

SES Group Services: Proxy Advisory | ESG | BRSR Tool | E-Ballot | SES AIMS | CGS & Research

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SEBI REGISTRATION #:  
IN/ERP/Category-II/0002

ESG REPORT  
2024

# GMM PFAUDLER LIMITED

Rating based on FY 2023-24 Data  
Last updated on 17<sup>th</sup> Dec, 2024

[www.gmmpfaudler.com](http://www.gmmpfaudler.com)

GMM Pfaudler Limited ("the Company") is the leading technologies, systems and services provider for the chemical and pharmaceutical industries, as well as many others. The Company designs, manufactures, installs and services corrosion-resistant equipment and complete chemical process systems, customized as per the requirements of the customers.

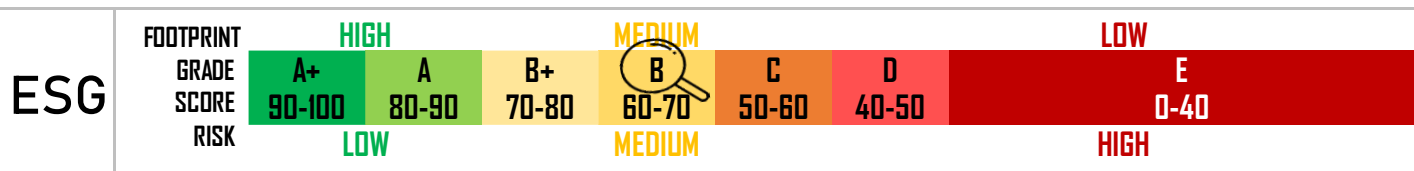
BRSR Reporting	Standalone
BRSR (FY 2023-24)	<a href="#">Weblink</a>
# of Plants	3
# of Offices	9

INDUSTRY CLASSIFICATION	ASSURANCE REPORTING		ESG SCORE (ADJUSTED)		
	NAME	TYPE	2023	2024	YOY Change
Industrial Products	Disclosed as "Not Applicable"	Disclosed as "Not Applicable"	67.5	67.7	↑ 0.2

Source: NSE | SEBI – SIC: SEBI - Standardization of Industry Classification (SEBI [Circular](#))

Note: "Wherever you see "Red" think of future improvement"

Note: Scoring is out of 100 | For Scoring explanation – Refer [Annexure](#)



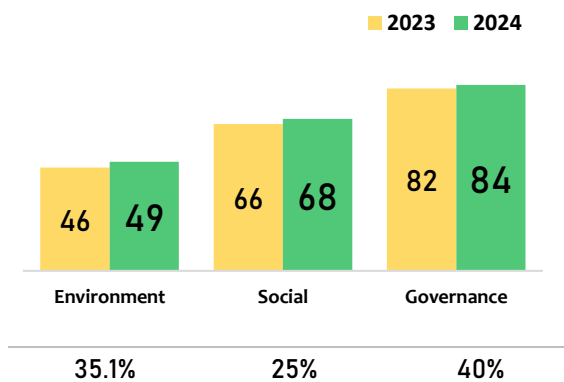
## HIGHLIGHTS

- All manufacturing sites are ISO 14001 & 45001 certified.
- ~99% of waste recycled/reused during FY 2024.
- Inadequate disclosures. The exact same intensity in terms of turnover and revenue from operations adjusted for PPP, was disclosed for energy, water, GHG, and waste.
- Only ~2% of renewable energy share in total energy consumption during FY 2024.
- Untreated Waste Water Discharge during FY 2024.
- 1 sexual harassment complaint received during FY 2024.
- 5 instances of data breaches during FY 2024.
- Merely 1.66% of total female workforce
- No fatality reported during last two years.
- Almost 71% Independent Directors consist in Board of the Company.
- The Statutory Auditors have not made any qualifications in their report with respect to financial statements of the Company during FY 2023-24.

For further details on pillar wise summary – [Read more](#)

## EVALUATION FACTORS

(Adjusted Scores & Weights)



Note: Industry Risk (IR) / Controversy Adjusted Score  
Refer [ESG Scorecard](#) for details  
For SES ESG Evaluation Methodology – [Click here](#)

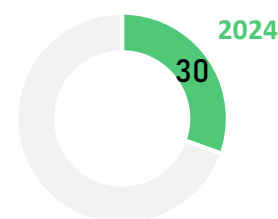
## RATING SENSITIVENESS

FACTORS		% WEIGHT OUT OF 100
Audit & Financial Reporting	G	10.00
Board Independence & Diversity	G	8.00
Energy Consumption	E	7.79
CSR, Community Relations & Engagement	S	6.92
Stakeholders Engagement, Ownership & Control	G	6.00

Note: Rating Sensitiveness refers to factors that could have the potential to impact the ESG profile of the entity. ([Read More](#))

## PARIVARTAN SCORE (Transition)

[Based on quantitative parameters only]



Weightage: 15.0%

Analyses y-o-y change on key quantitative parameters

SASB: INDUSTRY RISK EXPOSURE

CATEGORISATION



SCORECARD – ESG

ESG CATEGORIES & SCORE	AS PER SES MODEL Year: 2024			AS PER	SECTOR AGNOSTIC
	RAW SCORE	CONTROVERSY EXPOSURE (CE)	CE ADJUSTED SCORE	INDUSTRY RISK EXPOSURE (IR)	IR ADJUSTED SCORE
	(A)	(B)	(C) (A*B)	(D)	(C*D)^
<b>ESG</b>	<b>69.8</b>	-	<b>69.8</b>	-	<b>67.7</b>
ENVIRONMENT*	52.4	-	52.4	39.0	49.0
SOCIAL*	72.2	-	72.2	56.5	68.3
GOVERNANCE*	83.6	-	83.6	-	83.6

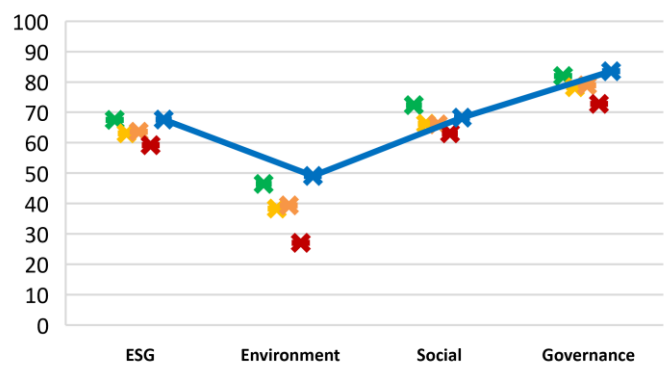
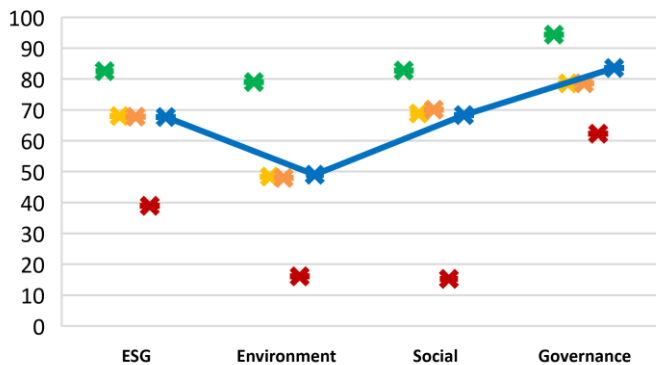
\*Note: For Score Adjustments Scoring – Refer explanation at [Annexure](#) | ^Adjusted Score is calculated based on 75% (C) Score & 25% Risk Exposure (D)

