

ESG EVALUATION METHODOLOGY



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ABOUT SES ESG

SES ESG Research Private Limited (SES ESG), is a wholly owned subsidiary of Stakeholders Empowerment Services (SES)^[1]. It was incorporated to comply with the requirement of SEBI Regulations for registration as an ERP.

SES ESG has received the 'Certificate of Registration as a Category 2 ESG Rating Provider' (ERP) w.e.f. 25th April, 2024 (Registration Number: IN/ERP/Category-II/0002) from Securities and Exchange Board of India (SEBI) to commence the business of ERP. SES ESG follows 'Subscriber Pays' model.

While SES, parent of SES ESG had covered 550+ companies based on FY 2022-23 data, SES ESG coverage has now increased to 800+ companies which will gradually increase, to support client requirements and expansion.

Prior to SES ESG commencing ERP business, SES ESG business was carried on in the holding Company viz. SES.

- ❖ SES is pioneer in India to have started ESG Rating way back in 2018-19.
- ❖ First ESG Ratings / ESG Report was published in 2019 by SES based on data for FY 2018.
- ❖ SES has done extensive ESG related work for Stock Exchanges and various other domestic and FII clients since 2019.
- ❖ SES - Holding Company is a not for profit, absolutely independent conflict free entity, very different from any other vendors as far as structure goes.

^[1] About SES:

Stakeholders Empowerment Services, a not for profit company was founded in 2012 with a mission to positively impact governance landscape of Indian listed companies. SES is one of the largest Proxy advisory company in India serving clients such as Mutual Funds, Insurance Providers, Foreign Investors including the largest asset manager in the world apart from leading banks, accounting and legal firms.

SES serves its clients through its Proxy Reports, Corporate Governance Reports, topical research report, voting portal and other software-based solutions. SES is fiercely independent and conflict free and has not taken any investment from any entity and earns through subscription income alone.



ABOUT ESG MODEL

OVERVIEW OF THE SES ESG MODEL

SES ESG Research Private Limited (hereinafter referred to as 'SES ESG' or 'SES') evaluates entities based on its proprietary evaluation methodology (referred to as "ESG Model"). Pursuant to its evaluation, SES ESG provides an ESG Score / Rating to the rated entity.

Note: For the purposes of this document, the terms "ESG Score" and "ESG Rating" are used interchangeably and refer to the same metric.

SEBI in CRA Regulations for ERP - 28B(1)(b) defines ESG Ratings as;

"environmental, social, and governance ratings", or "ESG ratings" means the rating products that are marketed as opinions about an issuer or a security, regarding its ESG profile or characteristics or exposure to ESG risk, governance risk, social risk, climatic or environmental risks, or impact on society, climate and the environment, that are issued using a defined ranking system of rating categories, whether or not these are explicitly labelled as "ESG ratings"

SES ESG Model has been developed to objectively assess a company's disclosure and performance across Environmental, Social, and Governance (ESG) dimensions. Any evaluation which aims to bring differentiation and separate aspiration to do better from run of the mill compliances alone, must necessarily have benchmarks beyond legal compliance parameters. Accordingly, the ESG Model incorporates evaluation parameters that not only reflect the mandatory legal requirements applicable to listed companies in India but also integrate globally recognised best practices and proprietary SES benchmarks.

For example, for the Environmental & Social parameters, SES ESG evaluates disclosures not only on the basis of information presented in Business Responsibility & Sustainability Reports (BRSR) but also considers key disclosure requirement from global reporting frameworks such as Sustainability Reports and/or Integrated Reports (e.g. GRI), and guidelines issued by organisations including ISSB-SASB etc.

Similarly, for Governance pillar, SES uses parameters derived from statutory requirements under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws. These are further supplemented with globally recognised best practices followed such as International Corporate Governance Network (ICGN) governance principles along with SES's proprietary Benchmarks. This ensures a robust and multidimensional evaluation of governance practices beyond compliance.

Further, in alignment with evolving regulatory expectations and market practices, SES ESG Model has integrated key requirements outlined by SEBI through its various regulations and circulars. Specifically, SES has adopted the following:

- ✱ **BRSR Core framework / Ratings:**

As per SEBI Circulars dated July 12, 2023 ([BRSR Core](#)) and May 16, 2024 ([ERP](#)), SES has incorporated the mandated disclosure and rating requirements into its ESG evaluation methodology. (Refer to [Annexure II](#) for details.)

