, optimum use of water & minimising negative impact on water resources are two major risk mitigation measures to ensure sustainable business operations. Therefore, the availability of water for industrial use has become an area of concern for industries in India, due to paucity of water availability. Therefore, it is essential for industries to reduce their water consumption and look for alternative resources for water, like rainwater harvesting facilities or recycled water use.

🔴 7 companies provided inadequate or generic disclosures on water conservation initiatives.

🔴 15 companies in the sample have provided inadequate or generic disclosures on rainwater harvesting.

SELECTED INITIATIVES / ACHIEVEMENTS:

- The Company's locations are working continuously to reduce and optimize water consumption. Water balance is established by carrying out water audits. (a company from –Automobile Industry)
- Company have jointly gone through water footprint assurance-cum-verification and achieved 'Water Positivity Index - 21.14 which effectively means Company is giving back water to Mother Nature 21 times more than actual consumption.' (a company from –Automobile Industry)
- 34 suppliers reduced freshwater consumption (a company from –Services Industry)

⁵ Annual Report of Ministry of Water Resources, River Development and Ganga Rejuvenation for 2018-19 ([Weblink](#))

Table E17, highlights the number of companies which have made disclosures on total water consumption or total water withdrawn from various sources (together referred as water consumption):

TABLE E17: # COMPANIES DISCLOSING WATER CONSUMPTION (ABSOLUTE)							
INDUSTRIES	#	2019		2020		2021	
		#	%	#	%	#	%
Total	100	49	49%	58	58%	61	61%
Cement	8	6	75%	7	88%	7	88%
Automobile	10	8	80%	8	80%	8	80%
Power	8	6	75%	8	100%	6	75%
Oil & Gas	6	4	67%	4	67%	4	67%
Others	23	9	39%	12	52%	15	65%
Pharma	10	4	40%	5	50%	6	60%
Consumer Goods	10	5	50%	5	50%	5	50%
Chemicals	9	2	22%	3	33%	4	44%
Metals	10	3	30%	4	40%	4	40%
Consumer Services	6	2	33%	2	33%	2	33%

Number of companies

👍 61 companies made disclosures on water consumptions for FY 2020-21.

- The trend of disclosures is similar to as is for energy consumption and GHG emissions.

👍 88% the companies in Cement industries have made disclosures.

👍 This is followed by Automobile and Power industry.

👎 Lowest disclosures were observed in Consumer Services & Metal industry.

Table E18, highlights the number of companies which have made disclosures on Water Intensity.

TABLE E18: # COMPANIES DISCLOSING WATER INTENSITY							
Industries	#	2019		2020		2021	
		#	%	#	%	#	%
Total	100	27	27%	33	33%	32	32%
Consumer Goods	10	4	40%	5	50%	5	50%
Cement & Cement Products	8	3	38%	4	50%	4	50%
Chemicals	9	3	33%	4	44%	4	44%
Power	8	3	38%	3	38%	3	38%
Others	23	5	22%	7	30%	8	35%
Consumer Services	6	2	33%	2	33%	2	33%
Metals	10	5	50%	5	50%	3	30%
Automobile	10	1	10%	2	20%	2	20%
Pharma	10	1	10%	1	10%	1	10%
Oil & Gas	6	0	0%	0	0%	0	0%

Number of companies

👎 While 61 companies disclosed information on water consumption for FY 2020-21, only 32 companies disclosed information on water intensity.

🔴 Lowest disclosures were observed in Oil & Gas and Pharma industry.

DISCLOSURES (MEASUREMENT UNITS) - UNIFORMITY?

- Absolute data: Most of the companies in the sample have provided disclosures in cubic meter of water (m³) or kilolitres (KL), (wherein m³ is 1,000 KL.)

Therefore, there is uniformity in disclosing water data irrespective of the company or industry. Although companies as per their data size have used varied decimal options, i.e. reported either in thousands, or millions etc.

- Intensity: Companies have disclosed intensity linked to production, plant wise production, compared with energy generated, with revenue, number of employees etc as per their nature of business. No uniformity was observed.

COMPANIES PERFORMANCE WITH RESPECT TO WATER CONSUMPTION:

TABLE E19: PERFORMANCE BASED ON WATER CONSUMPTION (NUMBER OF COMPANIES & % CHANGE IN WATER CONSUMPTION)						
INDUSTRIES	2020			2021		
	↓	↑	AVG. CHANGE	↓	↑	AVG. CHANGE
Total	29	18	-2.0%	33	21	-6.4%
Consumer Services	1	1	-7.3%	2	0	-49.6%
Consumer Goods	3	1	-7.6%	4	1	-13.4%
Others	2	7	8.5%	5	6	-6.7%
Power	3	3	3.1%	2	3	-6.1%
Automobile	7	1	-7.6%	6	2	-5.4%
Oil & Gas	2	2	1.2%	4	0	-5.1%
Cement	5	1	-12.3%	4	3	-4.5%
Chemicals	1	0	-6.0%	2	1	-3.0%
Metals	2	1	-6.7%	2	2	2.9%
Pharma	3	1	2.6%	2	3	3.4%

Number of companies | %: Average % Change | Note: Excludes companies whose data was not comparable

- Consumer Services industry reported highest decrease at 49.6% for FY 2020-21, most likely due to lockdown position. Followed by Consumer goods industry at 13.4%.

TABLE E20: PERFORMANCE BASED ON WATER INTENSITY		
INDUSTRIES	2020	2021
	AVG. CHANGE	AVG. CHANGE
Total	0.6%	-6.5%
Consumer Services	-15.7%	-24.5%
Consumer Goods	0.8%	-16.1%
Automobile	-8.3%	-10.0%
Others	20.1%	-9.1%
Metals	-1.4%	-3.9%
Power	-4.6%	-0.1%

Chemicals	-2.9%	0.2%
Pharma	0.2%	1.4%
Cement & Cement Products	-6.9%	12.9%

Number of companies / %: Average % Change / Note: Excludes companies whose data was not comparable

- Consumer Services industry reported highest decrease at 24.5% for FY 2020-21, most likely due to lockdown position. Followed by Consumer goods industry at 16.1% reduction. It is mainly due to lockdown and therefore 2020-21 data incomparable with previous data.

TARGETS DISCLOSURES OF TARGETS:

- Table E21, provides for industry wise distribution of companies disclosing targets relating to reduction in water consumption, withdrawal or achieving status of 'Water Positive':

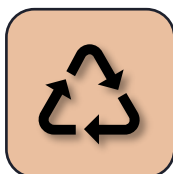
TABLE E21: INDUSTRY WISE TARGET DISCLOSURE (NUMBER OF COMPANIES)									
	AUTOMOBILE	CEMENT	CONSUMER GOODS	CONSUMER SERVICES	METALS	CHEMICALS	POWER	Pharma	OTHERS
Short Term*	3	4	5	2	1	3	3	1	8
Long Term#	3	4	4	3	6	2	2	3	5

*up to 3 years / # more than 3 years

- 45 companies in the Sample have discussed about targets. Some companies discussed only about short-term targets or long-term targets, while some disclosed both short-term and long-term targets.
- Out of 45 companies, 30 companies discussed about Short term target & 32 companies discussed about long term targets.

SELECTED INITIATIVES / ACHIEVEMENTS:

- 2.41 times water positive organisation and aspire to become a 5 times water positive organisation. (a company from –Metal Industry)
- By 2030, reduce specific freshwater withdrawal in cement operations by 30%. (a company from –Cement Industry)



2.7. EFFLUENTS MANAGEMENT & 2.8. WASTE MANAGEMENT

Assessment Factors: Company's disclosures & practices on Waste generation & its management; effluents

- Types of waste: Effluents & Solid Waste (Hazardous / Non-Hazardous)
- Steps or initiatives taken to reduce / recycle / re-use
- Discharge of Effluents, Waste & its Management
- Waste generation within limits of CPCB / SPCB

EVALUATION STATISTICS

2021	QUESTIONS	31	PARAMETERS	126
2019	QUESTIONS	7	PARAMETERS	28

In previous study effluent and waste issue were discussed under single section viz. Waste Management, however, in new model both are separately analysed as Effluents Management & Waste Management. Therefore, score comparisons with previous year study is not provided for this section.

EFFLUENTS MANAGEMENT				2021
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY		MAXIMUM
	51.1 – Metals (2021)		100 – Metals (2021)	100
<i>Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company</i>				AVERAGE
				35
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY		MEDIAN
	20.4 – Oil & Gas (2021)		5.8 – Oil & Gas (2021)	25
<i>Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company</i>				MINIMUM
				6

- Not all companies were scored on effluents considering the nature of operation e.g. pure service companies were not scored on effluents considering their nature of the business while being assessed on waste management.

WASTE MANAGEMENT				2021
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY		MAXIMUM
	41.4 – Power (2021)		85.0 – Consumer Goods (2021)	95
<i>Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company</i>				AVERAGE
				33
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY		MEDIAN
	24.5 – Chemicals (2021)		3.3 – Others (2021)	30
<i>Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company</i>				MINIMUM
				3

- 🔴 Overall, average score is only 35 & 33 for Effluent & Waste Management respectively. This indicates that majority of the companies lacked in making adequate disclosures and failed to meet criteria on waste related parameters.

- 👍 High scoring companies are the one's which have either disclosed information and had positive performance, or the one's which have not disclosed data but have already achieved the objective such as being zero liquid discharge or zero waste to landfill etc.

Government of India has notified various rules with respect to Solid, Plastic, E-waste, Bio-Medical, hazardous & construction waste management in 2016. These, rules have created stricter norms and risks as well a window of opportunity for companies.

The generation, treatment, and disposal of waste can pose harm to human health and environment. Therefore, it is critical for companies to minimise the effluent discharge and waste generation at their business locations and to ensure that the disposal of waste water and solid waste is harmless to the environment. Alternatively, it is important that companies recycle their waste water and waste products to the best extent possible. A point to ponder, probably no government would need to call for mission 'Clean Ganga' or 'Clean Yamuna' if everyone learned art of Effluent and Waste management. Another related point is a question; Are industries or companies' sole generators of waste and effluents?

- 👎 21 companies provided inadequate or generic disclosures on initiatives relating to reducing effluents discharge.

SELECTED INITIATIVES / ACHIEVEMENTS:	
•	Achieved Zero Liquid Discharge (ZLD) for 11 of 15 manufacturing plants. (a company from –Metal Industry)
•	The Company's manufacturing facilities employ zero liquid discharge techniques, to maximise water recycling and reduce the uptake of freshwater in its manufacturing processes. (a company from –Automobile Industry)

- 👎 12 companies provided inadequate or generic disclosures on initiatives relating to reducing waste.

SELECTED INITIATIVES / ACHIEVEMENTS:	
•	14 facilities have been certified as Zero Waste to Landfill (a company from –Automobile Industry)
•	It is 2.11 times plastic positive. (a company from –Cement Industry)
•	Disposal of Hazardous and Plastic Waste through Central/State Pollution Control Board approved Recyclers, Common Disposal Facility and also Co-Processed approximately 372.52 MT of plastic waste in FY 2020-21 in the Company's Cement Plant. (a company from –Cement Industry)
•	All eight factories are "zero waste to landfill", which implies that either all generated waste is either reused, recycled or co-processed. (a company from –Consumer Goods Industry)

Table E22, highlights the number of companies which have made disclosures on various type of waste:

TABLE E22: DISCLOSURES ON WASTE & EFFLUENTS (Number of Companies)			
DISCLOSURE TYPE	2019	2020	2021
Hazardous Waste	45	45	45
Non-Hazardous Waste	37	40	39
Waste Intensity	4	6	6
Effluents	23	25	28

- 👎 Only 45 companies & 39 Companies for FY 2020-21 have made disclosures on data relating to hazardous & non-hazardous waste data respectively.

- 👎 Only 28 companies have made disclosures on data relating to Effluents.

- There is no uniformity in disclosures. Some companies have disclosed only waste disposal data, waste recycled or waste sent to authorised recyclers.
- Inter-company comparison can be made based on disclosures on waste intensity.

📌 However, only 6 companies have made disclosures on waste related intensity.

DISCLOSURES (MEASUREMENT UNITS) - UNIFORMITY?

- Among companies which have made disclosures on waste have generally provided disclosures in tonnes or metric tonnes or kilograms.
- Similarly, as in other environmental parameters, intensity related data differed from company to company based on their business.

TARGETS DISCLOSURES:

Table E23, provides for industry wise distribution of companies disclosing targets relating to toxic waste water / effluents:

TABLE E23: TARGET DISCLOSURE (NUMBER OF COMPANIES)							
	AUTOMOBILE	CEMENT	CONSUMER GOODS	METALS	POWER	Pharma	OTHERS
Short term*	2	4	1	4	1	0	5
Long term#	2	2	0	6	1	1	6

- 20 companies in the sample have discussed about targets to relating to effluents or waste water. Some companies discussed only about short-term targets or long-term targets, while some disclosed both short-term and long-term targets.
- Generally, the targets were to become zero liquid / effluent discharge.

SELECTED INITIATIVES / ACHIEVEMENTS:

- By FY 21-22, has set a target to achieve 'Zero Waste to Landfill'
- Target by 2025 - Zero Waste to Landfill across all sites

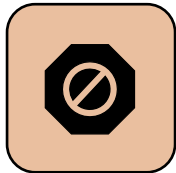
Table E24, provides for industry wise distribution of companies disclosing targets relating to Solid waste (hazardous / non-hazardous):

TABLE E24: TARGET DISCLOSURE (NUMBER OF COMPANIES)									
	AUTOMOBILE	CEMENT	CONSUMER GOODS	CONSUMER SERVICES	METALS	CHEMICALS	POWER	Pharma	OTHERS
Short Term*	1	1	2	2	2	1	2	1	4
Long Term#	1	2	2	1	5	2	2	4	4

- Generally, the targets were to become zero waste disposal.
- 28 companies in the sample have discussed about targets to relating to Solid waste (hazardous / non-hazardous).

SELECTED INITIATIVES / ACHIEVEMENTS:

- By FY 21-22, has set a target to achieve 'Zero Waste to Landfill' (a company from -Textiles Industry)
- Reduction in specific hazardous waste generation by 40% till 2020 compared to 2010 (a company from -Pharma Industry)



2.9. ENVIRONMENTAL INCIDENTS/ CONTROVERSIES

Assessment Factors: Environmental incidents which may pose a risk for the Company or its reputation.

EVALUATION STATISTICS				
2021	QUESTIONS	6	PARAMETERS	24
2019	QUESTIONS	4	PARAMETERS	4

- Occurrence of any Environment incident in last three years, was researched and scored.
- Data on environmental incident was sourced from disclosures by company concerned in their Annual or Sustainability Report or disclosure on stock exchange.
- Environment incidents are defined as incidents affecting the environment caused by business operations of company through its products, processes, inputs used etc.
- Impact on company's business operations due to change in regulatory requirement relating to environment standards was also analysed.

	2021	2019
MAXIMUM	100	100
AVERAGE	96	90
MEDIAN	100	100
MINIMUM	33	0

TYPE OF CASES / INCIDENT

- One of the fertilizer company received Pollution Control Board (PCB) closure notice as well as PCB imposed fine on it for flouting air pollution norms.
- State Pollution Control Board imposed a penalty for damaging Environment on one Power Company.
- One of the Automobile Company recalled their product to rectify a potential emission issue.

than 100% higher score compared to worst. Both low and mean score indicate tremendous potential to catch up by many Indian companies with Indian leaders.

Power Company appears to be high performer as far as top score goes, whereas surprisingly lowest scoring company is from Consumer service sector.

One of the key factors for Consumer Goods, Automobile and Cement industries scoring comparatively higher average is due to better disclosures practices compared to other industries. SES is of the view that real comparison of performance can be judged only when the companies make adequate disclosures till then low scores due to non-disclosures will impede realistic comparison.

‘Why low scores?’ - The sample companies missed out mainly due to inadequate disclosures on workforce, employee relation practices, training of employees, health & safety disclosures, workplace safety records viz. fatalities / injuries, stakeholders’ relationships, and cyber security.

👍 As mentioned, disclosures are the key for better score, and all the top 5 scoring companies have disclosed sustainability reports in addition to Business Responsibility Report.

👎 On the other hand, bottom 5 companies have disclosed only Business Responsibility Reports and also made inadequate disclosures.

SES reiterates that in addition to performance, better disclosures over and above just legal requirement is not only key to higher score but leadership position.

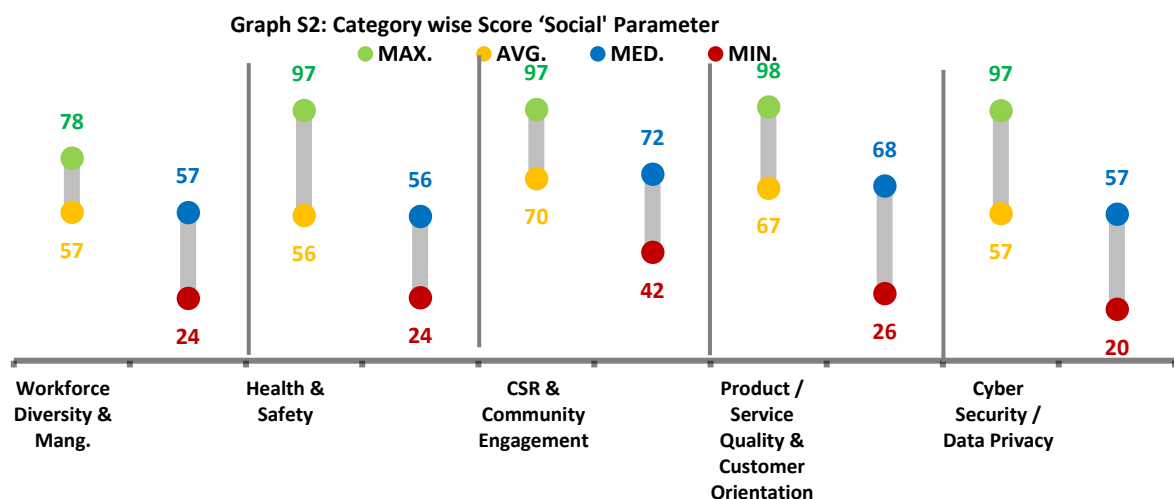


TABLE S1: Scoring pattern across different broad categories in ‘Social’

Parameter	MIN.		AVG.		MED.		MAX.	
	2019	2021	2019	2021	2019	2021	2019	2021
3.1. Workforce Diversity & Management	47	↓ 24	66	↓ 57	66	↓ 57	80	↓ 78
3.2. Health & Safety	15	↓ 24	52	↑ 56	52	↑ 56	84	↑ 97
3.3. CSR & Community Engagement	42	42	78	↓ 71	82	↓ 72	100	↓ 97
3.4. Product / Service Quality & Customer Orientation	0	↑ 26	55	↑ 67	60	↑ 68	100	↓ 98
3.5 Data Security / Customer Privacy	0	↑ 20	32	↑ 57	33	↑ 57	100	↓ 97

- **Maximum Divergence:** While in overall score gap between high and low score was 35, in factor wise score displays even larger disparity as gap is as high as 77 (~5 times) in case of cyber security mainly because of inadequate & non-uniform disclosures.





- **Least Focus Area – Minimum Score:** Cyber Security
- **Most Focussed Area** – CSR & Community Engagement. This incidentally has least divergence as well. Mainly because of regulatory dictate.



3.1. WORKFORCE DIVERSITY & MANAGEMENT

Assessment Factors: Disclosure on workforce and various workforce related practices;

- Workforce details & Workforce Diversity | ● Equal Opportunity
- Training on skill development | ● Industrial Relations & Collective Bargaining

EVALUATION STATISTICS					
2021	QUESTIONS	37	PARAMETERS	145	
2019	QUESTIONS	22	PARAMETERS	96	
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY		2021	2019
	61.7- Cement (2021)		78.3 - Others (2021)		
	69.5- Cement (2019)		80.0 - Cement (2019)	MAXIMUM	78 80
				AVERAGE	57 66
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY		MEDIAN	57 66
	50.5 - Consumer Goods (2021)		24.2 - Others (2021)	MINIMUM	24 47
	63.1 - Automobile (2019)		46.5 - Automobile (2019)		

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

PERMANENT EMPLOYEES:

TABLE S2: TOTAL PERMANENT EMPLOYEES STATISTICS						
INDUSTRY	#	AVERAGE PER COMPANY		TOTAL EMPLOYEES IN THE INDUSTRY		% CHANGE
		2020	2021	2020	2021	
Total	100	11,113	10,961	11,11,255	10,96,123	-1.36%
Metals	10	43,340	41,264	4,33,401	4,12,637	-4.79%
Pharma	10	12,294	13,187	1,22,940	1,31,870	7.26%
Oil & Gas	6	12,376	12,356	74,254	74,133	-0.16%
Automobile	10	11,274	11,053	1,12,738	1,10,531	-1.96%
Cement	8	9,047	9,709	72,375	77,675	7.32%
Consumer Services	6	8,424	7,452	50,542	44,710	-11.54%
Consumer Goods	10	7,219	6,984	72,189	69,840	-3.25%
Power	8	5,544	5,135	44,354	41,077	-7.39%
Others	23	4,930	4,990	1,13,392	1,14,759	1.21%
Chemicals	9	1,674	2,099	15,070	18,891	25.36%

Number of companies

- 👍 Metal industry has the highest number of employees both aggregate and in terms of average employees per company. This is followed by Pharma and Oil & Gas.
- 👍 Highest y-o-y change was observed in Chemicals at 25.36% growth. This is followed by Cement and Pharma companies at 7.32% & 7.26% growth, respectively.

Except in above 4 industries, in all industries degrowth was observed.

Highest degrowth was observed in Consumers Services industry at 11.54%.

Is the de-growth result of pandemic related issues? Or the work force rationalised? Or more reliance is placed on outsourced or contract labours? These questions do not get answered by data available or disclosures made.

Chemicals grew possibly because of China+1 strategy in supply chain management.

TABLE S3: HIGHEST NUMBER OF PERMANENT EMPLOYEES		
TOP 5 COMPANIES		
Industry*	2020	2021
Metals	2,72,445	2,59,016
Metals	69,379	65,564
Others	45,268	40,253
Oil & Gas	32,998	31,648
Metals	32,364	31,189

* In place of the Company name, Industry name is disclosed.

TABLE S4: LEAST NUMBER OF PERMANENT EMPLOYEES		
BOTTOM 5 COMPANIES		
Industry*	2020	2021
Oil & Gas	390	425
Others	519	507
Chemicals	782	1025
Chemicals	1046	1,070
Others	1284	1161

* In place of the Company name, Industry name is disclosed | Note: Table excludes holding Company.

PERMANENT WOMEN EMPLOYEES:

Statistical information on the total permanent women employees in the sample is as given in Table S5:

TABLE S5: PERMANENT WOMEN EMPLOYEES						
INDUSTRY	AS % OF TOTAL EMPLOYEES			# OF WOMEN EMPLOYEES		
	2020	2021	CHANGE	2020	2021	CHANGE
Total	5.95%	6.29%	5.75%	88,935	91,511	2.90%
Consumer Services	34.87%	35.19%	0.93%	17,623	15,735	-10.71%
Consumer Goods	10.28%	10.07%	-2.07%	7,424	7,034	-5.25%
Pharma	7.33%	9.03%	23.26%	9,010	11,912	32.21%
Oil & Gas	7.62%	8.32%	9.20%	5,656	5,833	3.13%
Metals	6.01%	6.44%	7.29%	26,028	26,588	2.15%
Power	7.50%	6.28%	-16.28%	3,334	2,585	-22.47%
Chemicals	4.00%	4.21%	5.14%	572	752	31.47%
Automobile	3.48%	3.99%	14.52%	3,927	4,409	12.27%
Others	2.78%	3.09%	11.36%	13,825	14,788	6.97%
Cement	2.12%	2.41%	13.74%	1,536	1,875	22.07%

Note: Excludes holding companies and companies with inconsistent/ inadequate disclosure provided

- 👍 Healthcare Services industry (Included in Others) has highest % of women employees i.e. 40.82% as at end of FY 2020-21. This is followed by Consumer Services and Telecom industry (Included in Others).
- Top 4 industries having highest % of women employees belong to service industry viz. Services (part of 'Others'), Consumer Services, Telecom (part of 'Others') and Healthcare Services (part of 'Others'), probably this is the reason for having higher number of women employees compared to manufacturing companies which generally have high labour-intensive / manual work.
- Among 'Others' industry, ~80% women employees and total Employees belong to service industry.