ESG SCORE RELATIVE POSITION: COMPANY V. SES UNIVERSE

ESG SCORE RELATIVE POSITION: COMPANY V. INDUSTRY

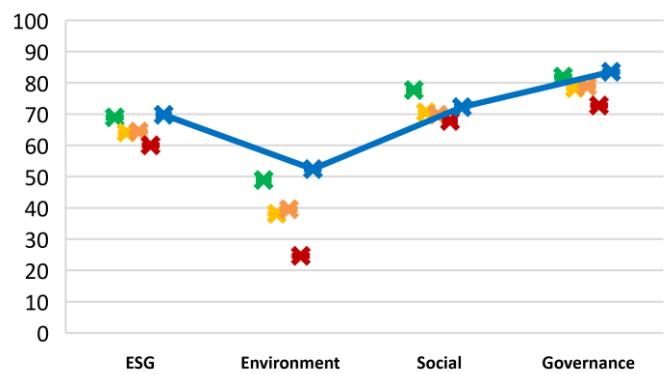
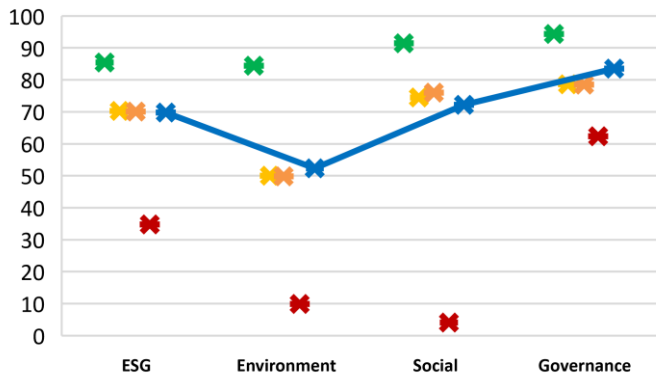
IR ADJUSTED SCORE

IR ADJUSTED SCORE



UNADJUSTED SCORE

UNADJUSTED SCORE

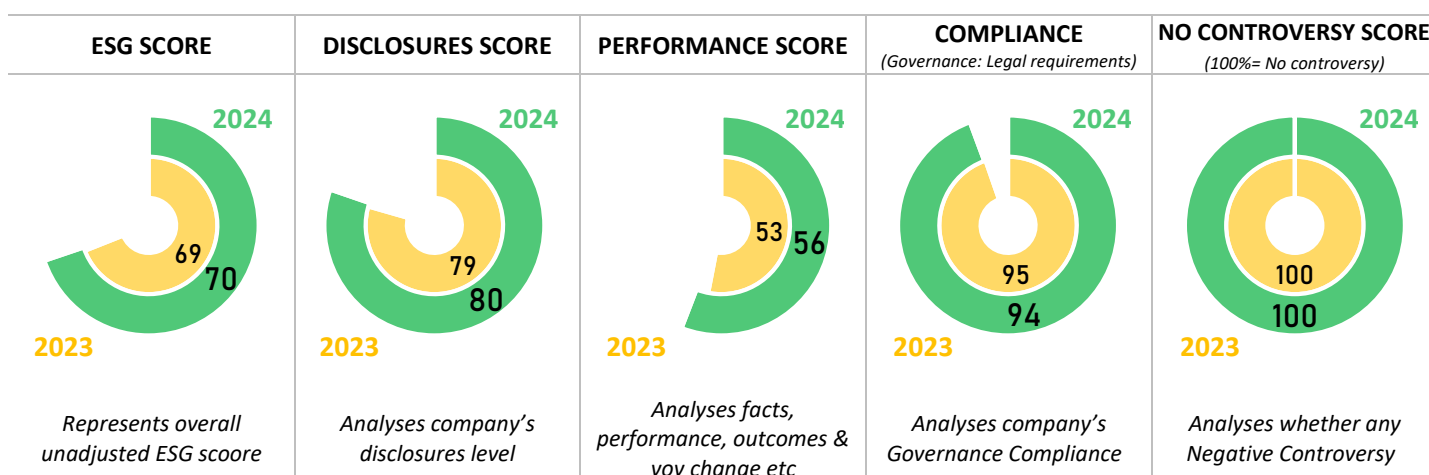


LEGENDS      COMPANY      MAXIMUM      AVERAGE      MEDIAN      MINIMUM

Note: Presently SES Universe refers to companies covered by SES (550) & their scores based on FY 2022-23 data

SCORECARD – ESG

(UNADJUSTED)



ESG Scores are result of disclosures as well as performance, scored separately. The above scores are based on overall ESG parameters. Detailed breakup E, S & G pillar wise score is given on next page.

ECOSYSTEM ANALYSIS

INPUT INDUSTRY RISK			COMPANY INDUSTRY RISK				OUTPUT INDUSTRY RISK		
INDUSTRY	E	S	COMPANY				INDUSTRY	E	S
Integrated Power Utilities	28	51	GMM Pfaudler Limited				Specialty Chemicals	19	52
Diversified Metals	10	48	INDUSTRY				Pharmaceuticals	60	27
			Industrial Products						
			E	39	S	57			

Note: Selection of above Industry is done by SES based on information disclosed & SASB SICs. Industry Risk scores is calculated based on SASB Materiality Map / Standards. | Numeric figures represent particular Industry Risk Exposure (in the scale of 0-100 where 0 represent high risk)

**ECOSYSTEM ANALYSIS:** SES is of the opinion that no business operates in isolation. Most business have connectivity with its input supplier on one hand and consumers at other hand. It is unlikely that the business in middle will be unaffected by risks at either end and same holds true for ESG risks. For example, if due to ESG issues, there are regulatory action on input supply side companies, the risk will travel to the user company as well and vice versa.