- ✱ **ESG parameters relevant to Indian Context:**

SES has contextualized its ESG assessment by integrating parameters specifically relevant to Indian companies, considering the unique socio-economic and regulatory landscape. (Refer to [Annexure III](#) for details.)

- ✱ **Parivartan / Transition Score:**

To assess an entity's progress on ESG initiatives over time, SES has in line with regulatory requirement has introduced the Parivartan Score - a proprietary metric designed to capture transition and improvement. (Refer to [Annexure IV](#) for details.)



ESG EVALUATION MODEL



The SES ESG Model is structured in alignment with the framework set out by the **United Nations Principles for Responsible Investing (“UN PRI”)**. This provides a globally recognized foundation for incorporating environmental, social, and governance factors into investment decision-making and corporate practices. It outlines a series of steps to embed responsible investment principles within an organization’s structure, strategy, and processes.

By aligning with the PRI framework, SES ensures that its ESG evaluation methodology promotes transparency, accountability, and long-term value creation in line with global standards of responsible investing.

Policy	Establishes the foundation for ESG integration with clear purpose, scope, guiding principles, and governance structure.
Targets	Translates policy into measurable, time-bound goals to ensure progress and accountability.
Monitoring & Reporting	Measures progress toward ESG targets and ensures transparent stakeholder communication through regular disclosures.
Training	Closes skill gaps and staying abreast of latest developments
ESG Teams & Committees	Evaluates whether ESG responsibilities are managed by dedicated teams or integrated within existing functions, and the effectiveness of oversight and accountability.
Investment Consultants	Aligns external advisors with internal ESG policies and strategic goals.
Review	Conducts periodic evaluations of ESG efforts to highlight successes and improve future strategy.

The ESG Model developed by SES ESG incorporates the process outlined by UN PRI. The model assesses whether the Company has:

- Formulated a formal policy;
- Established measurable targets aligned with its ESG commitments;
- Disclosed the actions and initiatives undertaken to achieve these targets;
- Defined the scope of these initiatives; whether restricted to the Company itself or extended to include subsidiaries, suppliers’ and associates.

Further, the model objectively evaluates the effectiveness of these initiatives; analysing whether the Company has made meaningful progress towards its targets and measuring its performance accordingly.

In addition to the UN PRI framework, the SES ESG Model also integrates principles and metrics from a range of other voluntary disclosure frameworks and global standards, including:

- Global Reporting Initiative (GRI)
- International Accounting Standards Board (IASB) – ISSB Standards (*including SASB standards*)
- UN Global Compact / UN Sustainable Development Goals (SDGs)
- Other relevant international ESG reporting and assessment frameworks
- Further, SES ESG practices are in alignment with the recommendations of the International Organization of Securities Commissions (IOSCO)

This comprehensive and multi-framework approach ensures a robust and holistic evaluation of a company's ESG strategy and implementation.



ESG EVALUATION MODEL

As ESG factors have emerged as key priorities for investors, the development and adoption of standardized frameworks and guidelines have become critical importance. Investors are increasingly integrating ESG parameters into their portfolio evaluation and rely on measurable indicators to assess ESG performance of both their current and prospective 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. (Refer to [Annexure V](#) for more details)

TYPE OF RATING

The SES ESG Model follows the concept of Double Materiality, recognizing that ESG factors must be assessed from two perspectives: the risks that environmental, social, and governance issues pose to the organization, and the impacts the organization has on the environment and society. This dual lens ensures a holistic evaluation of ESG performance capturing both financial materiality (risk-based) and societal materiality (impact-based). As mentioned earlier, the model integrates global best practices, aligning with frameworks such as TCFD for climate-related risk (now part of ISSB Standards & IFRS Foundation), SASB for industry-specific disclosures (now part of ISSB Standards & IFRS Foundation), and GRI & BRSR for impact reporting. By adopting this comprehensive methodology, the SES ESG Model offers stakeholders including investors, regulators, and the public a balanced and transparent view of how organizations manage ESG challenges and contribute to sustainable development.

ESG SCORING

The ESG Model is structured broadly divided into three pillars:

- ✱ Environment
- ✱ Social
- ✱ Governance

Each pillar encompasses specific parameters and indicators that collectively provide a comprehensive assessment of a company's performance in that area. The model evaluates companies based on their policies, initiatives, disclosures, and measurable outcomes across each pillar, ultimately contributing to an overall ESG score / rating. This structured approach enables objective comparison across industries and sectors.