EQUAL OPPURUNITY:

- 👍 91 companies in the sample have disclosed statement on being equity opportunity employer.
- 👎 9 companies have not disclosed about being equal opportunity employer.
- 👍 27 companies out of 100 companies in Sample, have women employees more than 10% of total permanent workforce.
- 👎 In the sample, 4 companies had women employees less than 1% of total permanent workforce and 6 companies did not disclose the data.

EMPLOYEES WITH DISABILITIES:

Table S6 gives statistical information on the total permanent employees with disabilities in the sample for FY 2020-21:

TABLE S6: PERMANENT EMPLOYEES WITH DISABILITIES				
INDUSTRY	#	AVERAGE/ COMPANY	TOTAL	% TOTAL EMPLOYEES
Sample	93 / 100	51	4,774	0.44%
Metals	8 / 10	185	1,477	0.36%
Oil & Gas	6 / 6	168	1,007	1.36%
Consumer Services	6 / 6	97	580	1.30%
Power	7 / 8	81	569	1.39%
Automobile	9 / 10	40	363	0.33%
Consumer Goods	9 / 10	31	282	0.40%
Others	21 / 23	9	181	0.16%
Cement	8 / 8	21	166	0.21%
Pharma	10 / 10	10	104	0.08%
Chemicals	9 / 9	5	45	0.24%

Number of companies which disclosed the data

- 👍 Metal Industry has highest number of employees with disabilities, which is followed by Oil & Gas industry.
- 👎 Out of 100 sample companies, 7 companies have not disclosed absolute number of employees with disabilities.

TABLE S7: NUMBER OF EMPLOYEES WITH DISABILITIES

TOP 5 COMPANIES	
INDUSTRY*	TOTAL
Metals	731
Oil & Gas	707
Metals	703
Power	484
Consumer Services	392

* In place of the Company name, Industry name is disclosed

27 companies do not have any permanent employee with disabilities.

Out of these, 4 were from Metals (Non-PSUs - 2 Metals in Top 5 are PSUs) and 4 were from Pharma.

TABLE S8: % OF EMPLOYEES WITH DISABILITIES

TOP 5 COMPANIES*	
INDUSTRY	% TOTAL EMPLOYEES
Consumer Services	7.57%
Power	2.88%
Oil & Gas	2.23%
Oil & Gas	2.08%
Consumer Goods	2.07%

* In place of the Company name, Industry name is disclosed

EMPLOYEE ATTRITION / TURNOVER:

👎 Only 65 companies disclosed information on employee attrition / turnover rate.

👍 For FY 2020-21, 34 companies reported having attrition rate of less than 10%. Out of which, 7 companies reported 3-5% and 5 company reported 2% attrition rate.



TRAINING:

👍 81 companies have provided information on training or given data in hours or man-days. It may be noted that data in absolute number of hours or man-days is not a best metric to represent performance as absolute numbers are bound to vary considering the size of the company and cannot be compared. Therefore, data on training given in hours per employee provides better performance measurement.

👎 However, in the sample, only 31 companies provided information per employee basis. With only hours of training data, one has to calculate average training hours per employee, based on available data on employees, which is not only cumbersome but carries risk of incorrect interpretation.

👍 For FY 2020-21, 68 companies adequately disclosed percentage of employees who were given training on skill upgradations.

COMPLAINTS REPORTING:

TABLE S9: COMPLAINTS REPORTING		DISCLOSURE*	COMPLAINTS RECEIVED
	HUMAN RIGHTS	78	NIL by 72 companies
	CHILD/ FORCED / INVOLUNTARY LABOUR	92	NIL

**DISCRIMINATORY EMPLOYMENT****85****NIL**
by 84 companies

*Number of companies reporting complaints for 3 Years.

- In one of the Pharma industry company, incidents related to discrimination were reported.
- During the FY 2020-21, Out of 78 companies which disclosed absolute numbers of complaints relating to Human Rights (under BR Report P5-Q2), 72 companies have reported zero complaints.



According to publication of 'Ministry of Statistics and Programme Implementation', namely 'Children in India – 2018'⁶, there were 1.01 crore working children as per census 2011.

As against the above data it appears that as far as this sample is concerned, problem of child labour seems to have been fully eradicated. Are these companies' outliers or child labour does exist and not properly reported is a question that needs an honest answer?

Though sample companies have not reported any child labour complaints, however, the data relates to the Company only, and no data is provided for child labourers employed by other stakeholders associated with the Company. There may be instances in certain industry wherein contractors, sub-contractors, suppliers etc may have employed child labour, however, the same does not form part of the company's disclosure practices.

The format issued by SEBI on Business Responsibility and Sustainability Reporting ("BRSR"), under the category Leadership Indicators of Principle 5 have included the requirement to disclose % of value chain partners (by value of business done with such partners) that were assessed for Sexual Harassment, Working Conditions, Health and Safety, Discrimination at workplace, Child labour, Forced/ Involuntary labour, Wages and Others. Therefore, going forward, if the company assesses value chain partners as well, the same would be reported in BRSR.

- 15 companies did not disclose information on complaints on discriminatory employment. However, had discussed about being equal opportunity employer and not having any practice of discrimination.

⁶ 'Children in India 2018' by 'Ministry of Statistics and Programme Implementation' ([Weblink](#))





3.2. HEALTH & SAFETY

Assessment Factors: Disclosure & practices on Health & Safety of the Company;

- Health & Safety practices | ● Training on Safety
- Workers Health | ● Anti-Sexual Harassment Practices

EVALUATION STATISTICS

2021	QUESTIONS	24	PARAMETERS	67
2019	QUESTIONS	14	PARAMETERS	54
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY		
	61.4- Pharma (2021)		96.8 - Chemicals (2021)	2021
	67.9- Automobile (2019)		84.1 - Consumer Goods (2019)	2019
				MAXIMUM
				97
				84
				AVERAGE
				56
				52
				MEDIAN
				55
				52
				MINIMUM
				24
				15

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

WORST PERFORMING INDUSTRY

	41.04 - Consumer Services (2021)
	43.4 - Others (2019)

WORST PERFORMING COMPANY

	24.4 - Consumer Services (2021)
	14.6 - Others (2019)

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

Table S10 has data on number of companies making relevant disclosures.

TABLE S10: HEALTH & SAFETY OVERVIEW - COMPANY'S DISCLOSURES

HEALTH & SAFETY POLICY		HEALTH & SAFETY MANAGEMENT SYSTEM	
	# Companies		# Companies
Disclosed Presence	87	Disclosed Presence	82
Disclosed Policy	75	Disclosed Certification Available	71
Discussion on maternity related benefits		60	

- Not all companies in the sample have made disclosures on policies or health & safety management systems.

WORKPLACE SAFETY RECORDS:

SCORE - WORKPLACE SAFETY

MAXIMUM	100	AVERAGE	39	MEDIAN	40	MINIMUM	0
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Fatalities:

The enormous burden of poor working conditions

The ILO estimates that some 2.3 million women and men around the world succumb to work-related accidents or diseases every year; this corresponds to over 6000 deaths every single day. Worldwide, there are around 340 million occupational accidents and 160 million victims of work-related illnesses annually.

- Source: International Labour Organization (ILO) ([Weblink](#))

SES is of the view that having healthy and safe workplace is the basic necessity of every employee or worker in an organisation and paramount duty of employers.

🔴 In the Sample, 63 companies provided information and only 37 companies (Previous FY – 42 companies) did not provide information on number of fatalities.

- Although for some industry, especially in service industry the risk of fatality or injuries may be negligible as compared to manufacturing or labour-intensive work, however, the level of risk should not determine disclosure of workplace safety records.

As absence of disclosure may give rise to different interpretation and may create doubt in the minds of stakeholders. As a best practice in case there is no fatality, no accidents etc. companies must report 'Nil' fatality/ accident data.

🟢 Out of 63 companies which have disclosed data, 39 reported ZERO fatalities during FY 2020-21.

The following analysis (Table S11) on fatalities is limited to the companies which have made disclosures:

TABLE S11: NUMBER OF FATALITIES STATISTICS					
INDUSTRY	#	TOTAL FATALITIES		FATALITIES PER 1000 EMPLOYEES	
		2020	2021	2020	2021
Total	63 / 100	150	126	0.10	0.09
Metals	10 / 10	70	57	0.16	0.14
Construction	2 / 3	41	25	0.86	0.59
Oil & Gas	5 / 6	5	14	0.07	0.20
Cement	6 / 8	12	11	0.17	0.14
Services	2 / 4	5	6	0.01	0.02
Chemicals	7 / 9	2	6	0.14	0.34
Consumer Goods	6 / 10	2	3	0.03	0.04
Telecom	1 / 4	0	2	-	0.09
Fertilisers & Pesticides	3 / 4	8	1	0.57	0.07
Power	5 / 8	3	1	0.07	0.02
Industrial Manufacturing	3 / 4	1	-	0.07	-
Healthcare Services	0 / 3	1	-	0.08	-
Automobile	6 / 10	-	-	-	-
Pharma	5 / 10	-	-	-	-
Consumer Services	2 / 6	-	-	-	-
Textiles	0 / 1	-	-	-	-

Number of companies which disclosed the data for FY 2020-21

🔴 Maximum (107/126) fatalities during FY 2020-21 were reported in metals, construction, oil & gas and cement industries.

🟢 The absolute total number of fatalities as well fatalities per 1,000 employees for Metals and Construction industries have decreased in FY 2020-21.

- On per thousand employee basis maximum rate of fatalities is reported by construction sector, as safety practices in construction sector are far less compared to any other organised sector and sub-contractor system is in vogue in most cases.

The fatalities in these industries are generally brushed aside as “owing to the nature of business”. Can one say that these industries would always remain so risky? Are these sector high risk sectors? Certainly not! H&S factor in these industries can certainly improve.

High fatalities indicate that such companies / industries have a major scope for improvement in their health & safety practices.

TABLE S12: HIGHEST FATALITIES REPORTED (IN NUMBERS)

WORST 5 COMPANIES FOR FY 2020-21	
INDUSTRY*	FATALITIES
Metals	30
Construction	25
Metals	8
Metals	8
Oil & Gas	8

* In place of the Company name, Industry name is disclosed

Highest fatalities were observed in metal and construction industries, top 5 companies from these industries had 79 put of total 126 fatalities.

While low ratio does indicate better performance, yet the best is to not have any fatalities.

Injuries: No consolidated injuries data could be highlighted as there was no symmetry in the disclosure's practices of the company. Some companies report injury lost time in hours, injury lost time in days, injury loss rate in hours / days etc.

SEXUAL HARASSMENT:

SCORE - SEXUAL HARASSMENT							
MAXIMUM	100	AVERAGE	69	MEDIAN	68	MINIMUM	21

TABLE S17: POLICY & COMMITTEE OVERVIEW - COMPANY'S DISCLOSURES

ANTI SEXUAL HARASSMENT POLICY		INTERNAL COMPLAINTS COMMITTEE	
	# Companies		# Companies
Disclosed Presence	91	Disclosed Presence	100
Disclosed Policy	53	Disclosed Composition	18

- It was observed that 9 companies in the sample did not disclose specifically about framing the Anti-Sexual Harassment Policy, though they have disclosed about having mechanism for prevention for sexual harassment.
- 18 companies not only disclosed about having Internal Complaints Committee but also disclosed composition related information (though legally not required to disclose).

Table S13 provides statistical information on the complaints relating to sexual harassment FY 2020-21:

TABLE 13: SEXUAL HARASSMENT COMPLAINTS REPORTED FOR FY 2020-21

INDUSTRY	COMPLAINTS TOTAL		AVERAGE PER COMPANY		PER 1,000 EMPLOYEES (All)		PER 1000 EMPLOYEES (WOMEN)	
	2020	2021	2020	2021	2020	2021	2020	2021
Total	240	158	2.4	1.6	0.2	0.1	2.4	1.0
Metals	56	44	5.6	4.4	0.1	0.1	2.2	1.7
Consumer Services	66	27	11	4.5	1.3	0.6	3.7	1.7
Automobile	27	15	2.7	1.5	0.2	0.1	6.9	3.4
Consumer Goods	20	14	2	1.4	0.3	0.2	2.7	2
Telecom	15	13	3.8	3.3	0.8	0.6	3.2	2.8
Pharma	14	12	1.4	1.2	0.1	0.1	1.6	1
Cement	12	9	1.5	1.1	0.2	0.1	7.8	4.8
Oil & Gas	9	7	1.5	1.2	0.1	0.1	1.6	1.2
Power	5	6	0.6	0.8	0.1	0.1	1.5	2.3
Chemicals	2	3	0.2	0.3	0.1	0.2	3.5	4

TABLE 13: SEXUAL HARASSMENT COMPLAINTS REPORTED FOR FY 2020-21

INDUSTRY	COMPLAINTS TOTAL		AVERAGE PER COMPANY		PER 1,000 EMPLOYEES (All)		PER 1000 EMPLOYEES (WOMEN)	
	2020	2021	2020	2021	2020	2021	2020	2021
Construction	0	3	0	1	0.0	0.1	0.0	0.9
Services	8	2	2	0.5	0.0	0.0	0.7	0.0
Healthcare Services	5	2	1.7	0.7	0.4	0.2	1.0	0.4
Fertilisers & Pesticides	1	1	0.3	0.3	0.1	0.1	2.2	2.0
Industrial Manufacturing	0	0	0	0	0.0	0.0	0.0	0.0
Textiles	0	0	0	0	0.0	0.0	0.0	0.0

- During FY 2020-21, total 158 complaints relating to sexual harassment were reported by the sample companies.
- ~28% complaints were from Metal industry and ~17% from Consumer Services industry.
- 👎 Consumer Services had the worst ratio in terms of complaints per 1000 employees at **0.6**.
- 👍 53 companies out of sample companies did not have any sexual harassment related complaints during FY 2020-21.

The reduction in number of complaints could be misleading analyst to conclude that cases have come down, as most of the employees were having a work from home situation

TABLE S14: HIGHEST # SEXUAL HARASSMENT COMPLAINTS		TABLE S15: HIGHEST # SEXUAL HARASSMENT COMPLAINTS PER 1000 EMPLOYEES	
Company*	NUMBER	Company*	NUMBER
Metals	21	Consumer Services	1.72
Consumers Services	15	Chemicals	1.18
Telecom	10	Consumer Services	1.13
Consumer Services	9	Power	1.12
Metal	8	Metals	1.08





* In place of the Company name, Industry name is disclosed



3.3. CSR & COMMUNITY ENGAGEMENT

Assessment Factors:

- Company's Corporate Social Responsibility (CSR) spending
- Disclosures relating to initiatives taken by the Company to improve communities
- Financial Inclusion (for Banks)

EVALUATION STATISTICS								
2021		QUESTIONS		14	PARAMETERS		45	
2019		QUESTIONS		14	PARAMETERS		43	
BEST PERFORMING INDUSTRY			BEST PERFORMING COMPANY				2021	2019
	79.7- Oil & Gas (2021)			97.2 - Power (2021)				
	86.5- Automobile (2019)			100 - 2 Companies (2019)		MAXIMUM	97	100
Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company						AVERAGE	71	78
WORST PERFORMING INDUSTRY			WORST PERFORMING COMPANY					
	62.7 - Consumer Services (2021)			42.0 - Chemicals (2021)		MEDIAN	72	82
	66.8 - Others (2019)			41.9 - Others (2019)		MINIMUM	42	42
Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company								

GENERAL:

TABLE S16: COMPANY'S DISCLOSURE ON CSR	
PARTICULARS	# COMPANIES
CSR Policy	100
Programmes/ initiatives/ projects relating to CSR	100
Steps taken to ensure that community development initiatives are successfully adopted	93
Companies with no political Donations	88

CSR SPEND:

TABLE S17: AVERAGE CSR AMOUNT (PRESCRIBED & SPENT)						
PARTICULARS (₹ in crores)	Total			Average*		
	2020	2021	% change	2020	2021	% change
Net Profit for last three years	2,40,581	2,34,224	-2.64%	2,673.13	2,491.75	-6.79%
Prescribed CSR Spend (A)	4,843.97	4,733.04	-2.29%	53.23	50.35	-5.41%
CSR Spend (B)	5,436.86	5,527.02	1.66%	57.23	56.40	-1.45%
% Spent (B/A)	112.24%	116.76%				

* Note: Average of sample companies (excludes average net loss companies)

- 👍 The total CSR spend in the sample companies marginally increased by 1.66% during FY 2020-21, as compared with FY 2019-20. While average/ company decreased.

S. 135 (6) Any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate

Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

With the aforesaid amendments, the companies are now mandatorily required to spend the prescribed CSR amount (in case of failure, required to transfer funds in separate account), and cannot comply by merely providing reasons for not spending the prescribed amount. The increase is probably due to impact of the law.

In view of the above, for coming financial years, the total CSR spend may increase y-o-y, at least up to prescribed CSR amount.

Table S18 gives data of industry wise CSR expenditure for 2019-20 & 2020-21:

TABLE S18: INDUSTRYWISE CSR PERFORMANCE						
INDUSTRY (₹ in crores)	2020			2021		
	PRESCRIBED	SPEND	% SPEND	PRESCRIBED	SPEND	% SPEND
Total	4,844	5,437	112.2%	4,733	5,527	116.8%
Consumer Services	14.26	14.98	105.0%	14.48	25.95	179.2%
Cement	215.37	325.35	151.1%	242.64	354.28	146.0%
Power	292.73	346.12	118.2%	322.86	439.95	136.3%
Others	442.47	455.75	103.0%	405.58	533.86	131.6%
Chemicals	48.45	66.39	137.0%	57.80	71.41	123.5%
Pharma	247.13	236.44	95.7%	240.44	291.90	121.4%
Metals	589.85	784.63	133.0%	645.30	754.66	116.9%
Oil & Gas	1,786.13	1,890.24	105.8%	1,554.81	1,799.46	115.7%
Consumer Goods	686.42	702.13	102.3%	756.16	768.84	101.7%
Automobile	521.16	614.83	118.0%	492.97	486.71	98.7%

👍 For FY 2020-21, highest CSR spend was observed in Oil & Gas industry, followed by Consumer Goods and Metals companies.

👎 Automobile companies in the sample, together had spent less than the statutory prescribed limit for FY 2020-21 and Pharma Companies for FY 2019-20.



3.4. PRODUCT / SERVICE QUALITY & CUSTOMER ORIENTATION

Assessment Factors:

- Company's practices for improving customer relations, their complaints / grievances
- Product / Service Quality, Safety and any product / service related incidents

EVALUATION STATISTICS

2021	QUESTIONS	9	PARAMETERS	40
2019	QUESTIONS	3	PARAMETERS	18
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY*		
	74.3- Power (2021) 93.0- Services (2019)		98.2 - Chemicals (2021) 100.0- Others (2019)	
				2021 2019
				MAXIMUM 98 100
				AVERAGE 67 55
				MEDIAN 68 60
				MINIMUM 26 0
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY*		
	60.9 - Consumer Services (2021) 36.7- Pharma (2019)		26.0 - Pharma (2021) 00.0 - Others (2019)	

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

PRODUCT / SERVICE QUALITY:

SCORE - PRODUCT / SERVICE QUALITY

MAXIMUM	100	AVERAGE	73	MEDIAN	75	MINIMUM	8
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DISCLOSURE PARAMETER	# COMPANIES
Disclosed about Quality Management System and having quality related certifications	65
Disclosed only about Quality Management System in place	13

👍 65 companies in the sample disclosed about having quality management system in place and also disclosed information on certifications availed relating to quality.

👎 13 companies discussed or disclosed information on quality related practices, however, have not disclosed information on certifications availed.

👎 22 companies did not provide specific or adequate information relating to quality management system.

DISCLOSURE PARAMETER	# COMPANIES
Disclosed Quality related policy	38

● 38 companies disclosed its policy on its website and 13 companies only stated that they have policy.

👎 49 companies have not provided disclosures related to policy.

DISCLOSURE PARAMETER	# COMPANIES
No case of product recall or ban (last 3 years)	89

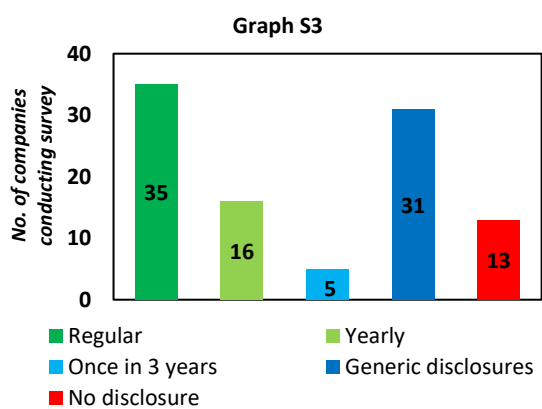
👎 In 11 companies, there were cases of product recall / ban due to safety related concerns in last 3 years.

👎 Out of 11 companies 5 are from Pharma Industry and 4 are from Automobile Industry.

CUSTOMER ORIENTATION:**Customer Complaints / Grievances:**

As per BRR Format, companies are required to disclose percentage of customer complaints cases that are pending as at the end of financial year.

- Out of sample companies, only 55 companies provided disclosure of customer complaints.
- Out of 55 companies, some companies disclosed only customer complaints received during the year and some companies only disclosed pending customer complaints at the end of year.
- Since the number of companies disclosing customer complaints received during the financial year or pending at year end, is not same or uniform among sample companies (irrespective of industry), industry wise comparison cannot be done.

Consumer Survey/ Consumer Satisfaction Trends:

Graph S3 showcase frequency with which consumer survey/ consumer satisfaction trends were carried out by companies.

👍 51 companies conducted consumer survey or consumer satisfaction trends every financial year. (Regular & yearly)

👎 5 Companies conducted consumer survey of consumer satisfaction trend once in 3 years

👎 31 companies did not specify the period of survey, however, disclosed the fact they do consumer

survey/ consumer satisfaction trends.

👎 13 companies did not provide any specific information in this regard.



3.5. CYBER SECURITY / CUSTOMER PRIVACY

Assessment Factors:

- Cyber / Data security practices of the Company | ● Cyber / Data / Privacy Breach

EVALUATION STATISTICS					
2021	QUESTIONS	8	PARAMETERS	20	
2019	QUESTIONS	4	PARAMETERS	10	
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY		2021	2019
	66.4- Oil & Gas (2021)		96.7 - Power (2021)	MAXIMUM	97
	50.0- Pharma (2019)		100 - Consumer Goods (2019)	AVERAGE	32
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY		MEDIAN	33
	45.8 - Consumer Services (2021)		97 - Power (2021)	MINIMUM	20
	33.0 - Others (2019)		0.00 - Multiple Companies (2019)		0

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

CYBER SECURITY – RISK COMMITTEE FUNCTION

Regulation 21 of SEBI Listing Regulation 2015 states that functions of Risk Management Committee (RMC) shall specifically cover matters relating to cyber security. However, constitution of RMC is applicable to top 500 listed Entities by market capitalization only.

“21(4) The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit such function shall specifically cover cyber security.”

DISCLOSURE PARAMETER	# COMPANIES
Risk Committee function includes 'Cyber Security'	84

- 👍 In accordance with the Regulations, though legally not required to disclose, 84 companies disclosed in the annual report for FY 2020-21, that the risk management committee (RMC) or any separate cyber / IT related committee monitors and reviews cyber security risk.

DISCLOSURE PARAMETER	# COMPANIES
Formulated and disclosed about Data Security / Privacy Policy	76

- 👍 74 companies have mentioned about and/or disclosed its data security / privacy policy.

DISCLOSURE PARAMETER	# COMPANIES
Information on Data Security / Privacy Breach	24

- 👎 Only 24 companies provided data on number of incidence or complaints regarding data security or privacy breaches.

This reflects that either the companies are not centrally tracking all data security / privacy breach concerns or hesitant to publish negative information.

DISCLOSURE PARAMETER	# COMPANIES
Steps taken to ensure safe security system	73
IT / Cyber Security related Certifications	26

- 🔴 Out of the sample companies, 27 companies have not provided detailed information on steps or initiatives taken to ensure safe IT security system.
- 🔴 Only 26 companies have disclosed or discussed about having IT / Cyber Security related certifications.

IV - GOVERNANCE

Scores obtained by sample companies on G factor have been analysed mainly covering Company's Board related practices such as Board Composition, remuneration, committee composition and performance. Further, section also analyses Statutory Auditors, Audits, Financial Reporting and Stakeholder Engagement functions.