While at present SES is not rating or scoring any company based on entire eco-system, however eventually scoring will cover both ends of business connectivity-input and output. Till such time SES develops a metric, users may take a note of input and output side Industry risks.

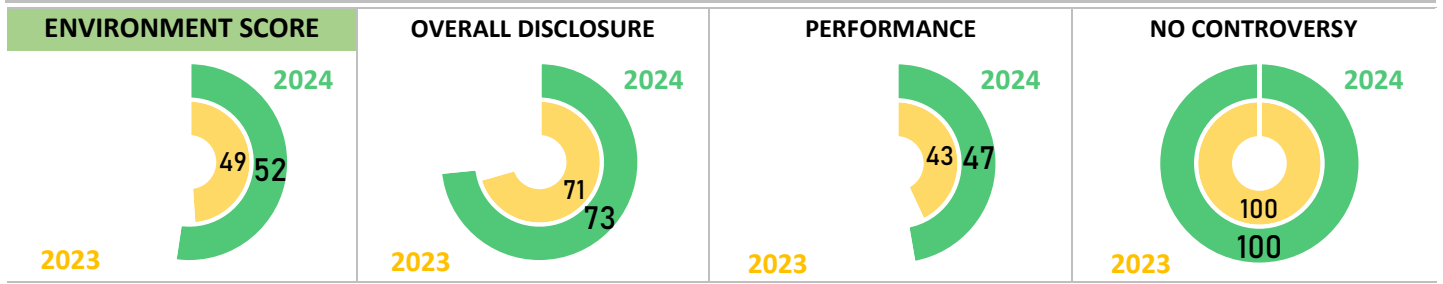
**LEGENDS - Following general symbols are used throughout this report to represent company's disclosures & practices:**

✓	Criteria achieved/ Disclosures made
✗	Criteria not achieved/ No disclosure made
■	No analysis possible: Pre-requisite disclosures not made (Negative Score)
■	Not applicable / Not scored

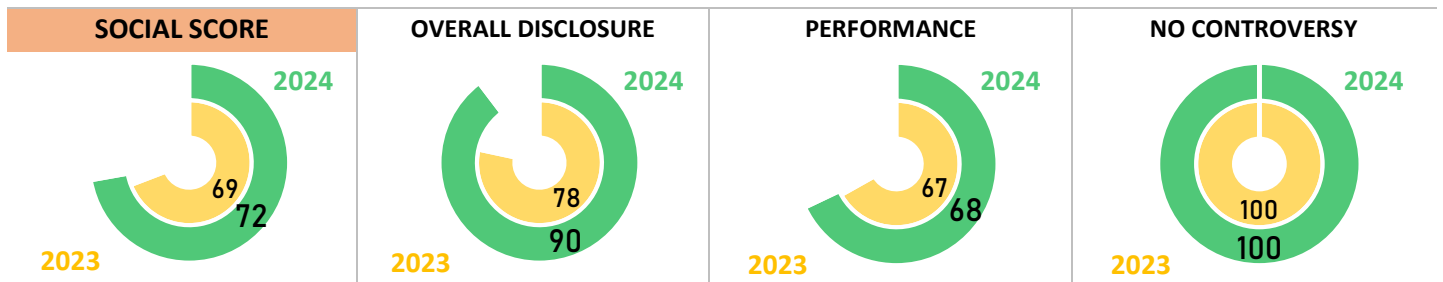
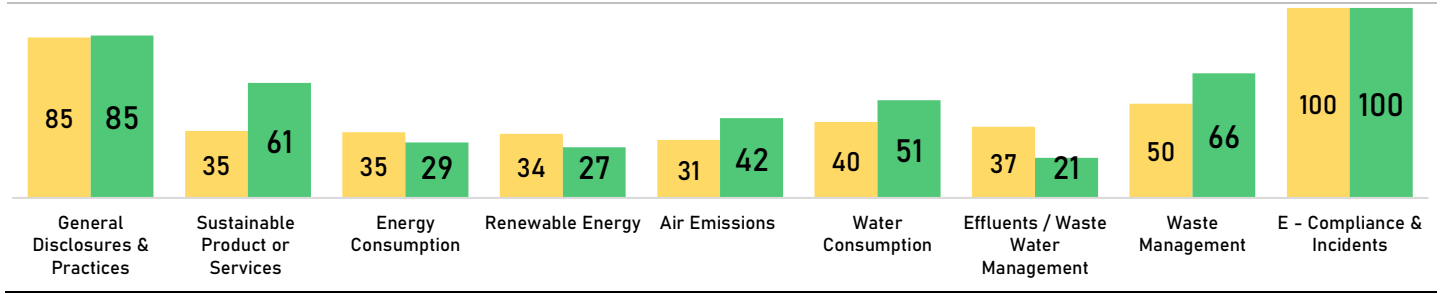
Note: In case the Company has not disclosed information (E.g. No Policy related disclosure), SES has considered it that it is not in practice (E.g. Policy is not prepared) ([Read more](#))

SCORECARD – ESG PILLARS

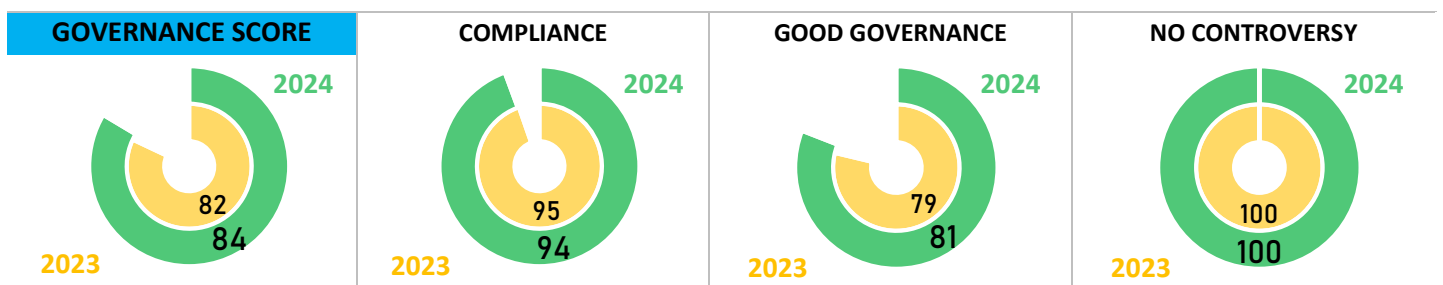
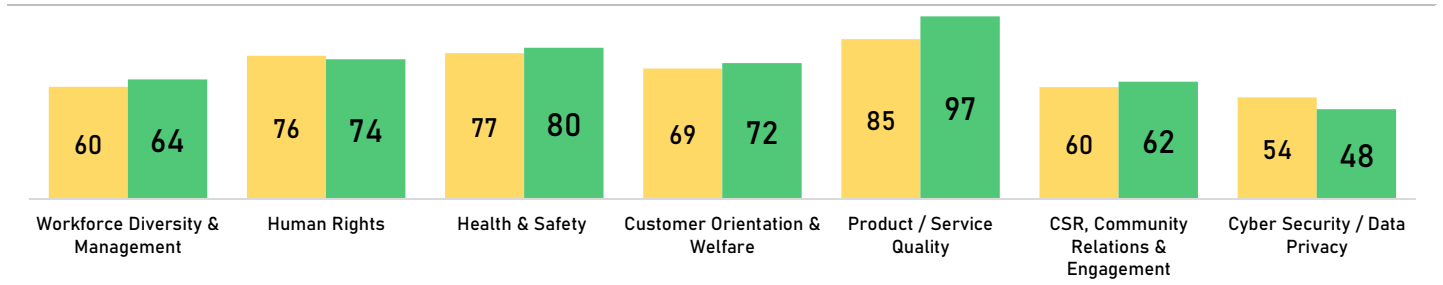
(UNADJUSTED)



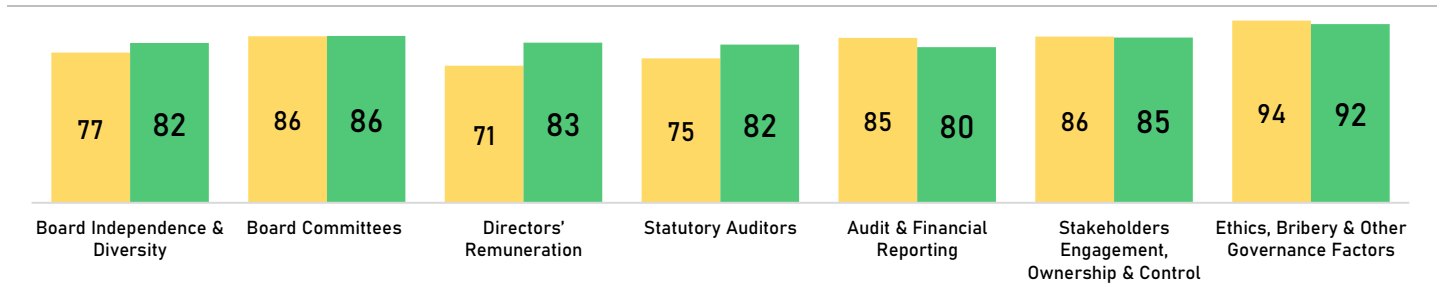
ENVIRONMENT SCORE DISTRIBUTION



SOCIAL SCORE DISTRIBUTION



GOVERNANCE SCORE DISTRIBUTION



## ESG REPORT

## CORE PARAMETERS

Scoring in this section is done purely based on the SEBI identified Core Parameters from BRSR.

## ASSURANCE STATUS

Applicability	No	Provider Name	-	TYPE	-
<b>PARTICULARS</b>	<b>SCORE BASED ON DATA:</b>				
	<b>FULLY ASSURED</b>	<b>PARTIALLY ASSURED</b>	<b>UNASSURED</b>		
<b>CORE ESG SCORE</b> [Disclosure of Core Parameters] [Weight: 20%]	NA	NA	91		
<b>CORE PARIVARTAN SCORE</b> [y-o-y change / transition] [Weight: 80%]	NA	NA	51		
<b>CORE COMBINED SCORE</b> [combination of Core ESG & Core Parivartan Score]	NA	NA	59		
Impact on Scores (weightage):	NA	NA	11.7%		

**Comments:** Assurance was not applicable to the Company for FY 2023-24. The Company has adequately disclosed BRSR Core data for two years except for revenue based intensity adjusted for PPP. Since the intensity in terms of turnover and turnover adjusted for PPP are exactly same, SES have considered not disclosed the intensity based on turnover adjusted for PPP.

## GREEN-HOUSE GAS (GHG) FOOTPRINT

PARAMETERS	UNIT	ASSURANCE	2023	2024	PARIVARTAN
Total Scope 1 emissions	MtCO2e	No	8,517.82	9,929.46	↑
Total Scope 2 emissions	MtCO2e	No	20,460.34	13,684.91	↓
<b>GHG Emission Intensity (Scope 1 + 2)</b> [Total Revenue from Operations adjusted for PPP]	MtCO2e / INR Crore	No	Not Disclosed	Not Disclosed	-
<b>GHG Emission Intensity (Scope 1 + 2)</b> [Total Output of Product or Services]	MtCO2e / Nos	No	0.97	0.86	↓

## WATER FOOTPRINT

PARAMETERS	UNIT	ASSURANCE	2023	2024	PARIVARTAN
Total water consumption	KL	No	39,479.81	33,737.79	↓
<b>Water consumption intensity</b> [Total Revenue from Operations adjusted for PPP]	KL/ INR Crores	No	Not Disclosed	Not Disclosed	-
Water consumption intensity [Total Output of Product or Services]	Unit Not disclosed	No	1.32	1.23	↓

## WATER DISCHARGE BY DESTINATION AND LEVELS OF TREATMENT

PARAMETERS	UNIT	ASSURANCE	2023	2024	PARIVARTAN
(i) To Surface water - No treatment	KL	No	0.00	0.00	-
(i) To Surface water - With treatment	KL	No	0.00	0.00	-
(ii) To Groundwater - No treatment	KL	No	0.00	0.00	-
(ii) To Groundwater - With treatment	KL	No	4,840.00	0.00	↓
(iii) To Seawater - No treatment	KL	No	0.00	0.00	-
(iii) To Seawater - With treatment	KL	No	0.00	0.00	-
(iv) Sent to third-parties - No treatment	KL	No	350.00	420.00	↑
(iv) Sent to third-parties - With treatment	KL	No	0.00	0.00	-
(v) Others - No treatment	KL	No	0.00	0.00	-
(v) Others - With treatment	KL	No	0.00	0.00	-
<b>Total water discharged</b>	KL	No	5,190.00	420.00	↓
- No treatment	KL	No	350.00	420.00	↑
- With treatment	KL	No	4,840.00	0.00	↓



ESG REPORT

ENERGY FOOTPRINT

PARAMETERS	UNIT	ASSURANCE	2023	2024	PARIVARTAN
Total energy consumed	GJ	No	2,42,713.34	2,35,342.87	↓
% of energy consumed from renewable sources	Percentage	No	2.96	1.84	↓
Energy intensity [Total Revenue from Operations adjusted for PPP]	GJ/ INR Crores	No	Not Disclosed	Not Disclosed	-
Energy intensity [Total Output of Product or Services]	Unit Not disclosed	No	8.13	8.61	↑