EVALUATION STATISTICS				
2021	QUESTIONS	133	PARAMETERS	505
2019	QUESTIONS	130	PARAMETERS	519

BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY			2021	2019
	78.2 - Consumer Goods (2021)		83.8 - Consumer Goods (2021)			
	77.9- Chemicals (2019)		84.3- Others (2019)	MAXIMUM	84	84
	77.4 - Oil & Gas (2021)		83.7 - Pharma (2021)	AVERAGE	76	75
	76.2- Automobile (2019)		82.2- Automobile (2019)	MEDIAN	76	75
	76.9 - Pharma (2021)		83.6 - Power (2021)	MINIMUM	63	61
	75.6- Consumer Goods (2019)		82.1- Metals & Mining (2019)			

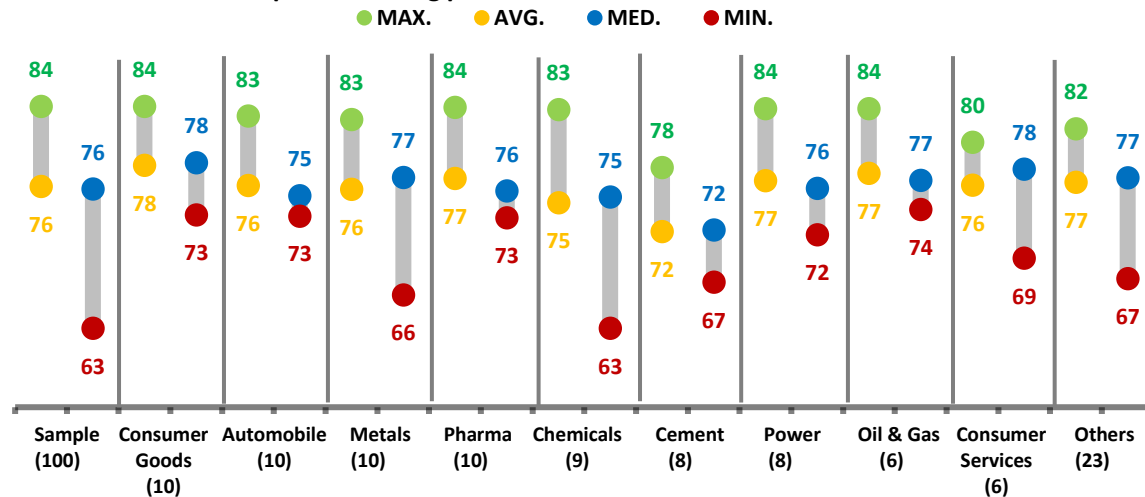
Note: Top 3 Industry: Average industry score; Top 3 Company: Top scoring company (referred as respective Industry)

WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY	
	71.83 - Cement (2021)		62.6 - Chemicals (2021)
	69.9 - Cement (2019)		60.9 - Metals (2019)

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

SCORES & DISTRIBUTION:

Graph G1: Scoring pattern across different industries in 'Governance'



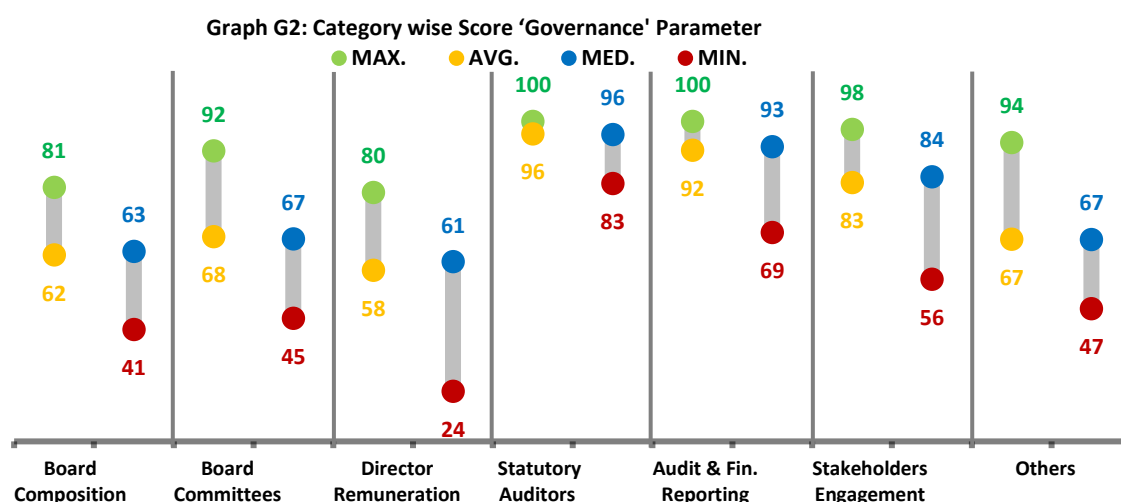
Interpretation/ Commentary:

- Average score of Governance factors, across the sample companies was 76, with a high of 84 and low of 63. Median score was 76.

- The divergence in scores across the G factor is least compared to other two factors E & S, primarily owing to existing statutory requirements in force in India at least for a decade.
- And on account of the fact that biggest scams to hit the financial markets were associated with various direct governance issues.
- These twin factors have impacted the way investors look at governance and attracted focus on importance of good governance.
- Further existence and regulatory enforcements of standards governance practices and laws have matured and certainly helped in improving G factor compared to evolving statutory requirements in E & S area.
- The scores more or less indicate that Governance is mostly sector agnostic as across the industries top, average & median scores have moved in a very narrow range.

Highest average was observed in Consumer Goods industry with average score of 78.2, as can be observed at Graph G1, the top scoring company in G factor is from Consumer Goods industry. The second & third best industry average score belonged to Oil & Gas (77.4) and Pharma (76.9). Lowest score divergence was observed in Oil & Gas industry with average score of 77.4.

High governance scoring companies are the one's which apart from mandatory requirement have also aspired to meet non-mandatory good governance practices having taken a leap beyond tick box approach and mere legal compliance, venturing into policies that protect and defend interest of stakeholders.



Note: Directors remuneration factor analysis excludes PSUs data

Parameter	MIN.		AVG.		MED.		MAX.	
	2019	2021	2019	2021	2019	2021	2019	2021
Board Composition	30	↑ 41	55	↑ 62	55	↑ 63	75	↑ 81
Board Committees	23	↑ 45	59	↑ 68	58	↑ 67	84	↑ 92
Director Remuneration	29	↓ 24	67	↓ 58	72	↓ 61	90	↓ 80
Statutory Auditors	74	↑ 83	97	↓ 96	99	↓ 96	100	100
Audit & Financial Reporting	70	↓ 69	91	↑ 92	92	↑ 93	100	100
Stakeholders Engagement	52	↑ 56	79	↑ 83	82	↑ 84	96	↑ 98
Others	43	↑ 47	73	↓ 67	74	↓ 67	95	↓ 94

- Statutory Auditors related reporting most matured, best reporting
- Director remuneration worst over all, Board Composition second worst
- Company wise Board Committee and Director Remuneration worst

Low Scores: Possible reasons

Some companies in Sample have scored low in categories such as Board Composition and Committees majorly due to most companies complying only with minimum requirement of requisite number of IDs on the Board, Independent Women Directors and failing to do better than the minimum; governance concerns viz. low attendance at Board or Committee level meetings, time commitment of directors measured against benchmarks different from legal requirements. Benchmarks on many parameters of evaluation are higher than statutory minimum required as good governance is much beyond minimum compliance.

In case of director's remuneration practices, the low scoring companies have skewed remuneration practices or excessive remuneration to certain class of director(s) & non-disclosures of rationale for skewed remuneration.





4.1. BOARD COMPOSITION

Assessment Factors: Companies Board structure including;


- Board Expertise
- Association and Independence of Directors
- Combination of Independent & Non-Independent Directors
- Male and female director
- Board Diversity – Gender, Expertise
- Attendance & Time Commitments
- Age profile of directors


EVALUATION STATISTICS

2021	QUESTIONS	18	PARAMETERS	82
2019	QUESTIONS	18	PARAMETERS	87
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY		
 67.5 – Pharma (2021) 60.7 – Automobile (2019)		 81.5 – Consumer Goods (2021) 75.3 – Metal & Mining (2019)		
				2021 2019
				MAXIMUM 81 75
				AVERAGE 62 55
				MEDIAN 63 55
				MINIMUM 41 30

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

WORST PERFORMING INDUSTRY **WORST PERFORMING COMPANY**

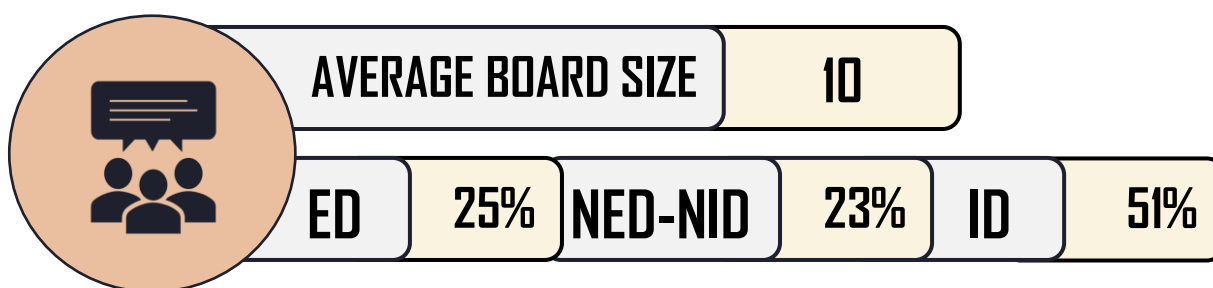
 52.91 – Cement (2021)
41.7 – Cement (2019)

 41.5 – Metals (2021)
30.2 – Metal & Mining (2019)

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

Sample Companies (Directors as on 31st December, 2021)

1039 (100%)	Total Board Positions	913 (100%)	# of Individuals as Director
819 (89.70%)	Individuals with Single Board Position	94 (10.30%)	Individuals with multiple Board Positions
288 (27.7%)	Promoter Directors (P) (Board Positions)	751 (72.3%)	Non-Promoter Directors (NP) (Board Positions)
263 (25.3%)	Executive Directors (ED)	533 (51.3%)	Independent Directors (ID)
243 (23.4%)	Non-Independent Directors (NED-NID)		



- Average board size at 10 directors is higher as compared to minimum 6 mandated in law.

TABLE G2: AVERAGE BOARD SIZE

PARTICULARS	Total	ED	NED-NID	ID
Average Directors in a Company	10.3	2.6	2.4	5.3
Number of Companies with more than Average	48	43	44	50

TABLE G3: INDUSTRIES WISE BOARD SIZE

Industries	# of Companies	Avg. # Directors	Max #	Min #	% EDs	% NED-NIDs	% IDs
Consumer Services	6	9	12	6	23.2%	21.4%	55.4%
Consumer Goods	10	12	16	8	19.0%	26.4%	54.5%
Power	8	9	12	6	25.0%	22.2%	52.8%
Chemicals	9	11	16	9	32.3%	15.6%	52.1%
Pharma	10	10	12	7	29.6%	18.4%	52.0%
Others	23	10	18	6	26.8%	21.9%	51.3%
Oil & Gas	6	12	14	8	31.0%	18.3%	50.7%
Automobile	10	11	14	6	22.0%	27.5%	50.5%
Metals	10	10	13	8	25.0%	26.9%	48.1%
Cement	8	11	15	7	19.3%	34.1%	46.6%

👍 Highest percentage of Independent Directors industries were Consumer Services (55.4%), followed by Consumer Goods (54.5%).

👎 Lowest percentage of IDs industries were Cement (46.6%), followed by Metals (48.1%)

Regulation 17(C) of the SEBI LODR states that,

The board of directors of the top 1000 listed entities (with effect from April 1, 2019) and the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors.

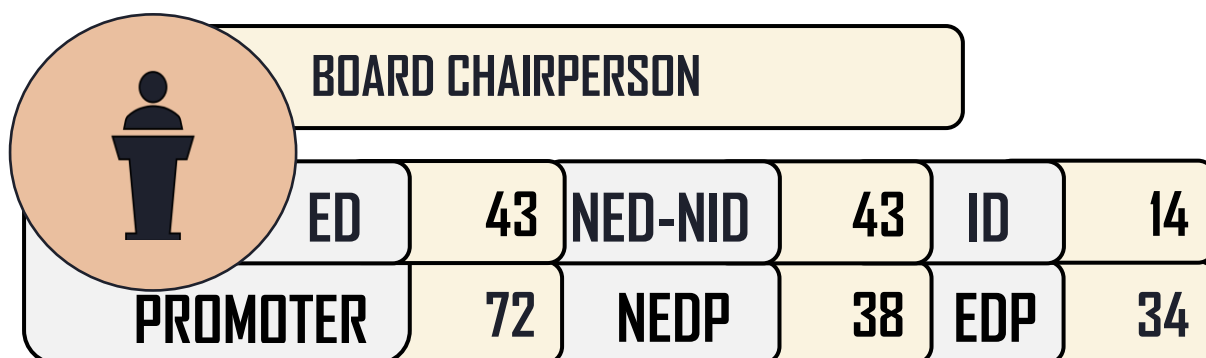
- All the Sample Companies have more than 6 Directors.

Regulation 17(1)(b) of SEBI LODR, 2015 states that:

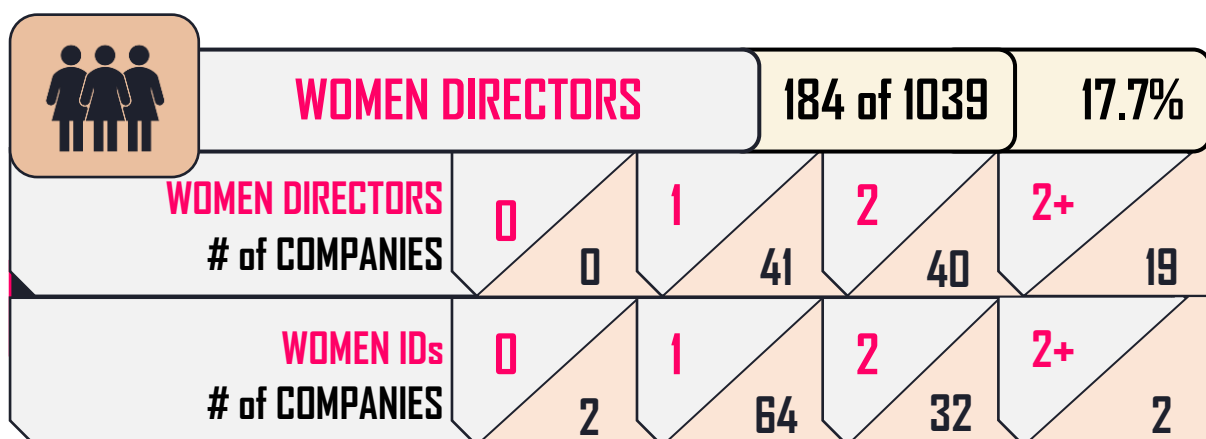
*“Where the chairperson of the board of directors is a non-executive director, at least **one-third** of the board of directors shall comprise of independent directors and where the listed entity does not have a regular nonexecutive chairperson, at least **half of the board** of directors shall comprise of independent directors.*

Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors.”

- Out of Sample companies 97 companies were compliant with law - having 50%/ 33% IDs and 3 companies non-compliant with law relating to Board Composition.
- Out of 533 IDs, 100 (~19%) were associated with the Company for more than 10 Years. SES as a policy does not consider any director associated with the Company for more than 10 years to be Independent due to his/her prolonged association.



- In 43 companies, EDs held position of Chairperson.
- In 72 companies, Promoters held position of the chairperson, out of which 34 are promoter ED's.
- Only in 14 companies, Chairperson's position was held by Independent Directors.



SCORE - GENDER DIVERSITY							
MAXIMUM	100	AVERAGE	75	MEDIAN	80	MINIMUM	0

- 184 Board Position were held by 150 unique Women Directors (~17% of the total Board Positions)
- 126 Women Directors hold only one Board position in sample companies
- 24 Women Directors hold multiple Board positions in sample companies
- 34 companies have more than 1 women IDs.
- 👍 19 companies had more than 2 Women Directors, indicating gender diversity at Board level beyond mandatory requirement.

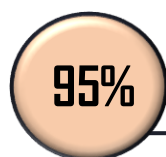
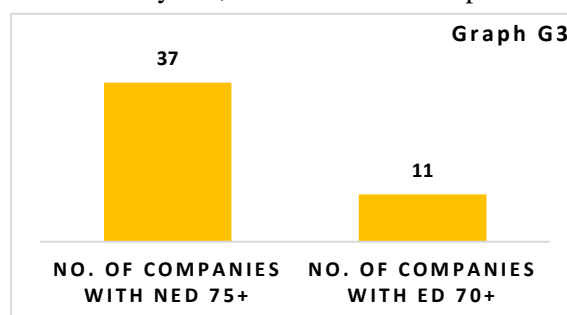
- 2 companies had more than 3 Independent women Directors. Each from Automobile and Consumer Goods sector.
- 2 companies did not have women IDs as on 31st December, 2021. Both companies from Metal Sectors.
- Out of sample companies, 1 Company (Metal Industry) has 4 women directors, however it does not have any Independent Women Director, and not compliant with the requirement of independent woman director on the Board, as required under Regulation 17(1)(a) of the SEBI Listing Regulations, 2015.

AGE PROFILE					
AVERAGE AGE	OVERALL	ED	NED	No. of Directors	
	61	58	63	ED 70+ 16	NED 75+ 66

SCORE - DIRECTORS AGE							
MAXIMUM	100	AVERAGE	58	MEDIAN	60	MINIMUM	0

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates shareholders' approval for continuance or appointment of Non-executive Directors who has attained 75 years of age. (Effective 1st April, 2019)

- In the sample companies there are 16 EDs has age more than 70 years, out of which 13 are promoter Directors.
- In the sample companies there are 66 NEDs (including IDs) having age more than 75 years, out of which 16 are Promoter Directors.
- 37 companies have at least one NED with age >75 years, while 11 companies have at least one ED with age > 70 years.



AVERAGE ATTENDANCE AT BOARD MEETINGS

Table G4 provides for distribution of number of companies with % average Board attendance:

TABLE G4: AVERAGE BOARD ATTENDANCE (# OF COMPANIES)							
Average Attendance	0-50%	50-60%	60-70%	70-80%	80-90%	90-100%	100%
# of Companies	0	0	0	5	9	60	26

- 26 companies in the sample has 100% attendance of all directors during FY 2020-21. Good attendance performance indicates that the director of the Company is able to devote time to the meetings and affairs of the Company.
- All Sample companies on an average have more than 70% attendance during FY 2020-21.

TABLE G5: BOARD MEETINGS (# OF COMPANIES)

BOARD MEETINGS	0-4	5-6	7-8	8-9	10	10+
# of Companies	14	41	27	5	4	9

- 9 companies (4 are PSUs Companies) in the sample had conducted more than 10 Board meetings during FY 2020-21.
- Out of 100 sample companies majorly 41 Companies had conducted in between 5 to 6 board meetings.

92%**AVERAGE ATTENDANCE AT AGMs**

Table G6 provides for distribution of number of companies with % average director's attendance at AGMs (held during FY 2020-21):

TABLE G6: AVERAGE AGM ATTENDANCE (# OF COMPANIES)

Average Attendance	0-50%	50-60%	60-70%	70-80%	80-90%	90-100%	100%
# of Companies	1	3	2	3	20	11	60

- 60 companies in the sample have 100% attendance of Board Members at AGMs during FY 2020-21.

97%**REASONABLE TIME COMMITMENTS (Listed Directorships <6)**

Table G7 provides for distribution of number of directors with directorships in listed companies:

TABLE G7: TIME COMMITMENTS (# OF DIRECTORS)

LISTED DIRECTORSHIPS	1-3	4-5	6	7	Total
# of Directors	834	150	30	25	1039
% of Directors	80%	14%	3%	2%	100%

- 55 directors (~5% of the total in the sample) held directorships in more than 5 listed companies
- 834 directors (80%) held directorships in 3 or less than 3 listed companies.
- None of the director held directorships in more than 7 listed companies, i.e. all the directors in the sample have complied with Regulation 17A of SEBI LODR.
- Only 55 (5%) directors have excessive time commitments as per SES criteria (i.e. more than 5 listed directorships).



4.2 BOARD COMMITTEES

Assessment Factors:

- Composition of various committees: Audit, Nomination and Remuneration, Stakeholders Relationship, Corporate Social Responsibility (“CSR”) and Risk Management
- Director’s attendance in those committee meetings

EVALUATION STATISTICS

2021	QUESTIONS	24	PARAMETERS	106
2019	QUESTIONS	21	PARAMETERS	92

BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY			2021	2019
	72.8- Oil & Gas (2021)		91.6 - Power (2021)	MAXIMUM	92	84
	66.1- Automobile (2019)		84.4 - Automobile (2019)	AVERAGE	68	58
				MEDIAN	67	59
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY		MINIMUM	45	23
	61.5 - Chemicals (2021)		44.6 - Power (2021)			
	46.9 - Fertilisers (2019)		23.3 - Metals (2019)			

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

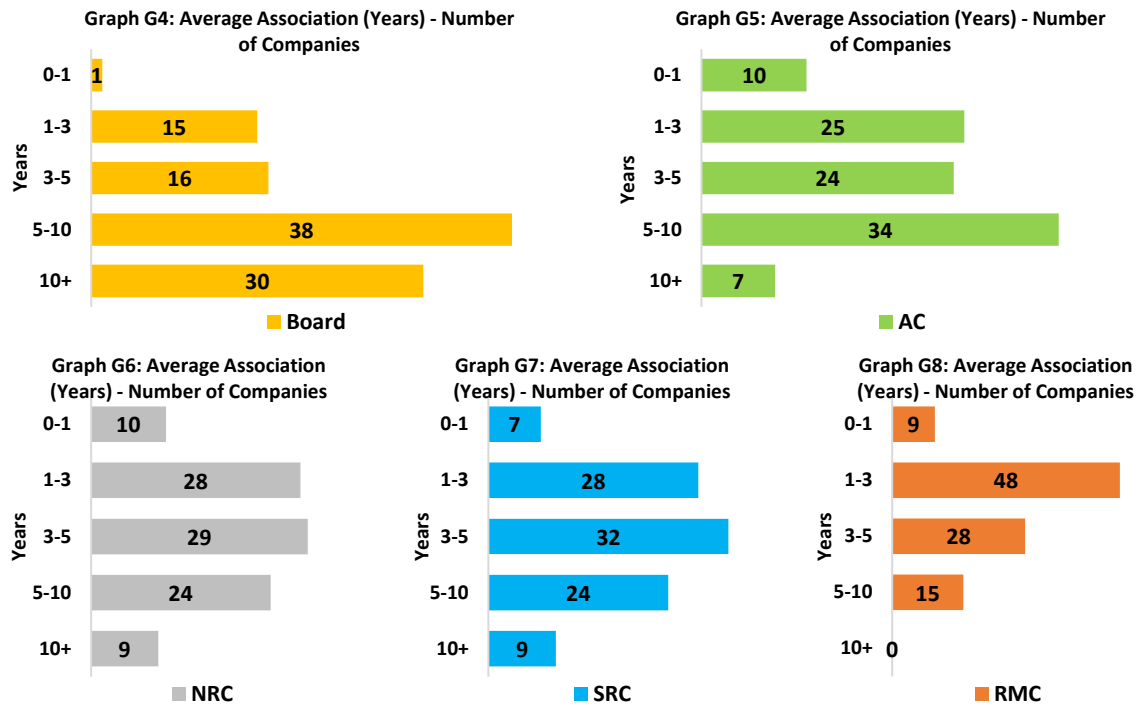
TABLE G8: NUMBER OF COMPANIES WITH % IDs, AND AVERAGE % IDs IN EACH COMMITTEE

% IDs	AC	NRC	SRC	RMC	CSR
Legal Requirement (Minimum)	2/3 rd (67%)	50%	1 ID	1 ID	1 ID
Average (Sample)	84%	79%	51%	48%	50%
0%	0	0	0	1	1
0-20%	-	-	-	8	-
20-40%	-	1*	41	32	35
40-50%	-	-	2	3	4
50-67%	-	8	17	25	27
67%-90%	60	56	36	25	30
90-100%	40	35	4	6	3

* Due to 1 ID resigned on December 2021

- 👍 Except 1 Company (Oil & Gas Industry), all the companies complied with SEBI LODR provisions on composition of committees.
- 👍 Except 1 Company, all the companies have at least one Independent Director as member of Corporate Social Responsibility Committee (“CSRC”).
- 👍 99 companies have Independent Director as its member in Risk Management Committee (“RMC”).