EMBRACING CIRCULARITY - DETAILS RELATED TO WASTE MANAGEMENT BY THE ENTITY

PARAMETERS	UNIT	ASSURANCE	2023	2024	PARIVARTAN
Plastic waste (A)	MT	No	1.10	0.00	↓
E-waste (B)	MT	No	3.30	0.00	↓
Bio-medical waste (C)	MT	No	0.00015	0.00	↓
Construction and demolition waste (D)	MT	No	310.43	33.04	↓
Battery waste (E)	MT	No	0.037	1.35	↑
Radioactive waste (F)	MT	No	0.00	0.14	↑
Other Hazardous waste (G)	MT	No	21.50	9.38	↓
Other Non-hazardous waste (H)	MT	No	4,450.36	2,811.52	↓
Total waste generated	MT	No	4,786.73	2,855.43	↓
Waste intensity [Total Revenue from Operations adjusted for PPP]	MT/ INR Crores	No	Not Disclosed	Not Disclosed	-
Waste intensity [Total Output of Product or Services]	Unit Not disclosed	No	0.16	0.10	↓
Waste Recovered: Recycled	MT	No	4,455.48	2,776.48	↓
Waste Recovered: Re-Used	MT	No	310.11	70.91	↓
Waste Recovered: Others	MT	No	0.00	0.36	↑
Total Waste Recovered	MT	No	4,765.59	2,847.75	↓
Waste Disposed: Incineration	MT	No	0.00015	0.00	↓
Waste Disposed: Landfilling	MT	No	19.63	7.55	↓
Waste Disposed: Others	MT	No	0.00	0.00	-
Total Waste Disposed	MT	No	19.63	7.55	↓

ENHANCING EMPLOYEE WELLBEING AND SAFETY

PARAMETERS	UNIT	ASSURANCE	2023	2024	PARIVARTAN
Cost incurred on well-being measures as a % of total revenue of the company	%	No	0.20	0.25	↑
Number of Permanent Disabilities	Number	No	0	0	-
Lost Time Injury Frequency Rate (LTIFR) [per one million-person hours worked]	per one million-person hours worked	No	0.00	0.00	-
Number of fatalities	Number	No	0	0	-

ENABLING GENDER DIVERSITY IN BUSINESS

PARAMETERS	UNIT	ASSURANCE	2023	2024	PARIVARTAN
Gross wages paid to females as % of wages paid	%	No	4.12	5.07	↑
Total Complaints on Sexual Harassment (POSH) reported	Number	No	0	1	↑
Complaints on POSH as a % of female workforce	%	No	0.00	2.13	↑
Complaints on POSH upheld	Number	No	0	0	-



ESG REPORT

ENABLING INCLUSIVE DEVELOPMENT

PARAMETERS	UNIT	ASSURANCE	2023	2024	PARIVARTAN
Directly sourced from MSMEs/ small producers	%	No	21.44	18.76	↓
Directly sourced from within India	%	No	90.80	92.72	↑
Job creation in smaller towns – Wages paid to persons employed in smaller towns as % of total wage cost					
- Rural	%	No	0.00	0.00	-
- Semi-Urban	%	No	47.26	47.00	↓

FAIRNESS IN ENGAGING WITH CUSTOMERS AND SUPPLIERS

PARAMETERS	UNIT	ASSURANCE	2023	2024	PARIVARTAN
Percentage of data breaches involving personally identifiable information of customers	%	No	Not Disclosed	0	-
Number of days of accounts payable	Days	No	106	83	↓

OPEN-NESS OF BUSINESS

PARAMETERS	UNIT	ASSURANCE	2023	2024	PARIVARTAN
Purchases from trading houses as % of total purchases	%	No	29.21	27.42	↓
Number of trading houses where purchases are made from	Number	No	490	466	↓
Purchases from top 10 trading houses as % of total purchases from trading houses	%	No	39.90	40.85	↑
Sales to dealers / distributors as % of total sales	%	No	0.00	0.00	-
Number of dealers / distributors to whom sales are made	Number	No	0	0	-
Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	%	No	0.00	0.00	-
Share in RPTs: Purchases [Purchases with related parties / Total Purchases]	%	No	2.94	5.47	↑
Share in RPTs: Sales [Sales to related parties / Total Sales]	%	No	12.54	15.49	↑
Share in RPTs: Loans & advances [Loans & advances given to related parties / Total loans & advances]	%	No	5.39	11.79	↑
Share in RPTs: Investments [Investments in related parties / Total Investments made]	%	No	99.99	99.99	-



# SUSTAINABLE DEVELOPMENT GOALS

Company has disclosed Mapping of SDG Goals or provided Reference



✓	SDG Mapped/ Disclosures made
✗	SDG not mapped/ No disclosure made

 1 NO POVERTY ✓	 2 ZERO HUNGER ✗	 3 GOOD HEALTH AND WELL-BEING ✓	 4 QUALITY EDUCATION ✓	 5 GENDER EQUALITY ✓
 6 CLEAN WATER AND SANITATION ✓	 7 AFFORDABLE AND CLEAN ENERGY ✓	 8 DECENT WORK AND ECONOMIC GROWTH ✓	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE ✓	 10 REDUCED INEQUALITIES ✓
 11 SUSTAINABLE CITIES AND COMMUNITIES ✓	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION ✓	 13 CLIMATE ACTION ✓	 14 LIFE BELOW WATER ✓	 15 LIFE ON LAND ✗
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS ✗		 17 PARTNERSHIPS FOR THE GOALS ✗		

**Note:** "The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States". | [SDG Official Website](#)



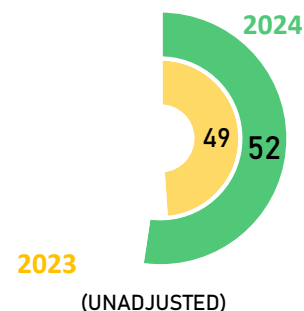
SUMMARY



ENVIRONMENT

(W: 35.1%)

SES analyses Company's disclosure regarding impact of operations on the environment and steps being taken by the Company to mitigate its effect on the environment. Additionally, it also analyses, whether the Company managed to reduce its impact on environment and met the targets set.