Graph G4 to G8 provides information on number of companies with average association of Board & committee members in a Company:



Notes: Excludes CSR, as details for some companies were not available

- Average board tenure of more than 5 years - 68 companies
- Among committees, AC had highest number of companies with average committee memberships association of more than 5 years - 41 companies
- RMC had lowest number of companies with 5 years or more association, probably due the fact that in RMC is being given importance in last few years only -15 companies

TABLE G9: AVG., MAX., MED. AND MIN. YEARS ASSOCIATION OF COMMITTEE MEMBERS					
Association (Years)	BOARD	AC	NRC	SRC	RMC
Average	7.9	4.7	4.5	4.7	3.0
Maximum	18.0	14.2	15.4	18.0	7.0
Median	8.4	4.1	3.7	4.1	2.7
Minimum	<1	<1	<1	<1	<1

Notes: Excludes CSR, as details for some companies were not available

TABLE G10: NUMBER OF COMMITTEE MEETINGS (NUMBER OF COMPANIES)					
Number of Meetings	AC	NRC	SRC	RMC	CSR
Legal Requirement	4	1	1	1	-
SES Benchmark	8~	2	2	1	1
1	0	7	35	31	24
2	0	19	22	31	33
3	1#	23	6	15	21
4	25	26	30	12	15
5-7	48	23	1	5	5
8 or more	25	1	2	1	0
	1*	1*	4*	5*	2*

~Audit Committee: 4 times for review of quarterly results and 4 times for review of other matters / *Number of meetings conducted - information not disclosed / available / No meetings / # Listed during FY 2020-21

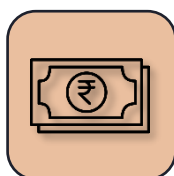
👍 SES Benchmark for Audit Committee meetings, 8 meetings or more was met by 25 companies.

- 5 or more AC meetings were held - 73 companies.
- This was next followed by 24 companies in case of NRC meetings.

TABLE G11: NUMBER OF COMPANIES WITH % AVERAGE COMMITTEE ATTENDANCE					
Attendance (%)	AC	NRC	SRC	RMC	CSR
0-50%	0	0	0	0	1
50-75%	3	2	4	3	3
75-90%	11	6	5	10	12
90-100%	86	92	87	81	82
Refer Note	-	-	4*	6*	2*

Note: Attendance of members as on 31st December, 2021 for committee meetings held during FY 2020-21 / *Director wise attendance information not disclosed / available / No meetings conducted





- More than 75% attendance was observed highest in Nomination and Remuneration Committee meetings.
 - Lowest was observed in RMC (91 companies), having 75%+ attendance.
- 👎 Wherever it is not legal requirement to disclose attendance, a few companies were found to be shy of disclosures, non-disclosures of committee attendance were observed in SRC, RMC and CSR. Whereas full disclosure was made by most companies in case of AC and NRC meetings attendance because of legal requirement to disclose.



4.3 DIRECTOR'S REMUNERATION

Assessment Factors: Remuneration comparison with respect to;

- Total Board Remuneration & Practice | ● Executive & Non-Executive Directors
- Promoter and Non-Promoter | ● Independent Directors

EVALUATION STATISTICS						
2021	QUESTIONS		25	PARAMETERS		69
2019	QUESTIONS		24	PARAMETERS		69
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY			2021	2019
	70.1- Oil & Gas (2021)			80.0 - Oil & Gas (2021)		
	72.0- Consumer Goods (2019)			90.0 - Cement		
Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company				AVERAGE	58	67
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY			2021	2019
	53.2 - Cement (2021)			24.1 - Chemicals (2021)		
	54.7 - Metal & Mining (2019)			29.1 - Cement (2019)		
Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company				MINIMUM	24	29

BOARD REMUNERATION VS NET PROFIT

In this section average has been calculated based on aggregates. For example, sample average is calculated by dividing aggregate profit of Sample by number of companies. Similarly, average remuneration is aggregate remuneration divided by number of companies. In the same way, % has been calculated on average remuneration divided by average profit.

TABLE G12: BOARD REMUNERATION VS NET PROFIT				
(in ₹ Crores)	FY 2019-20		FY 2020-21	
	Sample	~ Only Profit making	Sample	~ Only Profit making
Number of Companies	100	91	100	84
Net Profit	1,37,573	1,90,248	2,18,290	2,48,955
Total Board Remuneration	2,031	1,883	2,358	2,207
Average Net Profits	1,375.73	2,090.64	2,182.90	2,963.75
Average Board Remuneration	20.31	20.69	23.58	26.28
% Remuneration Paid	1.48%	0.99%	1.08%	0.89%

~Excluding loss making companies from the sample

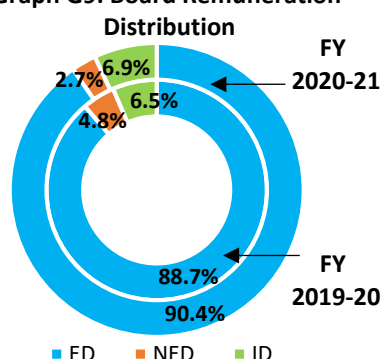
👍 Analysis indicates that while average Board remuneration has increased by approx ₹ 3.3 crores in the last financial year, yet the same as % to total profits gives different picture with decrease of 40 basis point in 2020-21 over 2019-20 (from 1.48% to 1.08%). Does this mean that remuneration is delinked from net profits?

SES believes averages are not the best method to draw a conclusion unless detailed analysis is done and what are the outliers which could have vitiated analysis.

- 👍 When the loss making companies were excluded from the sample i.e. outliers, it was observed that:
- Remuneration as % of total profits has almost remained same i.e with decline of 10 basis point.
 - Though, in absolute terms in profit making companies– average board remuneration increased from ₹ 20.69 crores from FY 2019-20 to ₹ 26.28 crores in FY 2020-21.

BOARD REMUNERATION DISTRIBUTION

Graph G9: Board Remuneration Distribution



- Executive Directors shared ~89% of the total Board remuneration and the remaining 11% is shared between NED-NIDs and IDs during FY 2019-20. During FY 2020-21, ED remuneration has increased marginally from 89% to 90%.
- For NEDs (Non-Independent) the remuneration decreased from 4.8% for FY 2019-20 to 2.7% for FY 2020-21.

EXECUTIVE DIRECTORS REMUNERATION:

Remuneration data (absolute) was analysed for directors in executive category, to highlight remuneration fairness and or skewness for both Promoter and Professional sub-categories to observe how remuneration distribution has taken place in FY 2020-21 (Table G13).

TABLE G13: REMUNERATION DISTRIBUTION (EDP & ED-NP)						
REMUNERATION RANGE~ (₹ in crores)	DIRECTOR COUNT					
	NON-PROMOTER EDs			PROMOTER EDs		
	#	%	CUM.	#	%	CUM.
0-2	96	44%	100%	34	34%	100%
2-5	49	22%	56%	24	24%	66%
5-10	37	17%	34%	17	17%	43%
10-15	20	9%	17%	8	8%	26%
15-25	14	6%	8%	10	10%	18%
25+	3	1%	1%	8	8%	8%
Overall	219	100%		101	100%	

Cum.: Cumulative Percentage. / Note: Includes directors during FY 2020-21, which resigned or ceased to be directors before 31st December, 2021

Remuneration pattern skewness is clearly seen in favor of promoter EDs. While in absolute terms 26 EDs in Promoter category drew remuneration > Rs. 10 Cr and in Non-Promoter category it has 37 EDs, however skewness is seen once we analyse data in % terms.

While ~26% of EDPs have remuneration in excess of ₹ 10 Cr, only 17% non promoter EDs have remuneration in this range.

EDs Variable Pay:

An ideal remuneration Policy must link the performance of the Executives with the performance of the Company. In light of this, the remuneration pattern of the Executive Directors of the Sample Companies has been analysed.

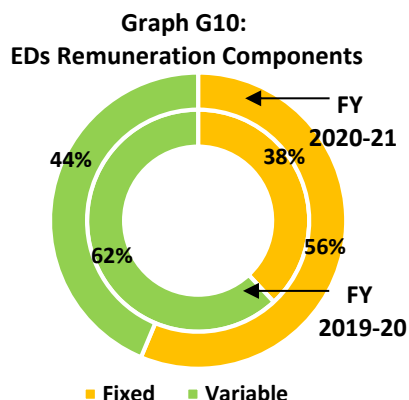


TABLE G14: VARIABLE REMUNERATION DISTRIBUTION (# OF COMPANIES)	
Average Variable Pay (% Range)	# Companies
0%	32
0-10%	8
10-25%	14
25-50%	23
50-75%	20
75-100%	3
Overall	100

Note: Includes directors during FY 2020-21, which resigned or ceased to be directors before 31st December, 2021

- 77 company's remuneration of EDs consisted less than 50% variable performance-based payment, including 32 companies with no performance payments.

NON-EXECUTIVE DIRECTORS (NON-INDEPENDENT):**TABLE G15: REMUNERATION DISTRIBUTION (NEDP & NED-NP)**

REMUNERATION RANGE (₹ in Crore)	DIRECTOR COUNT					
	NON-PROMOTER NEDs			PROMOTER NEDs		
	#	%	CUM.	#	%	CUM.
0-0.5	150	87%	100%	112	83%	100%
0.5-2.5	18	10%	13%	11	8%	17%
2.5-5.	1	1%	3%	5	5%	9%
5.0-10	2	1%	2%	5	4%	5%
10+	1	1%	1%	2	1%	1%
Overall	172	100%		135	100%	

Cum.: Cumulative Percentage. | Note: Includes directors during FY 2020-21, which resigned or ceased to be directors before 31st December, 2021

~95% of NEDs (P & NP) drew remuneration less than ₹ 2.50 crores during FY 2020-21 (Table G15).

Indicating that remaining 5% drew remuneration in excess of ₹ 25 lacs in both the categories.

NED remuneration data shows that if at all there is skewness it is in favour of Non-Promoter NEDs.

INDEPENDENT DIRECTORS:**TABLE G16: REMUNERATION DISTRIBUTION (IDs)**

REMUNERATION RANGE (₹ in Crore)	DIRECTOR COUNT		
	#	%	CUM.
0-0.5	575	87%	100%
0.5-1.5	73	11%	13%
1.5-3.0	10	2%	2%
3.0-5.0	0	0%	0%
5.0+	0	0%	0%
Overall	658	100%	

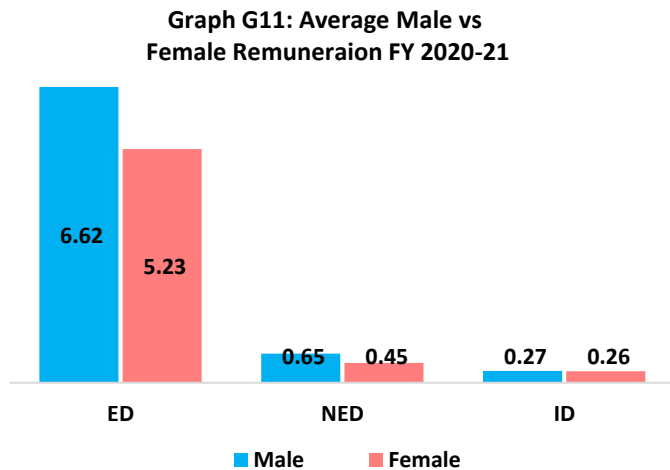
Cum.: Cumulative Percentage. | Note: Includes directors during FY 2020-21, which resigned or ceased to be directors before 31st December, 2021

10 IDs (2%) received total remuneration of more than Rs. 1.5 crore. (Table G16)

73 IDs (11%) received total remuneration between Rs. 50 lakhs to Rs. 1 crore.

GENDER BIAS:

- In the sample remuneration paid to female directors appears less compare to male directors. However, no disparity was observed in individual companies regarding remuneration payment to male and female directors. This is mainly because of women directors' expertise and experience being lower compared to men.
- In the sample companies, remuneration paid to women directors was only ~6% of the total board remuneration for FY 2020-21.



Assessment Factors: Disclosure & practices on;	
● Appointment and term of Statutory Auditor	● Association of Audit Partner
● Exit of Auditors	● Fees of Auditors

EVALUATION STATISTICS				
2021	QUESTIONS	6	PARAMETERS	28
2019	QUESTIONS	6	PARAMETERS	34

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

STATUTORY AUDITOR's TENURE (Compliance with law)

Section 139 of the Companies Act, 2013:

(a) *an individual as auditor for more than one term of five consecutive years; and*
 (b) ***an audit firm as auditor for more than two terms of five consecutive years:***"

AUDIT PARTNER'S ASSOCIATION (More than 3 years - benchmark)

- 88

- There were 5 companies in the sample wherein audit partner was associated for more than 5 years and 44 companies wherein audit partner was associated for more than 3 years.

3

EXIT OF STATUTORY AUDITOR (Removal / Resignation)

- No case of removal / resignation was observed in the sample companies during FY 2020-21.

4

NON-AUDIT FEES (50% or more non-audit fees benchmark)

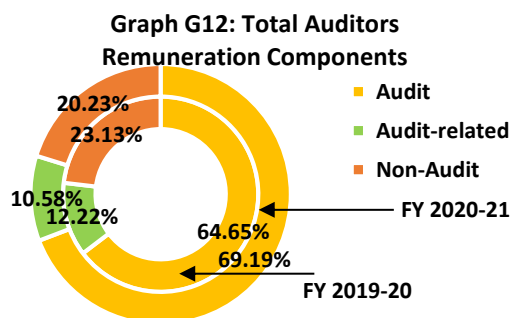


TABLE G17: TOTAL AUDITOR FEES

FEES TYPE (₹ crores)	2019-20	2020-21	%
Audit	163.71	189.28	15.62%
Audit-related	30.94	29.16	-5.75%
Non-Audit	58.56	55.54	-5.17%
Total	253.21	273.98	8.20%

ICAI guidelines states that statutory Auditors should not accept assignments if fee earned from these non-audit assignments is more than the total statutory audit fee. SES is of the opinion that high non-audit fee may impact the Auditors' independence and should be avoided.

- The Statutory Auditors remuneration in sample companies increased by ~8% in FY 2020-21 compared to FY 2019-20.
- There was increase of ~16% in Audit fees, compared to audit-related and non-audit fees wherein there was decrease of ~5-6%.
- Increase in non-audit fees may impact the auditor's independence, and is not an indicative of good governance practice.
- 4 companies in the sample had non-audit fees more than 50% of the total auditor's remuneration for FY 2020-21. (Previous year: 6 such companies from the sample)



4.5. AUDIT & FINANCIAL REPORTING

Assessment Factors:

- Audit qualifications
- Related party transactions
- Contingent Liabilities
- Fraud Reporting
- Other financial parameters

EVALUATION STATISTICS

2021	QUESTIONS	25	PARAMETERS	102
2019	QUESTIONS	26	PARAMETERS	117

BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY			2021	2019
	93.4- Automobile (2021)		100 - Automobile (2021)	MAXIMUM	100	100
	92.7- Chemicals (2019)		100 - Others (2019)	AVERAGE	92	91
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY		MEDIAN	93	92
	89.8 - Power (2021)		68.8 - Chemicals (2021)	MINIMUM	69	70
	87.7 - Metal & Mining (2019)		69.6 - Metal & Mining (2019)			

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

AUDIT QUALIFICATIONS

SCORE - AUDIT QUALIFICATIONS

MAXIMUM	100	AVERAGE	96	MEDIAN	100	MINIMUM	0
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👍 No audit qualifications in 98 companies, only 2 companies had audit qualifications in financial statements for FY 2020-21. Further, no material financial restatement was observed for the said financial year.

👎 7 companies had qualifications / observations in Secretarial Audit Report for FY 2020-21. Though all the companies have provided their response on the same in their Annual Reports.

CONTINGENT LIABILITIES

SCORE - CONTINGENT LIABILITIES

MAXIMUM	100	AVERAGE	86	MEDIAN	100	MINIMUM	20
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👍 All companies made adequate disclosures regarding various heads of contingent liabilities.

- 72 companies reported contingent liabilities less than 20% of the Net Worth of the Company on standalone basis.

DISCLOSURE OF FINANCIAL RATIO'S

SCORE - KEY FINANCIAL RATIO'S

MAXIMUM	100	AVERAGE	73	MEDIAN	100	MINIMUM	0
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SEBI (LODR) Amendment Regulations, 2018, requires disclosure of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor in Management Discussion and Analysis.

TABLE G18: DISCLOSURES OF FINANCIAL RATIO'S (NUMBER OF COMPANIES)	
PARTICULARS	# of Companies
Disclosed financial ratios and discussion on significant shift in financial ratios (i.e. change of 25%, in cases wherever applicable)	63
Disclosed financial ratios, however, not made discussion/ adequate discussion* on significant shift in financial ratios (i.e. change of 25%, in cases wherever applicable)	26
Not disclosed financial ratios / inadequate disclosures	11

* It appears either the companies are not understanding what is the objective of explaining ratio or are deliberately not doing it. For example, discussion on reduction in Debtors Turnover Ratio is explained as - “Decrease in Debtors turnover ratio is due to increase in average debtors as compared to previous year”, rather than explaining what has caused debtors to go up? Increased competition? Liquidity issues with clients etc?

SES is of the view that it does not convey anything to shareholders except that figures have changed. In fact, the Company must convey the root cause as to why the debtors have gone up relative to turnover, thus allowing shareholders to assimilate the information and draw any worthwhile conclusion. According to SES, such explanation is in fact no explanation and defeats the purpose of law.

FRAUD REPORTING

SCORE - FRAUD							
MAXIMUM	100	AVERAGE	99	MEDIAN	100	MINIMUM	40

👍 No material / major fraud incident was reported in the sample companies.

RELATED PARTY TRANSACTIONS - DISCLOSURES

SCORE - RELATED PAT TRANSACTIONS							
MAXIMUM	100	AVERAGE	94	MEDIAN	100	MINIMUM	51

👍 All the companies have provided related party policy on their website. 77 companies in their RPT Policy have also defined the term ‘Ordinary Business’.

👍 No material case was observed of any Board member having any related party transactions with companies, other than in the normal course (such as remuneration).




4.6. STAKEHOLDERS ENGAGEMENT, OWNERSHIP & CONTROL

Assessment Factors: Companies' stakeholder's engagement practices including;

- Shareholder Complaints & Communications
- Pledging of shares
- Voting in Shareholder Meetings
- Dividend Distribution Policy

EVALUATION STATISTICS

2021	QUESTIONS	16	PARAMETERS	61
2019	QUESTIONS	17	PARAMETERS	67
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY		
 86.2 - Pharma (2021) 88.3 - Chemicals (2019)		 97.7 - Pharma (2021) 95.5 - Metal & Mining (2019)		
				2021 2019
				MAXIMUM 98 96
				AVERAGE 83 79
				MEDIAN 84 82
				MINIMUM 56 52
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY		
 74.7 - Cement (2021) 71.8 - Cement (2019)		 55.6 - Metals (2021) 52.0 - Cement (2019)		

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

TABLE G19: SHAREHOLDERS STATISTICS

PROMOTER SHAREHOLDERS			PUBLIC SHAREHOLDERS		
HOLDING*	# SHAREHOLDERS		CATEGORY	HOLDING	TOTAL # SHAREHOLDERS
51.28%	1,323				
HOLDINGS*→	PROMOTERS	PUBLIC	INSTITUTIONS	33.10%	49,401
MAXIMUM	74.97%	99.88%			
AVERAGE	53.88%	46.94%			
MEDIAN	52.44%	47.55%	OTHERS	14.90%	4,64,16,526
MINIMUM	18.89%	25.03%			

*Note: Shareholding as on 31st December, 2021 | *Excluding professionally managed companies | # arithmetic total including duplicates | Table Excluding Non promoter non public | % Holding based on Total Market capitalisation*

- In terms of number of shareholders, 99% are shareholders from public others category. However, they held only 14.90% of the total market capitalisation.

PLEGDED SHARES

SCORE – PLEDGED SHARES

MAXIMUM	100	AVERAGE	90	MEDIAN	100	MINIMUM	25
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30 companies in the sample have shares encumbered or pledged by the promoters of the Company. The pledged shareholding is valued at Rs. 3,27,811 crores as at 31st December, 2021 i.e.

~3.6% of the total market capitalisation of such companies.

30

**No. of Companies
with promoter pledge**

3,27,811

**Value Pledged
(Rs. in crores)**

TABLE G20: PLEDGE DISTRIBUTION		
% of Holding	Total Shareholding Pledged (no. of Companies)	Promoter Shareholding Pledged (no. of Companies)
0-20%	25	22
20-50%	4	7
50%+	1	1

Out of 30 such companies, 8 companies have promoters shares pledge with more than 20% of their shareholding and 5 companies with more than 20% of the total

shareholding of the company.

- All companies required to disclose reasons by law in the sample have provided reasons for pledging shares in line with SEBI Circular dated 8th August, 2019 ([Weblink](#)).

INVESTORS COMPLAINTS

The total number of investors / shareholders complaints received decreased from 7,114 during FY 2019-20 to 6,986 in FY 2020-21, a decrease of ~2%.

The opposite trend was observed in complaints pending for resolution at end of financial year i.e. increased from 15 (0.21%) to 36 (0.52%) complaints.

TABLE G21: INVESTORS COMPLAINTS			
COMPLAINTS		FY 2019-20	FY 2020-21
RECEIVED	(#)	7,114	6,986
PENDING*	(#)	15	36
PENDING*	(%)	0.21%	0.52%

**Pending at the end of financial year*

SHAREHOLDERS VOTING TREND

Shareholders voting pattern was analysed for resolutions taken in general meetings for shareholders meeting during the period from 1st April, 2020 to 31st December, 2021.

8	AVERAGE AGAINST VOTES%		
	7.19%	1.71%	2.34%
Resolutions Defeated	Public Institutional	Public Others	All shareholders

10% + AGAINST VOTES (No. of Resolutions)	346 Public Institutional	53 Public Others	125 All shareholders
------------------------------------------------	-----------------------------	---------------------	-------------------------

- Overall for 346 resolution, public institutional shareholders voted against for more than 10% of their total votes polled, whereas public others voted more than 10% against only for 53 resolution.
- On consolidated basis, the count was for 125 resolution. However, high against votes from shareholders resulted in 8 resolutions being defeated i.e. not approved by the shareholders of the Company.
- Distribution % voting on resolutions by shareholders (**Total: 1,715 resolution**):

TABLE G22: DISTRIBUTION % VOTING AGAINST ON RESOLUTIONS (# OF RESOLUTIONS)						
% VOTING AGAINST	0%	0-25%	25-50%	50-75%	75-100%	100%
All Shareholders	339	1,355	20	1	0	0
Institutions	669	849	151	36	10	0
Public Others	59	1,621	22	2	11	0

- On 46 resolution, institutional shares voted for more than 50% AGAINST of the total institutional votes polled.
- In case of public others, this number stands at 13 resolution.
- However, it may be noted that except the eight resolutions mentioned earlier, all the resolutions were approved by the shareholders.
- In 11 cases 75% + public shareholders voted AGAINST and in 10 cases where institutional shareholders voted 75%+ AGAINST.

DIVIDEND DISTRIBUTION POLICY

As per Regulation 43 A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (hereinafter called “SEBI LODR”) has mandated the formulation of a Dividend Distribution Policy for the top 500 listed entities based on their market capitalization calculated on March 31 of every financial year and top 1,000 listed entities based on their market capitalization calculated on March 31 of every financial year w.e.f. 5th May, 2021.

It was observed that **all** the companies in the sample have formulated Dividend Distribution policy (DDP) and disclosed the same on their Annual Report / website.

However, only **48** companies provided Dividend Distribution Policy which can be called investor friendly, enabling the investor to assess quantum of likely dividend. Other DDP are only technically compliant with the SEBI directive, without in any way helping the investor. Such policies states theory and parameters that are used for deciding payment of dividend without ascribing any value to threshold for payment or non-payment of dividend. In present form, the investor neither can estimate dividend nor can question. Any decision of Board will be compliant with the policy.

Example of Objective DDP:

- “the Company would endeavor to maintain a total dividend pay-out ratio **in the range of 20% to 35%** of the annual standalone Profits after Tax (PAT) of the Company”

- “The Board will endeavor to achieve a dividend payout ratio (gross of dividend distribution tax) in the range of **15 % to 25%** of the Standalone Profit after Tax, net of dividend payout to preference shareholder, if any.”


Example of Technical compliance example

- “The Board will assess the Company’s financial requirements, including present and future organic and inorganic growth opportunities and other relevant factors as mentioned elsewhere in this policy before declaring dividend in this policy before declaring dividend in any financial year.”

REGULATORY ACTIONS

SCORE STATISTICS							
MAXIMUM	100	AVERAGE	93	MEDIAN	100	MINIMUM	0

Based on Annual Reports for FY 2020-21:

-  **87** companies of sample companies reported that no strictures or penalties have been imposed by the Stock Exchanges or by the SEBI or by any statutory authority on any matters related to capital markets during the last three years.

Type of strictures:

- Penalty for late filing of quarterly result.
- Ordered passed by the Competition Commission of India.
- Delay in Submission of corporate governance report U/S 17(1) OF SEBI (LODR) Regulations, 2015.



4.7. ETHICS, BRIBERY & OTHER GOVERNANCE FACTORS

Assessment Factors: Disclosures & practices on;

- Code of Conduct
- Whistle Blower / Vigil Mechanism
- Insider Trading
- Ethics, Anti-Bribery or Anti-Corruption practices

EVALUATION STATISTICS

2021	QUESTIONS	19	PARAMETERS	57
2019	QUESTIONS	18	PARAMETERS	53
BEST PERFORMING INDUSTRY		BEST PERFORMING COMPANY*		
74.3- Power (2021) 79.6- Fertilisers (2019)		94.6 - Others (2021) 95.5 - Metal & Mining (2019)		
				2021 2019
				MAXIMUM 94 96
				AVERAGE 67 79
				MEDIAN 67 82
				MINIMUM 47 52
WORST PERFORMING INDUSTRY		WORST PERFORMING COMPANY*		
60.9 - Consumer Services (2021) 95.4 - Cement (2019)		47.3 - Others (2021) 42.9 - Cement (2019)		

Note: Best Performing Industry: Highest Average Industry Score; Best Performing Company: Highest Score of a Company

Note: Worst Performing Industry: Lowest Average Industry Score; Worst Performing Company: Lowest Score of a Company

CODE OF CONDUCT DISCLOSURE

SCORE STATISTICS

MAXIMUM	100	AVERAGE	77	MEDIAN	100	MINIMUM	0
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DIRECTORS & SENIOR MANAGEMENT PERSONNEL:

- Except 3 companies, all the companies have disclosed code of conduct of board of directors and senior management personnel.

ALL EMPLOYEES:

- 60 companies disclosed code of conduct, which is also applicable to the employees. Ideally, code of conduct shall be applicable to all the employees of the Company.

WHISTLE BLOWER / VIGIL MECHANISM

SCORE- WHISTLE BLOWER / VIGIL MECHANISM

MAXIMUM	100	AVERAGE	74	MEDIAN	75	MINIMUM	25
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POLICY DISCLOSURE:

- 👍 All the sample companies have disclosed whistle blower policy on their website.

DIRECT ACCESS TO THE CHAIRPERSON OF AUDIT COMMITTEE:

- 👎 8 companies out of sample companies did not adequately disclose whether it has mechanism for whistle blower, a direct access to the Chairperson of the Audit Committee.

NO PERSON DENIED ACCESS TO AUDIT COMMITTEE:

👎 15 companies did not disclose the fact that no person was denied access to the Audit Committee.

COMPLAINTS REPORTING:

👎 Only 28 companies in the sample reported absolute numbers of whistle blower related complaints, received during FY 2020-21.

INSIDER TRADING

SCORES- INSIDER TRADING							
MAXIMUM	100	AVERAGE	97	MEDIAN	100	MINIMUM	32

POLICY DISCLOSURE:

👍 Except 1 Company (SES could not locate), All the companies have disclosed policy.

CONVICTION / PENALTY / ALLEGATIONS RELATING TO INSIDER TRADING VIOLATION

- In FY 2020-21 no material case of Conviction / Penalty / Allegations relating to Insider Trading Violation was reported in sample companies.

ETHICS, BRIBERY & CORRUPTION

SCORES - ETHICS, BRIBERY AND CORRUPTION							
MAXIMUM	90	AVERAGE	31	MEDIAN	30	MINIMUM	2

POLICY DISCLOSURE:

👍 88 companies have disclosed that it has an ethics policy. However, only 56 companies disclosed information on its website either through policy or code of conduct.

COMPLAINTS REPORTING:

- SEBI BRR P1-Q2 requires companies to disclose stakeholders' complaints.
- Only 40 companies have given disclosure related to stakeholder's complaints relating to ethics, bribery and corruption, 26 out of 40 companies not reported any complaints.
- Other companies have disclosed complaints received from customer complaints, investor complaints, or whistle blower complaints. There is no uniformity in disclosures.

IT & FINANCE COMPANIES- A GLIMPSE

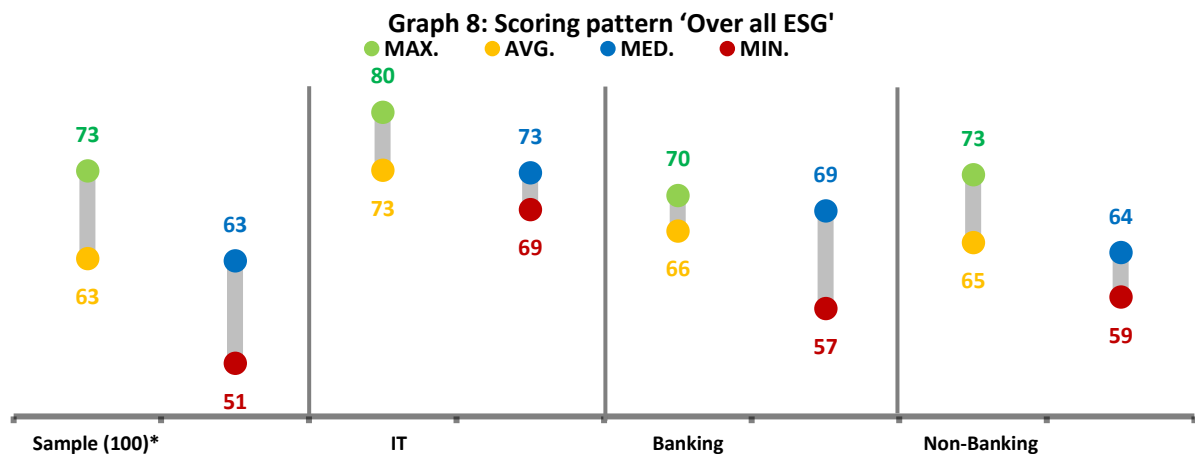
In the Sample 100 companies, IT & Finance companies were excluded as they may not have material Environment impact compared to that of manufacturing or processing companies. For example, Water Consumption in IT & Finance companies is largely limited to domestic uses by employees.

However, IT Companies & Finance companies have considerable Indirect environmental impact. For instance, in Banks & NBFC's indirect impact occurs as they lend and invest in companies that may contribute directly towards 'Environment Pollution', therefore, indirect impact of finance companies on environment cannot be ignored. Additionally, these two industries have highest number of employees thus affecting Social factor.

SES has separately provided scores for 20 IT & Finance companies. For list of 20 companies of IT & finance companies refer [Annexure III](#). For the scoring purpose financial companies were further segregate in two categories - Banking and Non-Banking.

In Graph 8 scoring of Sample 100 companies with IT & Financial Companies.

ESG SCORING PATTERN 100 + 20 COMPANIES:

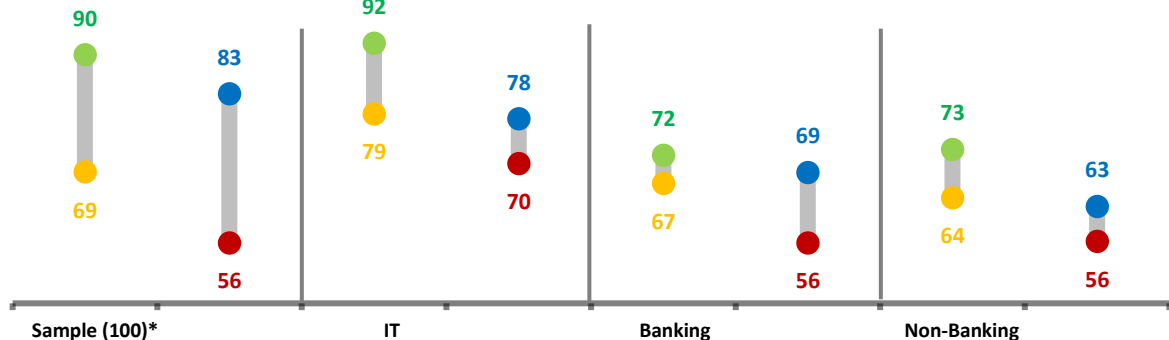


*Other than IT & Finance Companies (Banking & Non-Banking Companies)

Average score of overall ESG was 73 for IT, 66 for Banking & 65 for Non-Banking, with a high of 80 for IT, 70 for Banking & 73 for Non-Banking.

Maximum and highest average scoring industry is IT, mainly because IT companies have provided better disclosure compared to other Companies and they are subscribing to various global ESG standards or principles. Further least diversion was also observed in IT industry (12)

Graph 9: Scoring pattern 'Policy Disclosure'

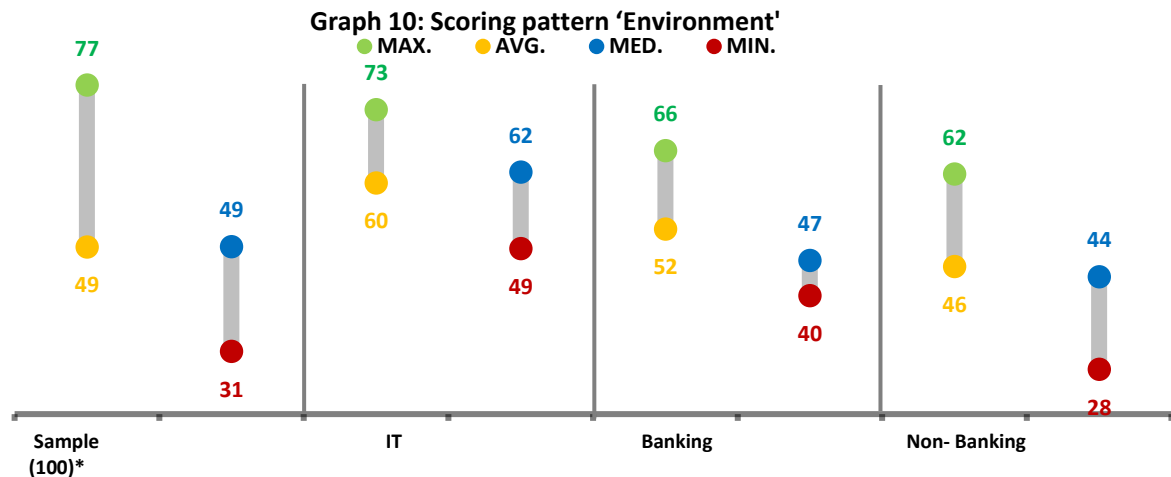


*Other than IT & Finance Companies (Banking & Non-Banking Companies)

Average score of Policy Disclosures was 79 for IT, 67 for Banking & 64 for Non-Banking, with a high of 92 for IT, 72 for Banking & 73 for Non-Banking.

Compare to other parameter scoring of Policy Disclosure is high mainly most of the evaluation parameters are compliance related and the sample companies including IT & Financial companies have been mandated by SEBI to publish Business Responsibility Report (BRR) in prescribed format.

Further, IT industry has highest average score mainly because they provide comparatively better disclosures with respect to policy disclosures, other disclosures in BR Report and subscribes to various global ESG standards or principles.

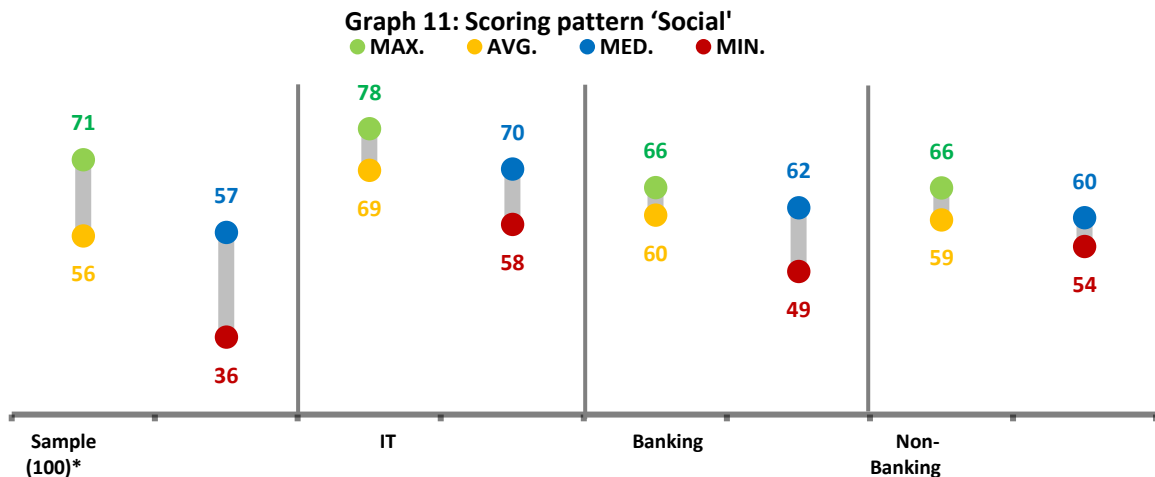


*Other than IT & Finance Companies (Banking & Non-Banking Companies)

Average score of Environment was 60 for IT, 52 for Banking & 46 for Non-Banking, with a high of 73 for IT, 66 for Banking & 62 for Non-Banking.

Unlike Policy disclosures, not all sections were applicable to all the industries considering the nature of operation of that particular industry. For instance, Finance & IT companies were not scored on effluents section considering their nature of the business.

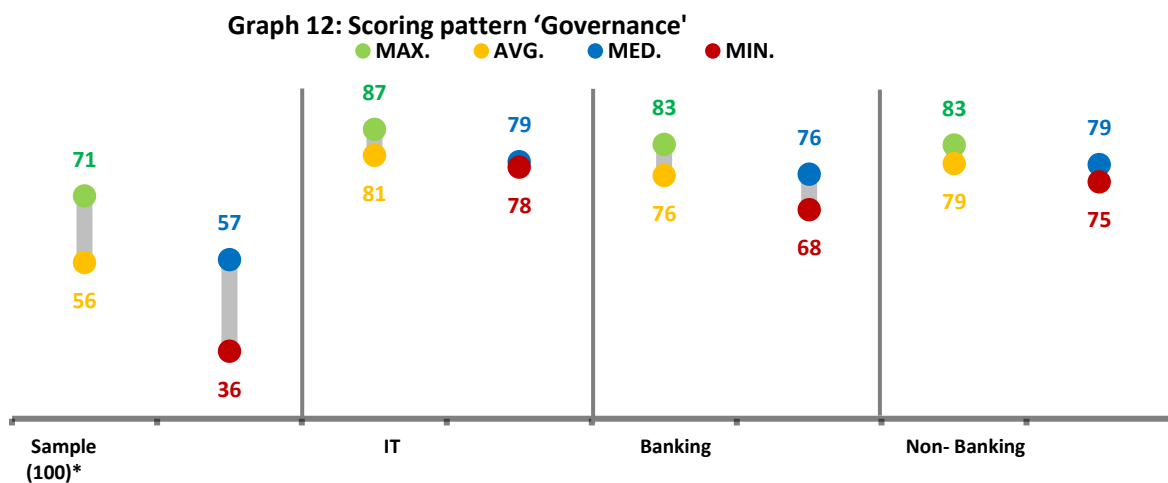
While finance companies' direct impact on environment may be not as material as against an indirect impact on environment. Indirect impact occurs as they lend and invest in companies that may contribute directly towards 'Environment Pollution', therefore, indirect impact of finance companies on environment cannot be ignored. As the global landscape is evolving, finance companies role will become even more important in supporting and strengthening actions that will contribute and assist in creating a long-term positive impact through their lending practices and banking activities.



*Other than IT & Finance Companies (Banking & Non-Banking Companies)

Average score of Social was 69 for IT, 60 for Banking & 59 for Non-Banking, with a high of 78 for IT, 66 for Banking & 66 for Non-Banking.

For this section disclosures and performance are the key for better score. In IT, Banking and Non-Banking company the risk of fatality or injuries may be minimum as compared to manufacturing or labour-intensive work.



Average score of Governance was 81 for IT, 76 for Banking & 79 for Non-Banking, with a high of 87 for IT, 83 for Banking & 83 for Non-Banking.

High governance scoring companies are the one's which apart from mandatory requirement have also aspired to meet non-mandatory good governance practices having taken a leap beyond tick box approach and mere legal compliance, venturing into policies that protect and defend interest of stakeholders.

ABOUT ESG MODEL

EVALUATION FRAMEWORK

The ESG Model has been designed to evaluate objectively Company's disclosure and performance on ESG front. Proper evaluation with a view to bring differentiation and create aspiration to do better, must necessarily have benchmarks beyond legal compliance parameters. As a result, evaluation parameters in the Model under Policy Disclosures and three main factors viz. Environment, Social and Governance are not only based on mandatory legal requirements to be followed by listed Indian Companies, but also incorporate best practices followed around the World and few SES created benchmarks.

For example, disclosures under Environment & Social parameters are evaluated not only based on Business Responsibility Reports, but also on key disclosure requirement of Sustainability Reports and/or Integrated Reports (GRI/ IIRC). Similarly, for Governance factor, parameters are set as required under Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other applicable laws as well as the best practices followed around the World (such as ICGN governance principles) along with SES' own Benchmarks.

ESG MODEL- SCORING & EVALUATION CRITERIA



The Model is designed based on the framework of the **United Nations Principles for Responsible Investing ("PRI")**. PRI has laid down steps to embed responsible investment into organisational structure and processes.

POLICY	TARGETS	TRAINING	ESG TEAMS AND COMMITTEES	INVESTMENT CONSULTANTS	MONITORING AND REPORTING	REVIEW
The purpose of a policy and its key components	Turning policy commitments into concrete goals	Identifying skills gap and staying abreast of latest developments	Standalone ESG and investment teams versus integrated teams	How to align external help with policy	Monitoring progress towards targets and reporting that information to stakeholders	Evaluating successes and failures

The Model developed by SES has taken into account process outlined by UN PRI.

The model evaluates if the Company has formulated a policy, established targets, provided disclosure on steps and initiatives taken to meet the targets, are the initiatives restricted to the Company or includes in the scope Company's subsidiaries suppliers' associates. Further, the model also objectively evaluates the performance of the Company across the initiatives taken and if Company has succeeded in the initiatives to meet the targets.

The model has also considered many other voluntary disclosure frameworks, guidelines such as Global Reporting Initiative ("GRI"), International Integrated Reporting Council – IR Framework ("IIRC"), Task Force on Climate-Related Financial Disclosures ("TCFD"), UN Sustainable Development Goals ("SDG"), Sustainability Accounting Standards Board ("SASB") etc

REPORTING FRAMEWORKS

ESG factors having become key areas of interest for investors, framework and guidelines for disclosure and assessment of key ESG factors have assumed critical importance. Investors are incorporating ESG parameters for evaluating their portfolios, look for metrics to assess ESG performance of their investee companies and all potential investee companies. A standardised set of guidelines which could help corporations in their assessment of ESG is a perfect answer to understand disclosure and performance of companies on most ESG parameters, most of which are directly non-financial in nature.

INDIA

REPORTING FRAMEWORKS

Followings were discussed in detail earlier in this Report under head “Emergence of ESG in India”

- National Voluntary Guidelines (“NVG”)
- Business Responsibility Reporting (“BRR”)
- National Guidelines on Responsible Business Conduct (“NGRBCS”)
- Extension of BRR Reporting to Top 1,000 Companies
- Business Responsibility and Sustainability Report (“BRSR”)

OVERALL COMPLIANCE FRAMEWORKS

The questions in the model are designed to extract factual position of a company on its ESG performance. The questions are based on the disclosure requirements under various regulatory frameworks. In India, ESG regulatory framework can be broadly categorised into two parts, viz., the Compliance framework and the Reporting framework (as mentioned above).

ENVIRONMENT

Companies, especially manufacturing are known to face the most environmental risk and exposure. Following Acts and Regulations relate to environment practices in India:

- Environment (Protection) Act, 1986
 - Air (Prevention and Control of Pollution) Act, 1981
 - Water (Prevention and Control of Pollution) Act, 1974
 - The Indian Hazardous Wastes Management Rules Act 1989
 - National Environment Tribunal Act, 1995
-

SOCIAL

The social responsibilities of the Company emanate from its relations with various stakeholders such as the employees, customers, vendors, service providers, shareholders, etc. The social responsibilities of the Company are governed by various Acts and Regulations

- Factories Act, 1948
 - Minimum Wages Act, 1948
 - Sexual Harassment of Women at Workplace Act, 2013
 - Applicable provisions of the Companies Act, 2013 and SEBI Regulations.
-

-
- Various other laws with respect to the payment of salaries/ wages, bonus, gratuity, welfare activities, insurance, health and safety, etc.

New Codes:

- The Code on Social Security, 2020
 - The Industrial Relations Code, 2020
 - The Code on Wages, 2019
 - The Occupational Safety, Health and Working Conditions Code, 2020
-

GOVERNANCE

The Governance indicators are related to the compliance practices of the Company with respect to the statutory norms as laid down under the Companies Act, 2013 and SEBI Regulations; which includes adequate Board structure, Board Remuneration, Independence of the Director, Board Committees and its functionality, Corporate policies, Auditors of the Company, Stakeholders engagement, etc

- The Companies Act, 2013
 - SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
 - SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
 - SEBI (Prohibition of Insider Trading) Regulations, 2015
 - SEBI (Buy-back of Securities) Regulations, 2018
-

INTERNATIONAL

Various voluntary independent organisations have emerged in the last two decades which have provided globally accepted standards for reporting on ESG factors.

Sustainability reporting is designed to facilitate organizations to set goals, measure performance, and manage change in order to make their operations more sustainable and enable investors and other stakeholders to compare performance. A sustainability report conveys disclosures on an organization's impacts positive or negative – on the environment, society and other stakeholders. In doing so, sustainability reporting converts abstract issues to tangible and concrete measurable parameters, thereby assisting in understanding and managing the effects of sustainability developments on the organization's activities and strategy.

Internationally agreed disclosures and metrics enable information contained within sustainability reports to be made accessible and comparable, providing stakeholders with enhanced information to inform their decisions.⁷ Two most prominent sustainability reporting formats are GRI & IIRC (now Value Reporting Foundation – IIRC).

GLOBAL REPORTING INITIATIVE ("GRI")

The Global Responsibility Initiative's Sustainability Reporting Standards ([GRI Standards](#)) were the first and as per their disclosure, these are most widely adopted global standards for sustainability reporting.

⁷ G4 Sustainability Reporting Guidelines

GRI is a voluntary initiative established in 1997 to develop a framework for companies to report across non-financial parameters. The GRI Sustainability Reporting Standards are developed with true multi-stakeholder contributions and rooted in public interest.⁸

“Developed by the Global Sustainability Standards Board (GSSB), the GRI Standards enable all organizations to report publicly on their economic, environmental and social impacts – and show how they contribute towards sustainable development.”

- Source: GRI website

In a period of almost two decades GRI reporting format has undergone many changes, starting from first version of global standards G1 launched in year 2000, GRI G4 was launched in May 2014. Further, in October 2016, GRI launched the most recent guidelines on Sustainability Reporting which is known as the GRI Standard and this has now been upgraded from the GRI-G4 guidelines.

The GRI has also incorporated principles enunciated and has harmonized guidelines with United Nations Global Compact’s Ten Principles, 2000; the OECD’s Guidelines for Multinational Enterprises, 2011; and the UN’s Guiding Principles on Business and Human Rights, 2011.

Organizations that report on sustainability initiatives as per GRI framework can prepare a report in accordance with two options under the GRI Standards: Core and Comprehensive.

Core: This option indicates that a report contains the minimum information needed to understand the nature of the organization, its material topics and related impacts, and how these are managed.

Comprehensive: This builds on the Core option by requiring additional disclosures on the organization’s strategy, ethics and integrity, and governance. In addition, the organization is required to report more extensively on its impacts by reporting all the topic-specific disclosures for each material topic covered by the GRI Standards.