EVALUATION CATEGORIES	WEIGHTAGE	SCORE & QUARTILE					
		OVERALL		DISCLOSURE		PERFORMANCE	
		2023	2024	2023	2024	2023	2024
General Disclosures & Practices	14.32%	85	85	81	86	85	85
Sustainable Product or Services	8.38%	35	61	36	66	35	59
Energy Consumption	22.22%	35	29	63	70	27	19
Renewable Energy	11.11%	34	27	86	75	21	15
Air Emissions	10.47%	31	42	45	54	27	39
Water Consumption	10.47%	40	51	63	64	34	48
Effluents / Waste Water Management	4.88%	37	21	47	54	35	17
Waste Management	9.76%	50	66	87	80	40	62
E - Compliance & Incidents	8.39%	100	100	100	100	100	100

Note: ● - Last Quartile (0-25) (Poor Performance), ● - 3<sup>rd</sup> Quartile (25-50), ● - 2<sup>nd</sup> Quartile (50-75), ● - 1<sup>st</sup> Quartile (75-100) (Best Performance)



- All manufacturing sites are ISO 14001 & 45001 certified.
- The Company does not have operation/offices in/around ecologically sensitive areas.
- 91.83% of the raw material procurement by value are sourced sustainability.
- GHG emission, water consumption, total waste generation has decreased during FY 2024 as compared to previous year in absolute as well in relative term.
- ~99% of waste recycled/reused during FY 2024.
- The organization follows all the Environment related laws/regulations/guidelines.
- Through the improvement Glass coat application reduced by 0.44 coats in Karamsad Plant & 0.91 coats at Hyderabad plant - Helped to save 2,710,210 kWh of electricity and avoided 1940.51 tCO<sub>2</sub>e.
- Replaced Aluminum Oxide Shots with Steel shots – helped to Reduced waste disposal at landfill.



- The exact same intensity in terms of turnover and revenue from operations adjusted for PPP, was disclosed for energy, water, GHG, and waste. Therefore, SES has considered it has non-disclosure.
- Only ~2% of renewable energy share in total energy consumption during FY 2024.
- Not disclosed information about Life cycle assessment.
- Not disclosed data for Scope 3 emission.
- Untreated waste water discharged during FY 2024.

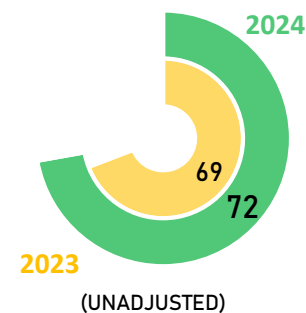
SUMMARY



SOCIAL

(W: 24.9%)

SES analyses 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.



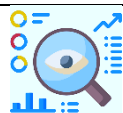
EVALUATION CATEGORIES	WEIGHTAGE	SCORE & QUARTILE					
		OVERALL		DISCLOSURE		PERFORMANCE	
		2023	2024	2023	2024	2023	2024
Workforce Diversity & Management	7%	60	64	92	91	50	56
Human Rights	7.73%	76	74	91	87	72	71
Health & Safety	23.91%	77	80	97	98	73	76
Customer Orientation & Welfare	8.54%	69	72	63	94	71	67
Product / Service Quality	14.94%	85	97	85	85	85	100
CSR, Community Relations	27.75%	60	62	59	85	60	57
Cyber Security / Data Privacy	10.13%	54	48	70	85	50	41

Note: ● - Last Quartile (0-25) (Poor Performance), ● - 3<sup>rd</sup> Quartile (25-50), ● - 2<sup>nd</sup> Quartile (50-75), ● - 1<sup>st</sup> Quartile (75-100) (Best Performance)

- Gross wages paid to females as % of total wages increased during FY 2024 as compared to previous year.
- 100% of plants and offices were assessed with respect to Child labour, Sexual harassment, Discrimination at workplace, etc.
- No complaints received on Child labour, Discrimination at workplace, Forced Labour/ Involuntary Labour, wages etc. during last two years.
- No fatality reported during last two years.
- No complaints received regarding data privacy, advertising, cyber security, delivery of essential services, restrictive trade practices and unfair trade practices during last two years.
- No such case of product recall during FY 2024.

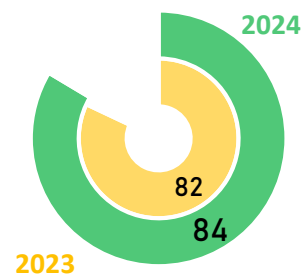
- Only 1.66% of total female workforce.
- Not provided data about training on human rights for workers.
- Not received training on Health and safety measures to all employees.
- Not provided benefits like, Health insurance to Other than Permanent workers and paternity benefit to total workers.
- 212 Complaints received regarding working conditions and 164 regarding Health & Safety during FY 2024.
- ~52% of Other than Permanent Workers get paid with equal to minimum wages.
- 1 sexual harassment complaint received during FY 2024.
- No preferential procurement policy to purchase from suppliers comprising marginalized /vulnerable groups.
- **5 instances of data breaches during FY 2024.**

SUMMARY



GOVERNANCE

(W: 40%)



SES analyses based on legal requirement as well as good governance practices. Analyses 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 CATEGORIES	WEIGHTAGE	SCORE & QUARTILE					
		OVERALL		COMPLIANCE		GOVERNANCE	
		2023	2024	2023	2024	2023	2024
Board Independence & Diversity	7%	77	82	93	93	74	79
Board Committees	7.73%	86	86	100	100	83	83
Directors’ Remuneration	23.91%	71	83	100	100	65	79
Statutory Auditors	8.54%	75	82	53	53	80	89
Audit & Financial Reporting	14.94%	85	80	100	100	83	78
Stakeholders Engagement	27.75%	86	85	100	100	80	80
Ethics, Bribery & Other Governance	10.13%	94	92	100	100	91	89

Note: ● - Last Quartile (0-25) (Poor Performance), ● - 3<sup>rd</sup> Quartile (25-50), ● - 2<sup>nd</sup> Quartile (50-75), ● - 1<sup>st</sup> Quartile (75-100) (Best Performance)



- Chairman of the Board is Independent Director.
- Almost 71% Independent Directors consist in Board of the Company.
- The Company has 2 women Independent Directors viz. Ms. Bhawana Mishra and Ms. Shilpa Nirula ensuring gender diversity at the Board level.
- The Statutory Auditors have not made any qualifications in their report with respect to financial statements of the Company during FY 2023-24.
- No complaints with regards to conflict of interest.
- There was no non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.



- Ordinary resolution for NED above 75 years age, with respect to re-appointment of Mr. Ashok Patel. (Read more at [SES PA Report & Addendum](#))
- Dividend Distribution policy disclosed, however it has not objective.
- Proposed Audit fee not disclosed in notice of AGM 2020 with respect to resolution of re-appointment of Statutory Auditors. [Read More](#)
- Shareholders may note that royalty as stated above has been paid to GMM Pfaudler US Inc., the Company’s wholly owned subsidiary. Shareholders may seek further clarification from the Company regarding the rationale for payment of royalty to an entity owned 100% by the Company, itself. (Read more at [SES PA Report](#))

ESG REPORT

ANNEXURE

UNDERSTANDING SES ESG SCORES

ESG SCORE (ADJUSTED)		
2023	2024	YOY Change
-	-	↑ ↓ -

This section provides disclosure on change in ESG Score / Ratings (referred as “ESG Score”) compared to last financial year. The change would ideally be based on change in disclosure and performance on E&S parameters; and deviations in governance practices.