These options do not relate to the quality of the information in the report or the magnitude of the organization’s impacts. Instead, they reflect the degree to which the GRI Standards have been applied. An organization is not required to progress from Core to Comprehensive; it can choose the option that best meets its reporting needs and the information needs of its stakeholders.⁹

Latest Development - GRI: Reporting with the Sector Standards

The GRI Sector Program will develop standards for 40 sectors, starting with those that have the highest impact. As a new addition to the family of GRI Standards, the Sector Standards are designed to help identify a sector's most significant impacts and reflect stakeholder expectations for sustainability reporting. They describe the sustainability context for a sector, outline organizations' likely material topics based on the sector’s most significant impacts, and list disclosures that are relevant for the sector to report on. The revised Universal Standards 2021 will remain the starting point for all GRI reporting and for the use of the Sector Standards, thereby increasing transparency and relevancy of the sustainability reporting for organizations in the sector.

VALUE REPORTING FOUNDATION

The Value Reporting Foundation has a structure that includes a governing board of directors (the ‘Value Reporting Foundation Board’) and two independent boards that govern the content of the <IR> Framework and SASB Standards.

⁸ Global Reporting Initiative: <https://www.globalreporting.org/Information/about-gri/Pages/default.aspx>

⁹ GRI Standards- Consolidated set of GRI Sustainability Reporting Standards 2018

The Value Reporting Foundation is advised, supported and guided by stakeholders internationally through its networks and advisory groups, to ensure the work of the Foundation is responsive to market needs and input.

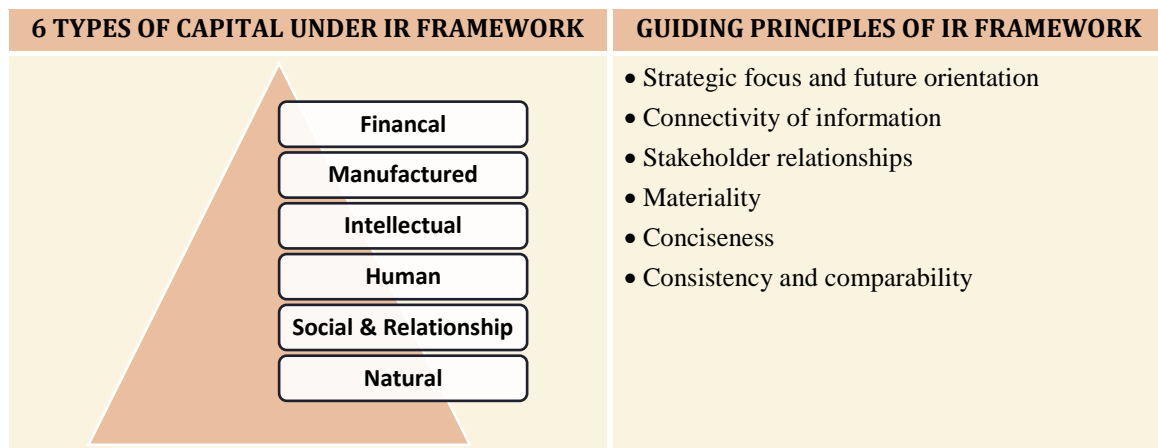
Governing Bodies



Source: Value Reporting Foundation – Integrated Reporting Framework [website](#).

International Integrated Reporting Council (“IIRC”)

The <IR> Framework and Integrated Thinking Principles are maintained under the auspices of the Value Reporting Foundation, a global non-profit organization that offers a comprehensive suite of resources designed to help businesses and investors develop a shared understanding of enterprise value—how it is created, preserved, or eroded.



All guiding principles when combined, describe the organization’s strategy and show a holistic picture of interrelatedness and dependencies of various capital on each other to create a value of an organization in the short, medium and long term. Integration of all vital information related to the Company leads to more self-explanatory integrated report.

Sustainability Accounting Standards Board (“SASB”)

SASB Standards guide the disclosure of financially material sustainability information by companies to their investors. Available for 77 industries, the Standards identify the subset of environmental, social, and governance (ESG) issues most relevant to financial performance in each industry.

SUSTAINABLE DEVELOPMENT GOALS (“SDG”)

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

The 17 SDGs are integrated, that is, they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability.¹⁰

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”)

The Financial Stability Board [*an international body that monitors and makes recommendations about the global financial system*] established the TCFD to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system’s exposures to climate-related risks.

¹⁰ <https://www.undp.org/content/undp/en/home/sustainable-development-goals.html>

ESG SCORING & METHODOLOGY

SES ESG Model is divided into four sections Policy Disclosures, Environment, Social & Governance.



POLICY DISCLOSURES



ENVIRONMENT

- ❖ General Disclosures
- ❖ Product / Services disclosures
- ❖ Energy Consumption
- ❖ Renewable Energy
- ❖ Air Emissions
- ❖ Water Consumption
- ❖ Effluents Management
- ❖ Waste Management
- ❖ Environmental Incidents



SOCIAL

- ❖ Workforce Diversity & Management
- ❖ Health & Safety
- ❖ CSR
- ❖ Community Engagement
- ❖ Product / Service Quality
- ❖ Customer Orientation
- ❖ Cyber Security
- ❖ Customer Privacy



GOVERNANCE

- ❖ Board Composition
- ❖ Board Committees
- ❖ Director's Remuneration
- ❖ Statutory Auditors
- ❖ Audit & Financial Reporting
- ❖ Stakeholders Engagement, Ownership & Control
- ❖ Ethics, Bribery & Other Governance Factors

Why Policy Disclosures? Policy has been included as separate section as policy is the seed which eventually results into full-fledged fruit bearing tree and acts as catalyst. Policy section analyses BRR disclosures / BRSR and other policy disclosures provided and reporting framework adopted by the Company, relating to ESG factors.

WHAT IS BEING SCORED?



SES Model scores policy disclosures, targets set, adequacy of disclosure, initiatives taken and performance and for three factors viz. E S & G, through 375+ well researched questions, these questions are aimed to get binary answers based on disclosures made by a company. These binary answers are used to give section wise numerical score and then finally giving the company a grading. In order for model to work and reflect true picture, absolute precondition is that the relevant **information or data** on key ESG factors is disclosed properly.

SES ESG Model score ("ESG Score") does not look only into disclosures practices of the Company but also takes into actual position and future targets (based on disclosures) of the Company on ESG factors. The Model also evaluates the **performance** of the Company for given policy or target.

For instance: under Health & Safety Policy, not only existence of policy is examined but also whether the Company follows Health & Safety Policy, any standards applied for Health & Safety, number of fatalities / injuries Y-o-Y, steps taken to reduce such fatalities / injuries etc.



Overall, **ESG Score** is an outcome of the analysis of the Company's disclosure practices, policies, present/ actual position and future prospects of the Company. The model awards positive scores to Company's based on their disclosure practices. Further, the Model also provides positive scores based on implementation of sustainable practices and meeting the parameters of performance evaluation.

SECTION WEIGHTAGE

Industry Differentiator

A common question is how can you have same parameter for evaluating a mining company and a service company or a consumer product company?

Conscious of the fact that one size does not fit all, care was taken to ensure that proper rationale and logic is applied while assigning weightage between ESG factors in an objective manner. The weightage of Environment, Social and Governance factors in Model vary based on industry classification. While arriving at the weightage of each of the heads and sub-heads, the weightage of each of the sub-heads under the ‘Standards set by the Sustainable Accounting Standards Board’ (SASB) were considered.

Based on SASB Standards and SASB Materiality Map, SES has determined the weightages, which varies from the industry to industry based on issues material to the relevant industry.

It may be noted that:

“SES licenses and uses the SASB Materiality Map® Disclosure Topics and SICS in ESG Work”

Division into 4 sections:

The overall ESG score is arrived based on weightage assigned to each of the factors which excluding Policy Disclosures (which is standard at 5% for all), is adjusted between 3 factors viz. E, S & G depending on the Industry to which assessed company belongs.

Generally, the weightage of each industry changes based on material issue. For instance, a Chemical Industry has environment weightage has compared to a pure service company. For companies operating in a particular industry, following was the range of weightages:

POLICY DISCLOSURES	ENVIRONMENT	SOCIAL	GOVERNANCE
5%	15-40%	15-40%	35-45%
Standard	Varies from Industry to Industry		

The first section of the Model analyses Company’s Policy Disclosure, which forms the base for its scoring Model.

Under E, S & G heads, set parameters or indicators which reflect the Company’s performance towards their ESG factors are evaluated. Under each parameter, various sub-parameters are analysed and scored. The weightage of each sub-parameter also varies based on the type of industry and is based on the materiality of each sub-parameter for that type of industry, based on the SASB Materiality Map for that industry. Materiality of each parameters is either High, Medium or Low based on SASB materiality map within the ESG Model. The weightage within the same industry group is fixed and applied uniformly to all companies in same industry. No individual company wise weightage adjustment is done.

The weightage of each question in the model is assigned based on the assumption that all the questions under each sub-category are applicable to the company being evaluated. If any question is not applicable for a particular industry/ company, the weightages of scores are automatically redistributed on the remaining applicable questions. Each ESG parameters is analyzed not only based on the mandatory legal requirements but also based on the best practices followed around the globe.

Disclosures made by companies are evaluated for their adequacy of information. Higher score is awarded for disclosures which are informative, meaningful and considered adequate and serve the objective behind disclosure. Thus, model is designed to value “disclosure in spirit” higher compared to

“disclosure in letter”. The Model evaluates the quality of disclosure practices and quantifies them in the form of sectional / sub-sectional scores, which are collectively viewed by applying appropriate weights.

Each question has a highest score of 5 and lowest of 0. SES has set criteria, information disclosed is mapped against the criteria, and verified information forms the basis of score for each of the question.

The final score is a culmination of section wise scores obtained by the company on policy disclosures, Environment, Social and Governance score based on weightage of each of these heads. The ESG score objectively depicts the company’s awareness of ESG issues, steps and initiatives taken by the Company to imbibe sustainable and good governance practices and lastly the effectiveness in incorporating these practices.

DEVELOPMENT IN MODEL

With various changes in Regulatory and Voluntary requirements in ESG space, SES has always considered the developments and incorporated them into the Model, i.e. SES Model is not static, rather it evolves and incorporate important & relevant developments from time to time. Therefore, when evaluation is done on modified or added parameters along with existing parameters, the scores of the Company may vary compared to previous year. For e.g. the score of a Company may get reduced due to non-meeting the added parameter.

However, with introduction of BRSR and various other ESG related developments & recommended, SES expects that in next couple of years, ESG things may settle down. Meanwhile, at present, with frequent changes in ESG space, SES has no choice but to adopt the developments so as to do meaningful evaluation & analysis.

Following are key changes in ESG Model:

- Additions / modification of questions, which now stands at 378 questions in total, with over 1300+ parameters, and on average using 2200+ data points for each company.
- Development of weightages for E, S & G and for parameters analysed under each factor, using SES propriety, based on material issues as identified under SASB Material Map & Standards.
- Introduction of Industry Risk Exposure Score, which is developed using SES propriety, based on material issues as identified under SASB Material Map & Standards. Based on the Industry Risk Exposure score, the ESG Score of the Company will be accordingly adjusted.

INFORMATION SOURCE

SES has used following sources of information: Annual Reports, Sustainability / Integrated / ESG Reports, Business Responsibility Reports, information disclosed to stock exchanges, information available on website of the Companies, Watchout investors, Capitaline database and any other authentic publicly available information relating to the Companies.

The scores are worked out only on the basis of published information available in public domain and no forensic work has been done. As a result, any information which has not been disclosed in the public domain has not been taken into consideration. As SES believes that disclosure must be adequate and in public domain, therefore as a matter of principle and to maintain absolute independence and fairness to all company’s SES extracted information available in public domain only and no interaction was done with the companies.

LIMITATIONS OF THE MODEL

SES ESG Model has been developed with utmost care, objectivity and diligence. Our intention is to bring to focus the importance of good ESG practices. SES understands that stakeholders take decisions based on multiple factors ESG being an important factor. SES ESG scores alone cannot be used for decision to invest and are used as a supplement / an additional tool to help stakeholders to make a considered and holistic view about the company. SES ESG score in isolation cannot be a predictor of company's future performance.

The scores are calculated from publicly available data and are dependent on information made available by company and taken as true in good faith. For instance - Business Responsibility Reports, Sustainability Reports, reports by Auditors, certificate of compliance of mandatory requirements and directors' statements and information as disclosed in Annual Reports is used as it is, without any further cross verification for the scoring purpose. Independent analysts like SES do not know the internal happenings of a company, nor do we have an inside view of the company's practices. It may be possible that while on paper based on available information everything might appear to be in order but in reality, there could be concerns plaguing the company or vice versa. It is beyond scope of our work, nor we possess such expertise to verify the public documents and / or visit the company to check its internal controls, checks and practices. Users may take a note of same and read our scores accordingly.

As disclosures are not standardized yet, there is a distinct possibility that a particular company may have done better, yet due to lack of a mandated format and mandatory requirements, its disclosures may fall short, resulting in a score which may not reflect true position. While these scores are indicative, however one score cannot be used to draw any definite conclusion whether a company is good or bad. However, SES is confident that in coming years with mandate of BRSR, disclosure will improve reflecting true picture. A static ESG Scores for any company/ industry or entire sample would indicate lack of concern/ focus for ESG. SES ESG scores should only be seen as current assessment and indicator of the potential for improvement rather than a standalone assessment of the company.

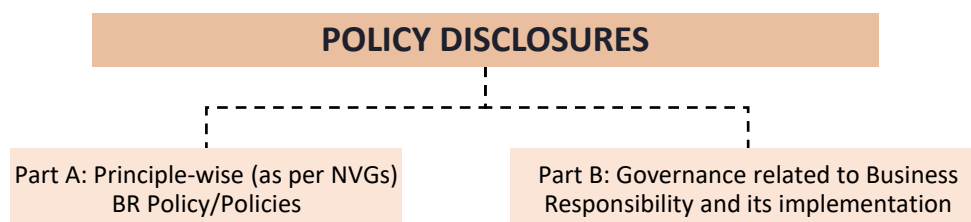
ANNEXURE I

ESG MODEL: EVALUATION & ASSESSMENT FACTORS



POLICY DISCLOSURES

About: This section analyses Company's disclosures in Business Responsibility Report / Business Responsibility & Sustainability Reporting which comprises of 9 principles and other general ESG practices.



✱ PART A: PRINCIPLE-WISE (AS PER NVGS) BR POLICY/POLICIES

Connections to Frameworks / Legal Requirement

- Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**")

Principles:

- P1** - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2** - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3** - Businesses should promote the well-being of all employees.
- P4** - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5** - Businesses should respect and promote human rights.
- P6** - Business should respect, protect, and make efforts to restore the environment.
- P7** - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8** - Businesses should support inclusive growth and equitable development.
- P9** - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

- **Questions:** Following questions / parameters were analysed:

- Q1** - Do you have a policy/ policies covering the principle?
- Q2** - Has the policy been formulated in consultation with the relevant stakeholders?
- Q3** - Does the policy conform to any national / international standards? If yes, specify (50 words).
- Q4** - Has the policy been approved by the Board? [If yes, has it been signed by the MD / CEO / appropriate Board Director?]
- Q5** - Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?
- Q6** - Indicate the link for the policy to be viewed online
- Q7** - Has the policy been formally communicated to all relevant internal and external stakeholders?
- Q8** - Does the company have an in-house structure to implement the policy / policies?
- Q9** - Does the company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?

Q10 - Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?

- **Reasons:** In case where the Company does not have policy, has the Company provided reason(s) for the same?

R1: The company has not understood the Principles

R2: The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles

R3: The company does not have financial or manpower resources available for the task

R4: It is planned to be done within next 6 months

R5: It is planned to be done within the next 1 year

R6: Any other reason (please specify)

Note: In case of voluntary disclosure of Business Responsibility and Sustainability Reports, the same were analysed.

✳ **PART B: GOVERNANCE RELATED TO BUSINESS RESPONSIBILITY AND ITS IMPLEMENTATION**

Connections to Frameworks / Legal Requirement

- BRR Annexure 1, Section D
- GRI 102-22 / 102-20 / 102-31 / 102-45(b) / 102-56
- UNGC: Principle 8

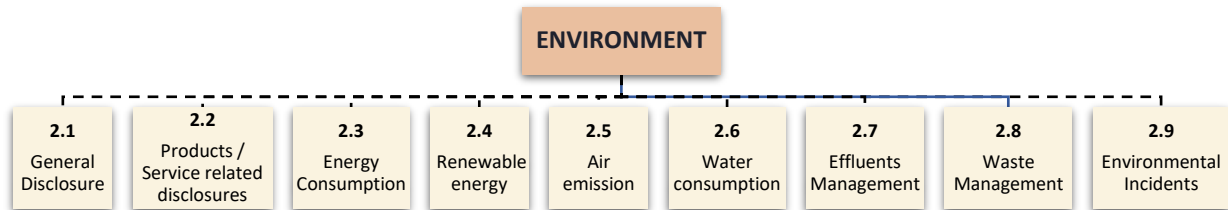
Following questions / parameters were analysed:

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company.
- Does the Company publish a BRR or a Sustainability Report?
- In case of Sustainability Report / Integrated Reports being published, is the said Report Externally Assured?
- What was the participation of other entities In Business Responsibility initiatives?
- Has the Company disclosed the details of the Director/ Directors responsible for implementation of the BR policy and details of the BR head
- Whether the Company has subscribed to disclose endorsement of any additional ESG principles or initiatives
- Has the Company voluntarily disclosed BRSR?



ENVIRONMENT

About: Scores obtained by sample companies on E factor have been analysed mainly covering Company's disclosure regarding impact of operations on the environment and steps being implemented by the Company to mitigate its effect on the environment. Additionally, it was also analysed, whether the Company managed to reduce its impact on environment and was meeting the targets set.



2.1 GENERAL DISCLOSURES

✳ GENERAL DISCLOSURES / STATEMENTS

Connections to Frameworks / Legal Requirement

- BRR, Annexure I, Section D, Q(2a)1, Q(2a)4, Q(2a)6 and Q(2a)7 and Annexure II, P6(1), P6(2), P6(3), P6(4) P6(5), P6(6), P8(5), P8(6) and P8(7)
- GRI 102-15, 102-29, 201-2, 103-2 (c-i) (c-vii), 300, 103-1, 103-1 and 304
- UNGC P7-9
- General Statement on EMS, ISO 14001 UNGC Principles 7-9
- SDG 12, 13, 14 and 15
- MCA's National Guidelines for Responsible Business Conduct ("NGRBC"): P6, Core Element 3

Following questions / parameters were analysed:

- Does the Company have an Environment Policy and has it disclosed it on the Company's website or publicly available?
- Does the Environment Policy extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others?
- Has the policy been approved by the Board?
- Has the Environment Policy been formally communicated to all relevant internal and external stakeholders?
- Does the Company have an Environmental Management System?
- Does the Company have any environmental programmes including any initiatives on – clean technology, energy efficiency, renewable energy etc. and has it disclosed the weblink?
- Does the company have strategies/ initiatives to address global environmental issues such as climate change resource scarcity, health pandemics and emergencies, natural disasters etc.?
- Does the Company identify and assess potential environmental risks?
- Has the Company disclosed the mitigation measures adopted by the company with regard to material environment risks?
- Does the Company's board's oversight climate-related risks and opportunities?
- Has the Company disclosed process and frequency with which board and/or board committees (e.g., audit, risk, or other committees) are informed about climate-related issues?
- Does the Risk Management committee oversee the Company's climate related risk?
- Has the Company assigned climate-related responsibilities to management-level positions or committees?

- Does the Company have any project related to Clean Development Mechanism / any project related to Low Carbon Economy? If so, has the Company disclosed details of such projects.
- Has the company made disclosure / Discussion on Bio-Diversity?
- Has the company made disclosure Discussion on Afforestation / CAMPA?

✳ **CERTIFICATIONS:**

Connections to Frameworks / Legal Requirement

- ISO 14001 – EMS
- ISO 50001 - Energy Management

Following questions / parameters were analysed:

- Has the Company disclosed / obtained certifications relating to Environment Management System?
- Has the Company disclosed / obtained certifications relating to Energy Management System?

2.2 PRODUCT OR SERVICES RELATED DISCLOSURES

✳ **ENVIRONMENTAL IMPACT OF PRODUCT AND SERVICES**

Connections to Frameworks / Legal Requirement

- BRR Annexure I, Section A Q7 and Q8 and Annexure II, P6(2), P2(1) and P2(2)
- GRI 102-2, 102-2(b), 102-6(ii), 301-2, 302-4, 302-5 and 303-3
- SDG 12
- UNGC P7 & P8
- NGRBC: P6 Core Element 6 and P8 Core Element 3, P9(1)
- Section 134(3)(m) r/w Rule 8(3)(A)(i), (ii) and (iii) of Companies (Accounts Rules), 2014

Following questions / parameters were analysed:

- Whether the Company has disclosed its activities and 3 key products / services?
- Has the Company listed up to 3 products or services whose design has incorporated social or environmental concerns, risks and/or opportunities?
- Disclosure & Investments on Research & Development
- Has the Company derived any benefits like product improvement, cost reduction, product development or import substitution by technology absorption?

✳ **SOURCING OF MATERIALS CONSUMED**

Connections to Frameworks / Legal Requirement

- BRR Annexure II, P2(1), P2(3) and P2(4)
- GRI 103-2, 103-2(c)(i), 204, 204-1, 301-1 and 2
- SDG 8 & 12
- UNGC P7, 8 and 9
- Section 134(3)(m) r/w Rule 8(3)(B)(i), (ii) and (iii) of Companies (Accounts Rules), 2014

Following questions / parameters were analysed:

- Does the Company have any procedure in place for sustainable sourcing (including transportation)?
- Has the Company disclosed the percentage of the Company's inputs that were sourced sustainably?
- Has the Company specified any steps taken for sustainable sourcing?
- Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their establishments?
- What steps have been taken to improve the capacity and capability of local and small vendors?
- Has the Company recycled or reused input material to total raw material (by value) used in production?
- Does the Company use such recycled or reused input material is more than 50% total raw material (by value) used in production?
- Has the Company taken any steps to ensure that everyone connected with its designers, producers, value chain members, customers and recyclers are aware of their responsibilities?

✿ PRODUCT LIFE SUSTAINABILITY

Connections to Frameworks / Legal Requirement

- BRR Annexure I, Section D Q(2a) and Annexure II, BRR P2(1)
- SDG 12
- UNGC Principles 7-9
- The leading standards for Life Cycle Assessment (LCA) are ISO 14040 and ISO 14044.

Following questions / parameters were analysed:

- Does the Company have a policy on product life sustainability?
- Has the Company performed an analysis of study of the Life Cycle Assessment of its products?
- Has the Company disclosed Results in public domain?
- Whether Life Cycle Assessment conducted by independent external agency?
- Was the study conducted in compliance with any national or international Standard?

✿ Reclaimed products & their product packaging materials

Connections to Frameworks / Legal Requirement

- BRR Annexure II, P2(5), P2 (6)
- SDG 12
- UNGC P7&8
- GRI 103-2(a-ii, iii and vii), 204, 301, 301-2 and 301-3(a)

Following questions / parameters were analysed:

- Has the Company disclosed % of reclaimed products & their packaging material?
- Does % of reclaimed products / their packaging material form more than 50% of the total?
- Has the Company mentioned any specific steps taken to increase use of renewable materials in its packaging?
- The Company does not use any harmful component as part of its packaging material? E.g. PET: polyethylene terephthalate, HDPE: high-density polyethylene, PVC: polyvinyl chloride etc
- Is the packaging provided by the Company recyclable?
- Is the Company using recyclable plastic in its packaging?
- Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities?