ESG	FOOTPRINT	HIGH		MEDIUM			LOW	
	SCORE	90-100	80-90	70-80	60-70	50-60	40-50	0-40
	RISK	LOW		MEDIUM			HIGH	
ESG GRADE		A+	A	B+	B	C	D	E

- **ESG Score** also referred as Final Adjusted ESG Score / Combined ESG Score: Score depicts final adjusted ESG Score of the Company (based on analysis on parameters under Environment, Social and Governance) with all adjustments.
- **ESG Grade:** ESG score is given in Numeric form out of 100 as also converted to “Alpha Grades”.

In Addition to the above, following additional Statutory Scores will also be given:

**Core ESG Score:** It analyses the parameters as identified / will be identified by the SEBI as part of CORE ESG Framework.

**Parivartan Score:** It analyses the quantitative parameters and reflects the incremental changes that the company has made in its transition story.

**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 well researched questions (approx. 800+ direct or indirect 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.

**SECTION WEIGHTAGE:** 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’ and ‘SASB Materiality Map’ (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”**

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:

ENVIRONMENT	SOCIAL	GOVERNANCE
15-40%	15-40%	35-45%
Varies from Industry to Industry		

**RATING SENSITIVITIES:** The factors mentioned in ‘Rating Sensitiveness’ refers to the factors that could have the potential to impact the ESG profile of the entity. These factors of environmental and/ or social and/or governance performance levels could trigger a rating change, upward and downward. However, there could be combination of other factors which may also trigger a rating change, upward and downward. The weightage of all factors is disclosed in summary section.

ESG REPORT

EVALUATION MODEL - DYNAMIC

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 or responding to the newly added parameter.

However, with introduction of BRSR and various other ESG related developments & recommended & planned in phased manner by SEBI, SES expects that in next couple of years, ESG disclosures 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. SES believes that evaluation cannot be done and if done will not be relevant/ useful if carried out on the basis of historical model. Since any change in model is agnostic to any company in particular, its impact is uniform across all companies.

OTHER TERMS:

- Raw Score:** The score arrived based on the pre-determined parameters set for the particular Industry based on SES Proprietary Model (without any exposure adjustments).
- Risk Exposure:** To determine the risk exposure of an Industry, SES has referred SASB Materiality Map or Materiality Finder. Based on the issue materiality information and inputs from SES, SES through its methodology has arrived at E&S Risk Exposure Score of a particular Industry. Based on the E&S Risk Exposure score, the ESG Score of the Company will be accordingly adjusted.
- Risk Exposure Score:** Risk exposure scores showcase the inherit E&S risk of the particulars industry. SES has based on its methodology and information available as per SASB Materiality Map have arrived at the E&S Risk Exposure Score. Lower the Risk Exposure, higher is the risk of E&S in that particular industry. For instance, finance industry will have High E&S Risk Exposure Score vs. chemical industry having low E&S Risk exposure score, indicating that risk in finance industry is lessor as compared to chemical industry.
- Controversy Exposure:** SES as a policy adjusts scores (negative adjustment up to 25% based on severity) of a factor whenever there is an extra-ordinary issue / concern, which is highly subjective, and cannot be covered under model evaluation i.e. raw scores. For instance, cases such material irregularities / negative controversy(ies) / regulatory action etc.

E&S RISK EXPOSURE - SCALE

0-100

HIGH MEDIUM LOW

Note: Users may accept or ignore or reduce/increase the controversy adjustment score

INSTITUTION SHAREHOLDING VIS-À-VIS FREE FLOAT

Institutional Holding	GRADE*	
More than 75%	A	Generally, it is expected that a higher Institutional shareholding would result in better Corporate Governance Practices due to stewardship activities of investors. To analyse the entry and exit of Institutional shareholders in a Company and to capture such triggers, SES has come up with Institutional grading criteria as given in the table. The grading criteria provides a higher grade in case the percentage of Institutional shareholding vis-a-vis free float is higher and vice versa.
>50% to 75%	B	
>25% to 50%	C	
0% to 25%	D	

\*Percentage is proportion of Public Institutional shareholding vis-a-vis Free float. Free Float is total shareholding reduced by Promoter and Non-Promoter Non-Public shareholding.

UNDERSTANDING SYMBOLS & TICK MARKS

ESG PERFORMANCE		
Quartile	Score	COLOR
1 <sup>st</sup> Quartile (Best Performance)	75-100	
2 <sup>nd</sup> Quartile	50-75	
3 <sup>rd</sup> Quartile	25-50	
Last Quartile (Poor Performance)	0-25	

**Legends** - Following symbols are used across this report to represent company's disclosures & practices:

✓	Criteria achieved/ Disclosures made
✗	Criteria not achieved/ No disclosure made
■	No analyses possible: Prerequisite disclosures not made (Negative Score)
■	Not applicable / Not scored

Note: In case the Company has not disclosed information (E.g. No Policy related disclosure), SES has considered it that it is not in practice (E.g. Policy is not prepared)

ESG REPORT

Following are examples of ‘Symbols’ used to represent company’s disclosures & practices:

Example 1: Energy Consumption

SALIENT PARAMETERS					
Total Energy Consumption		Energy Intensity		Disclosure on Conservation of Energy	
Total Energy Consumption disclosed for last financial year	✘	Energy Intensity disclosed for last financial year	✘	Steps taken disclosed for last financial year	✔
Total Energy Consumption reduced in last 1 year	■	Energy Intensity reduced in last 1 year	■	Steps taken disclosed for any 2 years (in last 3 years)	✔
Total Energy Consumption reduced for any 2 years (in last 3 years)	■	Energy Intensity reduced for any 2 years (in last 3 years)	■	Steps taken disclosed for last 3 years.	■

(For instance, listed in 2018 & only two-year Annual Report available)

CONDITION	SYMBOL
Steps or initiatives taken disclosed	✔
Consumption / Intensity data not disclosed	✘
Increased / Reduction / Decrease cannot be analysed as no data available	■
2-year reduction cannot be known as listed in 2018. No information was required to be disclosed.	■

Example 2: Fatalities / Injuries

SALIENT PARAMETERS	
Disclosed number of fatalities	✔
No fatalities in last 1 year	✘
Disclosed number of injuries	✘
No injuries in last 1 year	■

CONDITION	SYMBOL
Fatalities data disclosed	✔
Fatalities = 1 i.e. criterion not met for no fatalities	✘
Injuries data not disclosed	✘
Whether there are injuries or not could not be analysed	■

Example 3: Fatalities / Injuries

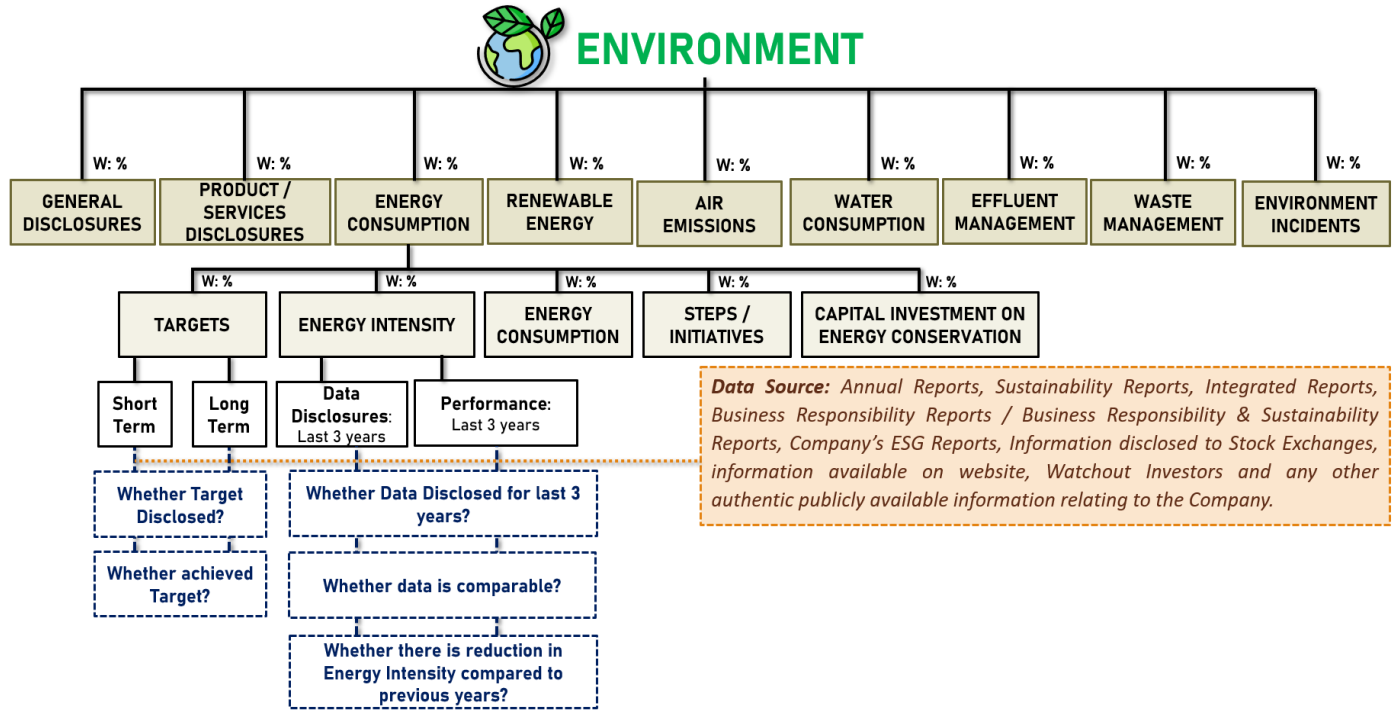
SALIENT PARAMETERS	
Disclosed number of fatalities	✔
No fatalities in last 1 year	✔
Disclosed number of injuries	✘
No injuries in last 1 year	■

CONDITION	SYMBOL
Fatalities data disclosed	✔
Fatalities = 0 i.e. criterion met for no fatalities	✔
Injuries data not disclosed	✘
Whether there are injuries or not could not be analysed	■

Note: Above cited examples are just for reference purpose to understand presentation of symbols. Use of symbols largely depends on Company’s disclosures practices.

ESG REPORT

EXAMPLE: FLOWCHART FOR ARRIVING AT ENVIRONMENT SCORE



- The above example showcases salient parameters of Energy Consumption.
- Based on different Sectors / Industries, the weightage of a particular company is changed considering the level of ESG impact on that company being a particular Sector / Industry (E.g. Manufacturing Companies may have High weightage for E, whereas in case of finance companies, the same will be low)
- The category score is given based on various questions and parameters forming part of that category, in the scale of 0-100%.
- Weighted Score is calculated based on the weight given to each category [For Example: Category Score is 75, Weight is 20% then Weighted Score would be 15 (i.e. 75\*20%)]
- The sum of each Weighted Score represents the total score of that section / factors (viz. Environmental Factors / Social Factors / Governance Factors) [For Example: Weighted Score 1 = 15, Weighted Score 2 = 20 and Weighted Score 3 = 30, then total score for that Section / Factor would be 65]
- In case of any negative controversies, 25% shall be deducted.

## SES ESG SCORES - INTENT AND CONSTRAINTS

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 to be used as a supplement / an additional tool to help stakeholders to make a considered and holistic view about the company. SES ESG scores 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 – BRSR, 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 at its face value without any further cross verification for the scoring purpose. Independent analysts like SES ESG 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 cross 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 / ratings accordingly. Readers are requested to arrive at any judgement only after considering SES ESG score together with other research reports on issues. This will give a holistic view.

We would not recommend anyone to dwell too much into the meaning of ESG scores, as they are merely an indicator of the current ESG status of the company. We are not saying whether a company is good or bad. Yes, as time progresses, if the ESG Scores remains static for any company, we can say that the company is not striving to improve its ESG practices and would recommend stakeholders to question the management/ board to introduce better ESG practices. But, until such time, SES ESG scores should only act as a number and indicator of the potential for improvement rather than a standalone assessment of the company. Finally, as we progress from an emerging market to a developed economy, we need to grow and evolve continuously.

A near static ESG Scores year on year for any company/ industry or entire sample would indicate lack of concern/ focus for ESG, unless the score is already at top. 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. However, it may be noted that **ESG ratings / scores do not constitute recommendations to buy, hold or sell any securities**

## DISCLOSURES

**Analyst(s):** Rajesh Surve

**SES ESG Research Pvt. Ltd. - SEBI ERP Registration No.:** IN/ERP/Category-II/0002

**SES ESG / Analyst conflict disclosure:** No conflict

**Research:** Our analysis is based on public information available on website of the Company, its Annual Reports and disclosures to the stock exchanges.

**Source:** Annual Reports, Sustainability Reports, Business Responsibility & Sustainability Reports, Integrated Reports, Information disclosed to Stock Exchanges, information available on website, Watchout Investors, and any other authentic publicly available information relating to the Company.

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