2.3. ENERGY CONSUMPTION

✿ Parameters analysed under Energy Consumption

Connections to Frameworks / Legal Requirement

- BRR Annexure II P6(3) and P6(6)
- GRI 302-1, 2, 3, 4
- SDG 12, 13
- Section 134(3)(m) of the Companies Act, 2013 (the "Act") r/w Rule 8(3)(A) of Companies Account Rules, 2014
- Annexure II BRR P6(1) and (4)
- UNGC: Principle 7-9
- SASB: General Issue / Energy Management
- BRR P2 Q2 and P6 Q5 r/w Annexure II BRR P4(1), P4(3) and P6(4)
- TCFD: Risk Management: Part B

Following questions / parameters were analysed:

- Policy on Energy / Policy related to Energy
- Disclosure - Targets to reduce Energy Consumption / Conserve Energy (Short term & Long Term)
- Performance – Target to reduce Energy Consumption / Conserve Energy (Short term & Long Term)
- Disclosure on energy intensity & energy consumption or usage

- Reduction in energy intensity & energy consumption or usage
- Steps disclosed for conservation of energy
- Disclosure Capital Investment on Energy Conservation Equipment
- Increase in Capital Investment on Energy Conservation Equipment (in absolute terms and in relative terms - comparison with revenue)

2.4. USAGE OF RENEWABLE ENERGY

✿ Parameters analysed under 'Usage of Renewable Energy'

Connections to Frameworks / Legal Requirement

- BRR, Annexure II P6(3) and P6(6)
- GRI 302-1, and 2
- SDG 7
- Section 134(3)(m) of the Act r/w Rule 8(3)(A) of Companies Account Rules, 2014
- BRR Annexure II, P6(1), P6(4) and P6(5)
- SASB: General Issue / Energy Management (SASB Industry Standards)

Following questions / parameters were analysed:

- Policy on Renewable Energy (RE) / or RE part of any policy related to Energy or Energy Policy
- Disclosure - Targets for increase in Renewable Energy (Short term & Long Term)
- Performance - Targets for increase in Renewable Energy (Short term & Long Term)
- Disclosure on total amount of renewable energy consumed / % of RE from total Energy Consumption
- Increase in amount of renewable energy consumed / % of RE from total Energy Consumption
- Disclosure on steps taken for increase in usage of Renewable Energy

2.5. AIR EMISSIONS

Connections to Frameworks / Legal Requirement

- BRR, Annexure II P6(3) and P6(6)
- GRI 302-1, and 2
- SDG 7
- Section 134(3)(m) of the Act r/w Rule 8(3)(A) of Companies Account Rules, 2014
- BRR Annexure II, P6(1), P6(4) and P6(5)
- SASB: General Issue / Energy Management (SASB Industry Standards)
- BRR Annexure II, P6(1), P6(4) and P6(6)
- GRI 305-1, 2, 3, 4,5, 6 and 7
- UNGC Principles: 7-9
- SASB: General Issue / GHG Emissions (SASB Industry Standards)
- TCFD: Metrics & Targets (Disclosure B)
- SDG 13
- BRR P6 Q5 r/w Annexure II BRR P6(2), Q6 and Q7, and BRR P6 Q2 r/w Annexure II BRR P6(2)

✿ Carbon / GHG Emissions

Following questions / parameters were analysed:

- Policy on GHG / Air Emissions
- Emissions are within limits prescribed by CPCB/SPCB
- Emissions related show-cause notices issued - CPCB/SPCB
- Emissions related show-cause notices pending - CPCB/SPCB
- Disclosure - Targets for reduction in GHG emissions (Short term & Long Term)
- Performance - Targets for reduction in GHG emissions (Short term & Long Term)

- Disclosure on GHG emissions & intensity
- Reduction in GHG emissions & intensity
- Steps disclosed to reduce GHG emissions

✱ Other Air Emissions

Following questions / parameters were analysed:

- Disclosure -Targets for reduction in other Air emissions
- Performance - Targets for reduction in other Air emissions
- Disclosure on other Air emissions
- Reduction in other Air emissions
- Steps disclosed to reduce other air emissions

2.6. WATER CONSUMPTION

✱ Parameters analysed under 'Water Consumption'

Connections to Frameworks / Legal Requirement

- BRR Annexure II, P6(1), P6(3), P6(5) and P6(6)
- GRI 303-1, 3, 4 and 5
- SDG 6 and 12
- Section 134(3)(m) of the Act r/w Rule 8(3)(A) of Companies Account Rules, 2014
- BRR P2 Q2 r/w Annexure II BRR P6(4) and P6 Q5 r/w Annexure II BRR P4(1) and Annexure II BRR P6(6)
- SASB: General Issue / Water & Wastewater Management (SASB Industry Standards)

Following questions / parameters were analysed:

- Water Policy
- Disclosure of Targets for reduction in Water Consumption (Short term & Long Term)
- Targets for reduction in Water Consumption (Short term & Long Term)
- Disclosure on Water intensity & water consumption or usage
- Reduction in Water intensity & water consumption or usage
- Rain Water Harvesting or re-use of Water
- Data Rain Water Harvesting or re-use of Water
- % water consumed from recycled & harvested sources
- Steps disclosed for conservation of water

2.7. EFFLUENTS MANAGEMENT

Connections to Frameworks / Legal Requirement

- BRR Annexure II, P6(3) | BRR P6 Q5 r/w Annexure II BRR P6(1) and P6(6) - Q6 & Q7
- GRI 303-2, 306-2
- SDG 12

Following questions / parameters were analysed:

- Policy on Waste Water / Effluents
- Effluents are within limits prescribed by CPCB/SPCB
- Effluents related show-cause notices issued - CPCB/SPCB
- Effluents related show-cause notices pending - CPCB/SPCB
- Disclosure of Targets for reduction in toxic waste water / effluents (Short term & Long Term)
- Targets for reduction in toxic waste water / effluents (Short term & Long Term)
- Disclosure on effluents intensity (or waste water discharge intensity)

- Reduction in effluents intensity (or waste water discharge intensity)
- Disclosure on effluents emission (or waste water discharge)
- Reduction in effluents emission or waste water discharge
- % of effluents (or waste water) treated before release
- Steps disclosed to reduce effluents emissions

2.8. WASTE MANAGEMENT

Connections to Frameworks / Legal Requirement

- BRR Annexure II, P6(3) | BRR P6 Q5 r/w Annexure II BRR P6(1) and P6(6) - Q6 & Q7
- GRI 303-2, 306-2
- SDG 12

Following questions / parameters were analysed:

- Policy on Waste Management
- Waste generated are within limits prescribed by CPCB/SPCB
- Waste generated related show-cause notices issued - CPCB/SPCB
- Waste generated related show-cause notices pending - CPCB/SPCB
- Disclosure of Targets for reduction in solid waste (hazardous / non-hazardous) (Short term & Long Term)
- Targets for reduction in solid waste (hazardous / non-hazardous) (Short term & Long Term)
- Disclosure on total solid waste Intensity (hazardous + non-hazardous)
- Reduction in solid waste intensity (hazardous + non-hazardous)
- Disclosure on total solid wastes (hazardous + non-hazardous)
- Reduction in solid wastes (hazardous + non-hazardous)
- Disclosed % of recycle / reuse of waste
- % increase of recycle / reuse of waste
- % of Waste diverted from disposal out of total waste generated
- Steps disclosed to reduce solid wastes (hazardous / non-hazardous)

2.9. ENVIRONMENTAL INCIDENTS

Connections to Frameworks / Legal Requirement

- SDG 12
- UNGC 7 & 8
- BRR Annexure II, P6(2)
- Regulation 30(12) and Regulation 30 r/w Schedule III, Part A, Para B (8) of the SEBI Listing Regulations
- GRI 306-3 and 307-1
- Section 92(1)(h) of the Act

Following questions / parameters were analysed:

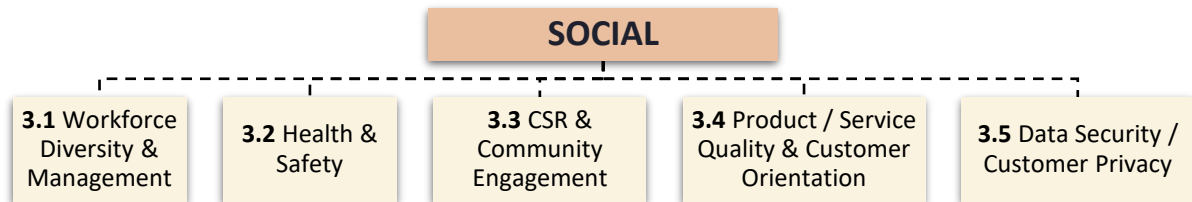
- The Company's products or services are not banned in any markets in last three FYs due to environmental reasons? If so, has the Company disclosed any explanation for this?
- The Company's has not recalled its products in last three financial years (due to environmental reasons)?
- Has there been any incident regarding environmental pollution/ regulatory action or changes due to business operations of the Company in the last 3 years?
- Has there been any incident relating to Company's product which had environmental or health impact on the consumers in the last 3 years?

- Has there been any other kind of environmental incident / impact due to the location of the company's premises or where it operates in the last 3 years?
- Has the Company reported any significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in the last 3 years?



SOCIAL

About: Scores obtained by sample companies on S factor have been analysed under this head, mainly covering Company's disclosure regarding its relationship with its human capital and relationship with its stakeholders. Analysis included evaluation of practices and policies adopted by the Company for fair and equitable treatment of all stakeholders.



3.1 WORKFORCE DIVERSITY & MANAGEMENT

✿ Workforce Diversity

Connections to Frameworks / Legal Requirement

- BRR Annexure II, P3(1), P3(2), P3(3) and P3(4)
- GRI 102-7(a-i), 102-8(a), (c) and GRI 405
- SDG: 5, 10
- UNGC Principle 6

Following questions / parameters were analysed:

- Disclosure on Workforce - Gender Mix
- Disclosure on Workforce - Employee Categories (viz. senior management, labours etc)
- Disclosure on Workforce - Age Mix
- Disclosure on Workforce - Disabled employees
- % of women employees
- Increase in % women employees
- Temporary Worker Ratio

✿ Equal Opportunity Employer

Connections to Frameworks / Legal Requirement

- GRI 202-2 and 405
- UNGC Principle 6
- SDG: 5, 10

Following questions / parameters were analysed:

- Disclosure on Equal Opportunity Statement

✿ Employee Attrition

Connections to Frameworks / Legal Requirement

- GRI 401

Following questions / parameters were analysed:

- Disclosure on Attrition Rate / Employee Turnover Ratio
- Level of Attrition Rate / Employee Turnover Ratio
- Decrease in Attrition Rate / Employee Turnover Ratio

✿ Child Labour / Forced Labour / Involuntary Labour / Discrimination in Employment

Connections to Frameworks / Legal Requirement

- BRR, Annexure II, P3(7)

- GRI 406, 408, 409
- UNGC Principles 4, 5, 6
- SDG: 8
- SASB: General Issue / Labour Practices (SASB Industry Standards)
- SASB General Issue / Employee Engagement & Inclusion (SASB Industry Standards)

Following questions / parameters were analysed:

- Policy or statement relating to prohibition on Child labour/forced labour/involuntary labour
- Number of complaints received on child labour/forced labour/involuntary labour
- Number of complaints pending on child labour/forced labour/involuntary labour
- Number of complaints received on discriminatory employment
- Number of complaints pending on discriminatory employment

✿ Training & Skill Development

Connections to Frameworks / Legal Requirement

- BRR Annexure II, P3(8)
- GRI 403, 404
- Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013
- SDG: 5

Following questions / parameters were analysed:

- Disclosure relating to training & skill development
- % of training on safety & skill development

✿ Hours of Training

Connections to Frameworks / Legal Requirement

- BRR Annexure II, P3(8)
- GRI 403, 404

Following questions / parameters were analysed:

- Disclosed average hours of training per employee
- Trend in average hours of training per employee
- Disclosed Hours / Man-days of training
- Trend in Hours / Man-days of training

✿ Human Rights

Connections to Frameworks / Legal Requirement

- BRR P5
- UNGC: Human Rights
- SDG: Human Rights

Following questions / parameters were analysed:

- Policy on Human Rights
- Number of complaints received on Human Rights violation
- Number of complaints decreased on Human Rights violation
- Number of complaints pending on Human Rights violation

✿ Industrial Relations

Connections to Frameworks / Legal Requirement

- UNGC Principle 3
- BRR Annexure II, P3(5) and P3(6)
- Regulation 30 (4) of the SEBI Listing Regulations r/w Schedule III: Para B of Part A
- Regulation 33 (1) (e) r/w Schedule IV Para I of Part A the SEBI Listing Regulations

- *Section 129 of the Act r/w Schedule III Part II*

Following questions / parameters were analysed:

- Disclosure on dispute related to wage
- Dispute related to wage
- Disclosure on Strike / Lockout
- Strike / Lockout
- Staff welfare expenses per employee
- Is there a mechanism available to receive and redress grievances for workers & employees? - For all types or workers & employees (viz. permanent and non-permanent)

3.2 HEALTH & SAFETY

✿ Health & Safety Standards

Connections to Frameworks / Legal Requirement

- GRI 403
- BRR Annexure I, Section E, P3 Q8
- UNGC: Principle 6
- SDG: 10

Following questions / parameters were analysed:

- Health & Safety Standards
- Health & Safety Management System
- Training on safety
- Disclosure of measures for the well-being of employees: Health insurance; Accident insurance; Maternity benefits; Paternity Benefits or Day Care facilities

✿ Workplace Safety Disclosures

Connections to Frameworks / Legal Requirement

- GRI 403
- SDG: 3
- SASB: General Issue / Employee Health & Safety (SASB Industry Standards)

Following questions / parameters were analysed:

- Disclosure relating to fatalities
- Number of fatalities
- Reasons for fatalities
- Disclosure relating to accidents / injuries
- Number of accidents / injuries
- Reasons of accidents / injuries
- Training on prevention of fatalities / accidents / injuries

✿ Sexual Harassment

Connections to Frameworks / Legal Requirement

- BRR Annexure II, P3(1), P3(2), P3(3) and P3(4)
- GRI 102-7(a-i), 102-8(a), (c) and GRI 405
- SDG: 5, 10
- UNGC Principle 6

Following questions / parameters were analysed:

- Anti-Sexual Harassment Policy
- Disclosure on Internal Committee

- No. of Complaints received on Sexual harassment & pending for resolution.
- Trend of Complaints on Sexual harassment
- Training on prevention of Sexual Harassment

3.3 CSR AND COMMUNITY ENGAGEMENT

✱ SUPPLY CHAIN – LOCAL COMMUNITIES

Connections to Frameworks / Legal Requirement

- GRI 101, 102-9, 103-1, 2, 204-1, 412
- GRI WDI 7.5
- BRR Annexure I, Section E, P2 Q2, P2 Q4, P5 Q1, and BRR Annexure II, P5 (2), (3) & (4)
- UN Guiding Principles Reporting Index

Following questions / parameters were analysed:

- Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginal/vulnerable groups?
- The company's sustainability report includes the ESG impacts that occur as a result of the company's relationships with other entities.
- Procurement from local & small vendors, including communities surrounding its place of work
- Steps have been taken to improve their capacity and capability of local and small vendors

✱ Relation with Communities

Connections to Frameworks / Legal Requirement

- Section 135(4)(a) of the Act r/w Rule 9 of the Companies (Accounts) Rules, 2014 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014
- BRR Annexure I, Section B Q5 and Annexure II, P8

Following questions / parameters were analysed:

- The Company have specified programmes/initiatives/projects relating to CSR and has disclosed details
- Impact Assessment of Company's Initiative
- Taken steps to ensure that community development initiatives are successfully adopted by the community
- Disclosure on mitigation of adverse effects on the local communities

✱ CSR SPEND

Connections to Frameworks / Legal Requirement

- Section 134(3)(o) and Section 135 of the Act
- Rule 9 of the Companies (Accounts) Rules, 2014
- The Companies (Corporate Social Responsibility) Rules, 2014
- BRR Annexure I, Section B Q5, and Section E, P4 Q3, P8 Q1, Q2 and Q4, and Annexure II, P8(3)
- GRI 103-43, 103-2 (c-vii) (c-v), 201-1(a-ii), 203-1 and 413(a-iv), (a-vi)

Following questions / parameters were analysed:

- Disclosure of CSR Policy
- The list of the CSR project/ programs to be undertaken by the Company
- Contribution of CSR
- In case of failure, the reasons for not spending in its Board's/ Annual report AND remaining unspent funds transferred to CSR Account

✱ POLITICAL DONATIONS

Connections to Frameworks / Legal Requirement

- Section 182 of the Act
- GRI 415: Public Policy

Following questions / parameters were analysed:

- Disclosures of Political Donations

✳ **MEMBERSHIP OF ASSOCIATIONS**

Connections to Frameworks / Legal Requirement

- Regulation 21 (Risk Management Committee) of the SEBI Listing Regulations
- GRI 418: Customer Privacy

Following questions / parameters were analysed:

- Association with trade /industry or other associations (national or international advocacy organisations)

3.4 PRODUCT / SERVICE QUALITY & CUSTOMER ORIENTATION

✳ **PRODUCT / SERVICE QUALITY**

Connections to Frameworks / Legal Requirement

- GRI 102-2(b)
- SDG 12
- UNGC P7&8
- ISO 9001

Following questions / parameters were analysed:

- Disclosures on Certifications on Quality Management System
- Product Quality/ Service Quality Policy
- Product Recall / Product Ban

✳ **CUSTOMER ORIENTATION**

Connections to Frameworks / Legal Requirement

- BRR Annexure I, Section E, P9 Q1, Q3 and Q4
- GRI Disclosure 206: Anti-competitive behaviour
- Rule 11 of the Companies (Audit and Auditors) Rules, 2014

Following questions / parameters were analysed:

- Disclosure on Customer Survey
- Disclosed Customer Complaints | Trend in Customer Complaints | Pending complaints of Customer
- Cases relating to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour, anti-trust, and monopoly practices
- Customer Care / Helpline System

3.5 CYBER SECURITY

Connections to Frameworks / Legal Requirement

- Regulation 21 (Risk Management Committee) of the SEBI Listing Regulations
- GRI 418: Customer Privacy

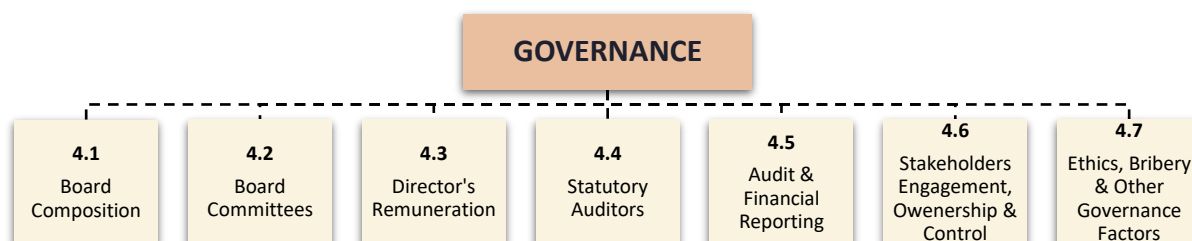
Following questions / parameters were analysed:

- Consumer data collections
- Risk Management (Cyber Security)
- Data Security / Privacy Policy
- No. of Data Security / Privacy Policy Breach
- Trend in No. of Data Security / Privacy Policy Breach
- IT related Incident
- IT related Certifications
- Steps taken to ensure safe security system (IT security, firewalls, initiatives etc)



GOVERNANCE

About: Scores obtained by sample companies on G factor have been analysed under this head, mainly covering Company's Board related practices such as Board Composition, remuneration, committee composition and performance. Further, section also analyses Statutory Auditors, Audits, Financial Reporting and Stakeholder Engagement functions.



4.1 BOARD COMPOSITION

COMPETENCE & DIVERSITY OF BOARD OF DIRECTORS

Connections to Frameworks / Legal Requirement

- Second proviso to Section 149(1) r/w Rule 3(i) of the Companies (Appointment of Directors) Rules, 2014, Section 149 (4), First proviso of Section 196 (3), Proviso to Section 177(2)
- Regulation 17(1)(a) & (b), Regulation 17 (1A) Regulation 34(3) r/w Schedule V: Para (C)(2)(a), (h), Regulation 18(3)(c) (in relation to directors to be appointed on the Audit Committee) of the SEBI Listing Regulations
- GRI 102-22(a-v), 102-18, 102-18(a), 102-22 (a-i), (a-ii), (a-vii), 102-24 and GRI 102-23
- RBI circular on 'Upper age limit for Whole Time Directors on the Boards of Banks' dated September 9, 2014
- RBI Master Direction - Reserve Bank of India ('Fit and Proper' Criteria for Elected Directors on the Boards of PSBs) Directions, 2019 dated August 2, 2019
- Rule 5(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014

Following questions / parameters were analysed:

- Gender Diversity
- Age Diversity
- Average Board Age
- Directorship Category Diversity
- Expertise Diversity and competencies relating to ESG topics
- Education Diversity

INDEPENDENCE OF THE BOARD

Connections to Frameworks / Legal Requirement

- Section 149(4), (10) & (11) of the Act.
- Regulation 17(1)(b), Regulation 17 (1B), Regulation 25(2) of the SEBI Listing Regulations
- GRI 102-22 (a-ii), 102-22 (a-iii) and 102-23

Following questions / parameters were analysed:

- Independence of the Board
- Chairperson
- Tenure / association of Independent Director
- Lead Independent Director

EXIT OF INDEPENDENT DIRECTOR

Connections to Frameworks / Legal Requirement

- Section 168 of the Act r/w Rule 15 and 16 of the Companies (Appointment and Qualification of Directors) Rules, 2014

- Regulation 30 r/w Schedule III, Part A, Para A, 7B of the SEBI Listing Regulations
- Regulation 34(3) r/w Schedule V: Para (C)(2)(j) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- No exits of Independent Directors or exit is only due to death/disability or change in law

✳ ATTENDANCE & TIME COMMITMENTS

Connections to Frameworks / Legal Requirement

- Section 92(1)(f), Section 178(7) and 165(1) r/w proviso thereof, of the Act
- Regulation 34(3) r/w Schedule V: Para (C)(2)(b) & (c), Regulation 18(1)(d), 19(3), 20(3), 17A of the SEBI Listing Regulations
- GRI 102-22(a-iv)

Following questions / parameters were analysed:

- Attendance at Board meetings
- AGM attendance
- Directors Time Commitments (Directorships in Listed Companies)
- Directors time commitments (Directorships in Public Companies)
- Directors time commitments (Directorships in All Companies)

✳ ROTATION POLICY

Connections to Frameworks / Legal Requirement

- Section 149 & 152 of the Act.

Following questions / parameters were analysed:

- Non-Independent Director's (NIDs) retirement by rotation

✳ DISCLOSURE ON EXPERTISE MATRIX

Connections to Frameworks / Legal Requirement

- Regulation 34(3) r/w Schedule V: Para (C)(2)(h) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Disclosure on Expertise Matrix With the list of core skills/expertise/competencies identified by Board

4.2. BOARD COMMITTEES

✳ Audit Committee

Connections to Frameworks / Legal Requirement

- Section 177(2) of the Act
- Regulation 18(1)(b), (c) & (d), 46(2)(c), 34(3) r/w Schedule V: Para (C)(3)(b) & (c), 19(1) & (2) of the SEBI Listing Regulations
- RBI Master Direction - Reserve Bank of India ('Fit and Proper' Criteria for Elected Directors on the Boards of PSBs) Directions, 2019 dated August 2, 2019

Following questions / parameters were analysed:

- Composition of Audit Committee
- Audit Committee members expertise
- Chairperson of Audit Committee
- Number of Meetings conducted by Audit Committee

✳ Nomination and Remuneration Committee

Connections to Frameworks / Legal Requirement

- Section 177(2) of the Act
- Regulation 19(1) & (2) of the SEBI Listing Regulations

- RBI Notification on 'Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Other Risk Takers' dated January 13, 2012

Following questions / parameters were analysed:

- Composition of Nomination and Remuneration Committee
- Chairperson of Nomination and Remuneration Committee
- Numbers of Meetings conducted by NRC

✿ CSR Committee

Connections to Frameworks / Legal Requirement

- Section 92(1)(f) and 135 of the Act and the Companies (Corporate Social Responsibility) Rules, 2014
- Regulation 46(2)(c) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Composition of CSR Committee
- Chairperson of CSR Committee
- Numbers of Meetings conducted by CSR

✿ Risk Management Committee

Connections to Frameworks / Legal Requirement

- Section 134(3)(n) of the Act
- Regulation 21(2), 21(3), 21(3A), 46 (2)(c) of the SEBI Listing Regulations
- GRI 102-29, 102-30, 102-31, 102-33 and 102-34
- BRR Annexure II, P6(6) and P9(3)
- NGRBC: P6 Core Element (1)

Following questions / parameters were analysed:

- Disclosure on Risk Management Policy
- Composition of Risk Management Committee (Independence)
- Composition of Risk Management Committee (Directors)
- Disclosure on Risk (including ESG impacts) & its Mitigation
- Number of Meetings conducted by RMC

✿ Stakeholders Relationship Committee

Connections to Frameworks / Legal Requirement

- Section 178(5) of the Act
- Regulation 20 (2), 20(2A), 20(3), 46(2)(c) & 34(3) r/w Schedule V: Para (C)(6)(a) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Composition of Stakeholders Relationship Committee
- Chairperson of Stakeholders Relationship Committee
- Number of meetings conducted by Stakeholders Relationship Committee

✿ Attendance at Board Committees

Connections to Frameworks / Legal Requirement

- Section 92(1)(f) of the Act
- Regulation 34(3) r/w Schedule V: Para (C)(3)(c), (C)(4)(c) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Attendance at Audit Committee Meetings
- Attendance at Nomination and Remuneration Committee Meetings
- Attendance at Stakeholders Relationship Committee Meetings

- Attendance at CSR Committee
- Attendance at Risk Management Committee

✳ RECOMMENDATIONS OF BOARD COMMITTEES

Connections to Frameworks / Legal Requirement

- Section 177(8) of the Act
- Regulation 34(3) r/w Schedule V: Para (C)(10)(j) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Has the Board not accepted or rejected any recommendation of any committee?

4.3. DIRECTOR'S REMUNERATION

✳ GENERAL REMUNERATION PRACTICE

Connections to Frameworks / Legal Requirement

- Rule 5(1)(ii) and (viii), Rule 5 (x) Rule 6 of the Companies (Appointment and Remuneration) Rules, 2014
- Section 92(1)(g), 92(1)(g) r/w Rule 7 of Companies (Management and Administration) Rule, 2014 r/w MGT-7, 101, 102, 134(3)(e), of the Act r/w Section 178(3), (4) and 4(b), 149 (9), 178(4)(b), 197(1) & (12) of the Act and 200 of the Act
- Regulation 17(6) (ca), 34(3) r/w Schedule V: Para (C)(5)(b) and (c) and 46(2) (b) and (f) of the SEBI Listing Regulations
- RBI Notification on 'Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Other Risk Takers' dated January 13, 2012
- GRI 102-35, 102-36 and 102-37

Following questions / parameters were analysed:

- Skewness in director's remuneration
- Skewness / Board discretion on EDs remuneration
- Performance linked remuneration of EDs
- Directors Remuneration Policy
- Disclosures on components of directors' remuneration
- NED's & ID's Commission (Shareholders Resolution)
- NED's & ID's Commission (Remuneration Practice)

✳ MEDIAN REMUNERATION OF EMPLOYEES

Connections to Frameworks / Legal Requirement

- Section 197(12) of the Act r/w Rule 5(ii) and (viii) of the Companies (Appointment and Remuneration) Rules, 2014
- GRI 102-38

Following questions / parameters were analysed:

- Ratio of Median Remuneration of Employees

✳ FAIRNESS IN REMUNERATION

Connections to Frameworks / Legal Requirement

- Section 197(12) of the Act r/w Rule 5(viii) of the Companies (Appointment and Remuneration) Rules, 2014

Following questions / parameters were analysed:

- Remuneration practice based on various comparisons and disclosure on justification for director remuneration in case of high variance.

✳ BOARD PERFORMANCE EVALUATION AND TRAINING

Connections to Frameworks / Legal Requirement

- Section 134(3)(p) of the Act

- Regulation 17(10), 25(4), 34(3) r/w Schedule V: Para (C)(4) (d & g) and Para (C)(2)(g), 46(2)(i) of the SEBI Listing Regulations
- GRI-102-27, 102-28(a & d), 102-28 (b & c), 103-3
- SEBI Circular dated May 10, 2018

Following questions / parameters were analysed:

- Disclosure on Annual Board Performance Evaluation
- Disclosure regarding any action taken by the company based on previous year's observations on the Board's evaluation
- Disclosure regarding measures taken to develop and enhance the Board's knowledge on ESG topics

✳ Other Remuneration Clauses

Following questions / parameters were analysed:

- ED Remuneration includes clause / criteria relating climate parameters / performance (i.e. Pay linked to Sustainability performance)
- ED appointment terms include 'Clawback & Malus' clause

4.4. STATUTORY AUDITORS

✳ REGULATORY ACTION

Connections to Frameworks / Legal Requirement

- Third proviso to Section 139(1) of the Act r/w Rule 4(1)(d) of the Companies (Audit and Auditors) Rules, 2014

Following questions / parameters were analysed:

- Regulatory Action on Statutory Auditors

✳ ROTATION OF AUDITORS

Connections to Frameworks / Legal Requirement

- Section 139(2)(b) of the Act
- Section 139(2)(b)(ii) of the Act r/w Rule 6 of the Companies (Audit and Auditors) Rules, 2014
- Regulation 30 r/w Schedule III, Part A, Para A(7) of the SEBI Listing Regulations
- RBI notification on "Appointment of Statutory Central Auditors (SCAs) – modification of rest period" dated July 27, 2017

Following questions / parameters were analysed:

- Audit Firm's tenure / association
- Audit Firm's Partner's tenure / association with the Company
- Auditor's exit

✳ AUDITORS RESIGNATION

Connections to Frameworks / Legal Requirement

- Regulation 30 r/w Schedule III, Part A, Para A(7) and (7A) of the SEBI Listing Regulations
- Section 140(2) of the Act r/w Rule 8 of the Companies (Audit and Auditors) Rules, 2014

Following questions / parameters were analysed:

- Whether Statutory Auditors resigned prior to completion of terms?

✳ AUDITORS REMUNERATION

Connections to Frameworks / Legal Requirement

- ICAI guidelines states that Statutory Auditors should not accept assignments if fee earned from the non-audit assignments is more than the total statutory audit fee.
- Section 144 of the Act
- Schedule II, Part C, Para A, (2), (3) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Components of Statutory Auditors fees

4.5. AUDIT & FINANCIAL REPORTING

✱ FRAUD WITH THE COMPANY

Connections to Frameworks / Legal Requirement

- Section 134(3) (ca) of the Act
- Section 143(12) of the Act
- Schedule II, Part B, Para B and D of the SEBI Listing Regulations
- Regulation 30 r/w Schedule III, Part A(6), Para B(9) of the SEBI Listing Regulations
- RBI Master Circular: Frauds 'Classification and Reporting' dated July 1, 2015
- RBI Master Circular: Master Directions on Frauds – Classification and Reporting by commercial banks and select FIs dated July 1, 2016
- Clause 3(x) of the Companies Auditor Report Order (CARO) Rules, 2016

✱ INTERNAL FINANCIAL CONTROLS

Connections to Frameworks / Legal Requirement

- Section 134(5) (c) and (e) of the Act
- Section 143(3)(i) of the Act r/w Rule 10A of the Companies (Audit and Auditors) Rules, 2014
- Regulation 17 (8) SEBI Listing Regulations r/w Schedule II, Part B, Para C and Para D of the SEBI Listing Regulations
- Regulation 34(3) r/w Schedule V: Annual Report (B)(1)(f) of the SEBI Listing Regulations
- Regulation 18(3) r/w Schedule II, Part C, Para A (11), (12) and (15) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Observation / Weakness in company's Internal Controls

✱ TAX DISPUTES

Connections to Frameworks / Legal Requirement

- Section 92(1)(h), 129 r/w Schedule III of the Act, 143(3)(f) and (j) and 143 (4) of the Act r/w Rule 11(a) of the Companies (Audit and Auditors) Rules, 2014,
- Regulation 30 r/w Schedule III, Part A, Para B (8) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Tax disputes (in Contingent Liabilities)
- Tax disputes in contingent liabilities as % of Net Worth
- Auditors' observation relating to disputes
- Penalties

✱ CASH POSITION OF THE COMPANY

Connections to Frameworks / Legal Requirement

- Section 129 r/w Schedule III, 134(3)(j) of the Act
- Regulation 33(3)(g), 34(2)(c) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Cash as % of total assets
- Company's Cash Ratio
- Discussion on cash balances in the Annual Report

✱ DEFAULT IN PAYMENTS

Connections to Frameworks / Legal Requirement

- Regulation 30 r/w Schedule III, Part A, Para A (6) of the SEBI Listing Regulations
- Schedule II Part A (H) of the SEBI Listing Regulations
- Regulation 51(2) r/w Schedule II, Part B of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Whether there has been no default in payment of dividend / interest / statutory dues?

✱ RESTATEMENT OF FINANCIALS / QUALIFICATIONS IN STATUTORY AUDITORS REPORT

Connections to Frameworks / Legal Requirement

- Section 134(3)(f)(i), 143(3)(f) and (h), 143(4), 145, third proviso to 131(1) r/w 134 of the Act
- Regulation 33(1)(e) r/w Regulation 33(3)(d) r/w Schedule IV, Part A, (BA), (BB) and (C), 46(2)(q) r/w Regulation 47(1)(b) of the SEBI Listing Regulations
- GRI 102-48

Following questions / parameters were analysed:

- Qualifications in Statutory Auditors Report
- Restatement of financial statements
- Management response/ discussion on qualifications/observations by Statutory Auditors

✱ QUALIFICATIONS IN SECRETARIAL AUDITORS REPORT

Connections to Frameworks / Legal Requirement

- Section 134(3)(f)(ii) of the Act

Following questions / parameters were analysed:

- Whether there has been qualification / Observation in Secretarial Auditors Report?

✱ TRANSPARENCY IN RELATED PARTY TRANSACTIONS

Connections to Frameworks / Legal Requirement

- Regulation 23, 23(1) and (1A), 27(2)(a) and (b), 34(3) r/w Schedule V: Annual Report (C)(10(a) and (f), 46(2)(g) and (s) of the SEBI Listing Regulations
- Section 129 r/w Schedule III, 134(3)(h), Section 188 and Section 136(1) of the Act r/w Rule 15(3) of Companies (Meetings of the Board) Rules, 2014
- GRI 102-25 (b-iv), 102-45
- Clause 3(xiii) of the Companies Auditor Report Order (CARO) Rules, 2016

Following questions / parameters were analysed:

- Disclosure on Related Party Transactions
- Shareholder's Approval for RPT
- RPT with Board / CEO / MD
- RPT Policy
- Royalty Payments
- Disclosure on financials of subsidiaries

✱ DISCLOSURE OF MAJOR TRANSACTIONS, OFF-BALANCE SHEET ACTIVITIES AND OTHER MATERIAL EVENTS

Connections to Frameworks / Legal Requirement

- Section 129 r/w Schedule III and 134 of the Act

Following questions / parameters were analysed:

- Contingent liabilities disclosure
- Total contingent liabilities as compared to Net Worth
- Discussion in Board Reports

✱ KEY FINANCIAL RATIOS

Connections to Frameworks / Legal Requirement

- Regulation 34(3) r/w Schedule V: Annual Report (B)(1)(i) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Requisite ratios disclosed; and
- Explanation provided for significant shifts

4.6. STAKEHOLDERS ENGAGEMENT, OWNERSHIP & CONTROL

✱ PERIODIC INTERACTIONS

Connections to Frameworks / Legal Requirement

- Regulation 30 r/w Schedule III, Part A, Para A (15) of the SEBI Listing Regulations
- Regulation 46(2)(o) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Earnings Calls / Investor Calls
- Transcript or minutes of earning calls

✱ QUARTERLY COMMUNICATION FROM MANAGEMENT

Connections to Frameworks / Legal Requirement

- Regulation 27(1) r/w Schedule II Part E, 33(3)(a), 30 r/w Schedule III, Part A, Para A(15), 46(2)(o) of the SEBI Listing Regulations
- SEBI Circular dated May 10, 2018 for implementation of certain recommendations of the Kotak Committee Report

Following questions / parameters were analysed:

- Financial results disclosure
- Presentation or press release

✱ REGULATORY ACTIONS

Connections to Frameworks / Legal Requirement

- Section 92(1)(h) of the Act
- Regulation 30 r/w Schedule III, Part A, Para B(8) of the SEBI Listing Regulations
- Regulation 34(3) r/w Schedule V: Annual Report (C)(10)(b) of the SEBI Listing Regulations

Following questions / parameters were analysed:

- Whether there has been any sanction or any regulatory action on the Company?

✱ SHAREHOLDERS ENGAGEMENT

Connections to Frameworks / Legal Requirement

- Regulation 23(4), 33(1)(e) r/w Schedule IV Part A: (J), 34(3) r/w Schedule V: Annual Report (C)(6)(d) and (e), 34(3) r/w Schedule V(C)(6)(c), 43A and 44(3) of the SEBI Listing Regulations
- Section 114 and 188 of the Act

Following questions / parameters were analysed:

- Dividend Distribution Policy (“DDP”)
- Reported shareholders complaints
- Pending shareholders complaints
- Voting on Shareholders Resolutions

✱ NEGATIVE MEDIA COVERAGE

Connections to Frameworks / Legal Requirement

- Regulation 30(10) and (11) of the SEBI Listing Regulations.

Following questions / parameters were analysed:

- Whether the Company has been in news for poor corporate governance practice or governance related issue?

✱ SHARE PLEDGING BY PROMOTERS

Connections to Frameworks / Legal Requirement

- Regulation 31 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- Regulation 31 of the SEBI Listing Regulations
- SEBI Circular dated August 7, 2019 on disclosure for reasons for encumbrance by promoters of listed entities.

Following questions / parameters were analysed:

- % Voting Leverage
- Pledge reason(s)

✳ STAKEHOLDERS IDENTIFICATIONS AND ENGAGEMENT

Connections to Frameworks / Legal Requirement

- BRR Annexure I, Section E P4 Q1 and Q2, P5 Q2 and Annexure II, P(4)
- NGRBC P4 Core Element 1, 2 & 3
- GRI 101, 102-21, 102-40, 102-42, 102-43 and 102-44.
- Chapter II, Regulation 4(2)(d) of the SEBI Listing Regulations

- Has the company mapped internal & external stakeholders?
- Has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
- Has the company disclosed the purpose and scope of engagement with stakeholders (other than shareholders) and the frequency of such engagement?
- Has the company disclosed the impact of its policies, decisions, products & services and associated operations on the stakeholders?
- Has the company disclosed the number of stakeholder complaints received or any differences arising from the impact of business operations and what percentage was satisfactorily resolved by the management?

4.7. ETHICS, BRIBERY & OTHER GOVERNANCE FACTORS

✳ CODE OF CONDUCT FOR BOARD, SENIOR MANAGEMENT AND EMPLOYEES

Connections to Frameworks / Legal Requirement

- Regulation 46(2)(d) of the SEBI Listing Regulations
- Regulation 26(3) of the SEBI Listing Regulations
- Schedule V: Annual Report, Part D of the SEBI Listing Regulations
- GRI 102-16
- 303A.10 Code of Business Conduct and Ethics, [NYSE Listing Manual](#)

Following questions / parameters were analysed:

- Code of conduct for Board of Directors & KMPs
- Code of conduct for employees

✳ WHISTLE BLOWER / VIGIL MECHANISM

Connections to Frameworks / Legal Requirement

- Regulation 22(2), 34(3) r/w Schedule V: Annual Report (C)(10)(c), 46 (2)(e) of the SEBI Listing Regulations
- Section 177(9) and (10) of the Act r/w Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014
- GRI 102-17

Following questions / parameters were analysed:

- Access to Audit Committee Chairperson
- Affirmation of access to the Audit Committee
- Details of establishment of vigil or Whistle Blower Mechanism and Whistle Blower Policy
- Disclosure of Whistle Blower complaints
- Whistle Blower complaints reported

✱ INSIDER TRADING

Connections to Frameworks / Legal Requirement

- Chapter IV- Regulation 8(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015

Following questions / parameters were analysed:

- Insider Trading Policy / Code of Conduct
- Default with Insider Trading Regulations
- Conviction / penalty relating to insider trading

✱ ISSUE OF SECURITIES

Connections to Frameworks / Legal Requirement

- SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
- Chapter III and IV of the Act

Following questions / parameters were analysed:

- Issues of Securities by way of Preferential Issues, QIP, Rights Issue, FPO, etc.
- Issue of Securities to employee under employee benefit scheme

✱ Ethics, Bribery and Corruption

Connections to Frameworks / Legal Requirement

- BRR Annexure I, Section E, P1 Q1 and Q2, Annexure II, P1(1), P4
- GRI 102-16, 102-17, 102-44, 103-2(c-i), GRI 103-1 and GRI-205

Following questions / parameters were analysed:

- Has the company disclosed its policy for ethics, bribery and corruption?
- Does the ethics, bribery and corruption policy covers the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?
- Has the company disclosed the number of stakeholder complaints received regarding bribery and corruption and what percentage was satisfactorily resolved by the management?
- Does the company provide periodic communications and trainings to its directors and employees regarding company's anti-corruption policies and procedures?
- Whether the Company has conducted Ethics related evaluation?

✱ D&O INSURANCE

Connections to Frameworks / Legal Requirement

- Regulation 25(10) of the SEBI Listing Regulations.

Following questions / parameters were analysed:

- Has the company obtained D&O insurance for the directors and senior management?

ANNEXURE II – LIST OF 100 COMPANIES - SAMPLE

SR. NO.	NAME OF THE COMPANY	INDUSTRY	MARKET CAP. (31 st Dec, 2021)
1	Maruti Suzuki India Limited	Automobile	2,24,338
2	Tata Motors Limited	Automobile	1,60,183
3	Mahindra & Mahindra Limited	Automobile	1,04,074
4	Eicher Motors Limited	Automobile	70,865
5	Hero Motocorp Limited	Automobile	49,194
6	Ashok Leyland Limited	Automobile	35,946
7	TVS Motor Company Limited	Automobile	29,788
8	Escorts Limited	Automobile	25,736
9	Apollo Tyres Limited	Automobile	13,918
10	CEAT Limited	Automobile	4,916
11	Ultratech Cement Limited	Cement & Cement Products	2,19,127
12	Grasim Industries Limited	Cement & Cement Products	1,06,781
13	Shree Cement Limited	Cement & Cement Products	97,373
14	Ambuja Cements Limited	Cement & Cement Products	74,958
15	ACC Limited	Cement & Cement Products	41,609
16	Dalmia Bharat Limited	Cement & Cement Products	34,580
17	JK Cement Limited	Cement & Cement Products	26,262
18	Prism Johnson Limited	Cement & Cement Products	6,536
19	Aarti Industries Limited	Chemicals	36,417
20	Deepak Nitrite Limited	Chemicals	33,965
21	Gujarat Fluorochemicals Limited	Chemicals	26,528
22	Tata Chemicals Limited	Chemicals	22,780
23	Solar Industries India Limited	Chemicals	21,913
24	Godrej Industries Limited	Chemicals	21,148
25	Galaxy Surfactants Limited	Chemicals	11,141
26	Jubilant Ingrevia Limited	Chemicals	9,138
27	PCBL Ltd	Chemicals	4,578
28	Larsen & Toubro Limited	Construction	2,66,343
29	DLF Limited	Construction	96,649
30	Mahindra Lifespace Developers Limited	Construction	3,748
31	Hindustan Unilever Limited	Consumer Goods	5,54,539
32	Asian Paints Limited	Consumer Goods	3,24,492
33	ITC Limited	Consumer Goods	2,68,695
34	Titan Company Limited	Consumer Goods	2,23,935
35	Dabur India Limited	Consumer Goods	1,02,545
36	Godrej Consumer Products Limited	Consumer Goods	99,022
37	Havells India Limited	Consumer Goods	87,495
38	Britannia Industries Limited	Consumer Goods	86,857
39	Tata Consumer Products Limited	Consumer Goods	68,513
40	Marico Limited	Consumer Goods	66,253
41	Aditya Birla Fashion and Retail Limited	Consumer Services	25,528
42	The Indian Hotels Company Limited	Consumer Services	23,884
43	ElIH Limited	Consumer Services	7,786
44	V-Mart Retail Limited	Consumer Services	7,373
45	Chalet Hotels Limited	Consumer Services	4,424
46	Lemon Tree Hotels Limited	Consumer Services	3,692
47	UPL Limited	Fertilisers & Pesticides	57,082
48	Pi Industries Limited	Fertilisers & Pesticides	46,034

49	Coromandel International Limited	Fertilisers & Pesticides	22,190
50	Rallis India Limited	Fertilisers & Pesticides	5,328
51	Syngene International Limited	Healthcare Services	24,845
52	Metropolis Healthcare Limited	Healthcare Services	17,607
53	Aster Dm Healthcare Limited	Healthcare Services	8,682
54	Astral Limited	Industrial Manufacturing	45,846
55	Polycab India Limited	Industrial Manufacturing	36,847
56	Bharat Forge Limited	Industrial Manufacturing	32,491
57	Thermax Limited	Industrial Manufacturing	21,292
58	JSW Steel Limited	Metals	1,58,558
59	Tata Steel Limited	Metals	1,35,814
60	Hindustan Zinc Limited	Metals	1,33,858
61	Vedanta Limited	Metals	1,26,831
62	Hindalco Industries Limited	Metals	1,06,864
63	Coal India Limited	Metals	90,007
64	Steel Authority of India Limited	Metals	44,279
65	Jindal Steel & Power Limited	Metals	38,483
66	APL Apollo Tubes Limited	Metals	25,006
67	Tata Steel Long Products Limited	Metals	3,536
68	Reliance Industries Limited	Oil & Gas	16,01,382
69	Adani Total Gas Limited	Oil & Gas	1,89,365
70	Indian Oil Corporation Limited	Oil & Gas	1,04,968
71	Gail (India) Limited	Oil & Gas	57,370
72	Hindustan Petroleum Corporation Limited	Oil & Gas	41,471
73	Oil India Limited	Oil & Gas	21,569
74	Sun Pharmaceutical Industries Limited	Pharma	2,02,912
75	Divi's Laboratories Limited	Pharma	1,24,192
76	Cipla Limited	Pharma	76,169
77	Gland Pharma Limited	Pharma	63,495
78	Torrent Pharmaceuticals Limited	Pharma	55,479
79	Biocon Limited	Pharma	43,780
80	Lupin Limited	Pharma	43,183
81	Aurobindo Pharma Limited	Pharma	43,028
82	Laurus Labs Limited	Pharma	28,918
83	Glenmark Pharmaceuticals Limited	Pharma	14,914
84	Adani Green Energy Limited	Power	2,08,053
85	Adani Transmission Limited	Power	1,91,460
86	NTPC Limited	Power	1,20,627
87	Tata Power Company Limited	Power	70,601
88	JSW Energy Limited	Power	49,403
89	Adani Power Limited	Power	38,454
90	KEC International Limited	Power	12,317
91	CESC Limited	Power	11,599
92	Adani Ports and Special Economic Zone Limited	Services	1,49,109
93	Quess Corp Limited	Services	12,664
94	Allcargo Logistics Limited	Services	9,582
95	The Great Eastern Shipping Company Limited	Services	4,383
96	Bharti Airtel Limited	Telecom	3,75,545
97	Indus Towers Limited	Telecom	66,915
98	Tata Communications Limited	Telecom	41,737
99	Sterlite Technologies Limited	Telecom	11,438
100	Lux Industries Limited	Textiles	11,093

ANNEXURE III – LIST OF 20 COMPANIES - IT & FINANCE

SR. NO.	NAME OF THE COMPANY	INDUSTRY	MARKET CAP. (31st Dec, 2021)
1	HDFC Bank Limited	Financial Services: Bank	8,19,832
2	ICICI Bank Limited	Financial Services: Bank	5,13,896
3	State Bank of India	Financial Services: Bank	4,10,934
4	Kotak Mahindra Bank Limited	Financial Services: Bank	3,56,272
5	Axis Bank Limited	Financial Services: Bank	2,08,150
6	IndusInd Bank Limited	Financial Services: Bank	68,792
7	Yes Bank Limited	Financial Services: Bank	34,325
8	Housing Development Finance Corporation Limited	Financial Services: Non-Bank	4,67,702
9	Bajaj Finance Limited	Financial Services: Non-Bank	4,21,146
10	Bajaj Finserv Limited	Financial Services: Non-Bank	2,61,084
11	HDFC Life Insurance Company Limited	Financial Services: Non-Bank	1,31,520
12	SBI Life Insurance Company Limited	Financial Services: Non-Bank	1,19,631
13	ICICI Prudential Life Insurance Company Limited	Financial Services: Non-Bank	80,603
14	ICICI Lombard General Insurance Company Limited	Financial Services: Non-Bank	68,775
15	Tata Consultancy Services Limited	IT	13,82,835
16	Infosys Limited	IT	8,04,451
17	Wipro Limited	IT	3,92,104
18	HCL Technologies Limited	IT	3,57,960
19	Tech Mahindra Limited	IT	1,73,760
20	Larsen & Toubro Infotech Limited	IT	1,28,473