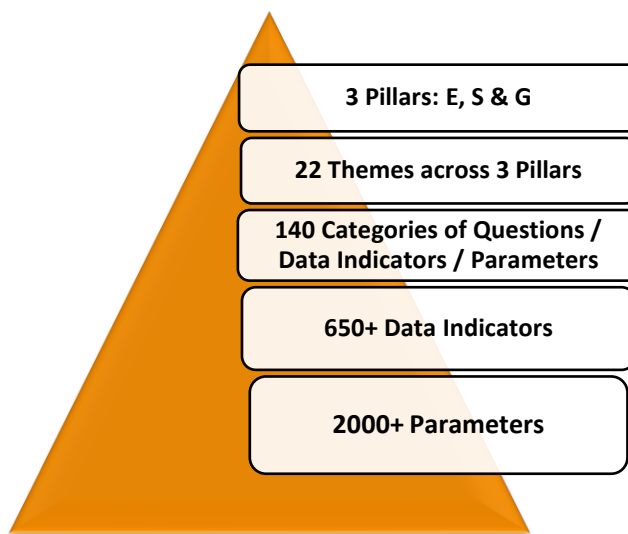


Refer to [Annexure I](#) for more details.



EVALUATION PARAMETERS

SES analyses an entity across three main pillars viz. Environment, Social & Governance (ESG). The following is the highlight about depth of SES ESG Model:



ESG - WHAT IS BEING SCORED?

The SES ESG Model evaluates a company's ESG performance by scoring on dimensions such as policy disclosures, targets set, adequacy of disclosure, initiatives taken and performance across three pillars viz. Environment, Social, and Governance. This evaluation is powered by a set of 650+ well researched indicators, carefully designed to assess both qualitative and quantitative aspects of ESG disclosures.

- **Qualitative indicators** are scored using a binary framework (Yes/No) to capture the presence or absence of key practices and policies.
- **Quantitative indicators** are assessed using numerical scoring based on the completeness, accuracy, transparency and performance of disclosed data.

The results from each section are compiled to generate section-wise scores, which are then aggregated to determine the company's overall ESG Score or Rating.

⚠ Note: For the model to function effectively and present a true picture of a company's ESG rating, it is absolutely essential that relevant information and data on key ESG factors are disclosed transparently and accurately by the rated entity.

SES ESG Rating does not only look into disclosures practices of the Company but also considers factual 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 over a period of time (generally, based on 3 years data, and for certain parameters, as specified, based on 4 years data).

Example – Health & Safety Evaluation:

Under the Health & Safety section, SES does not limit its review to whether a policy exists. It evaluates:

- *Whether an occupational health and safety management system has been implemented by the entity?*
- *Any international standards the company adheres to (e.g., ISO 45001)*
- *Year-on-year data on injuries and fatalities*
- *Preventive measures and improvements undertaken to mitigate future incidents*



ESG EVALUATION MODEL

This holistic approach ensures that companies are not rewarded solely for policies on paper but for tangible progress, responsible action, and measurable outcomes.

The **SES ESG Rating** represents a holistic outcome derived from an in-depth evaluation of a company's disclosure practices, ESG-related policies, current status, progress over time, and future commitments. The model recognizes not only the existence of policies and targets but also their execution and measurable impact. Furthermore, it incorporates positive scoring for companies that demonstrate actual implementation of sustainable practices and meet defined performance criteria such as achieving carbon neutrality or other significant ESG milestones. This ensures that the final ESG Rating reflects both transparency and tangible action in advancing environmental, social, and governance objectives.

SECTION WEIGHTAGE – ONE SIZE DOES NOT FIT ALL IS WHAT SES BELIEVES

Industry Differentiator

A commonly raised question is how identical evaluation criteria can be applied uniformly across fundamentally different sectors, such as mining, services, or consumer products?

Conscious of the fact that one size does not fit all, SES applies a carefully considered and logical framework to assign weightages to Environmental, Social, and Governance (E, S & G) factors in an objective manner. These weightages are tailored based on the specific industry classification.

In establishing the weightages for the primary categories and their sub-components, SES references the standards and guidelines set forth by the Sustainability Accounting Standards Board (SASB) and its Materiality Map, which are now part of the IFRS Foundation and the International Sustainability Standards Board (ISSB). These sources serve as authoritative guidance.

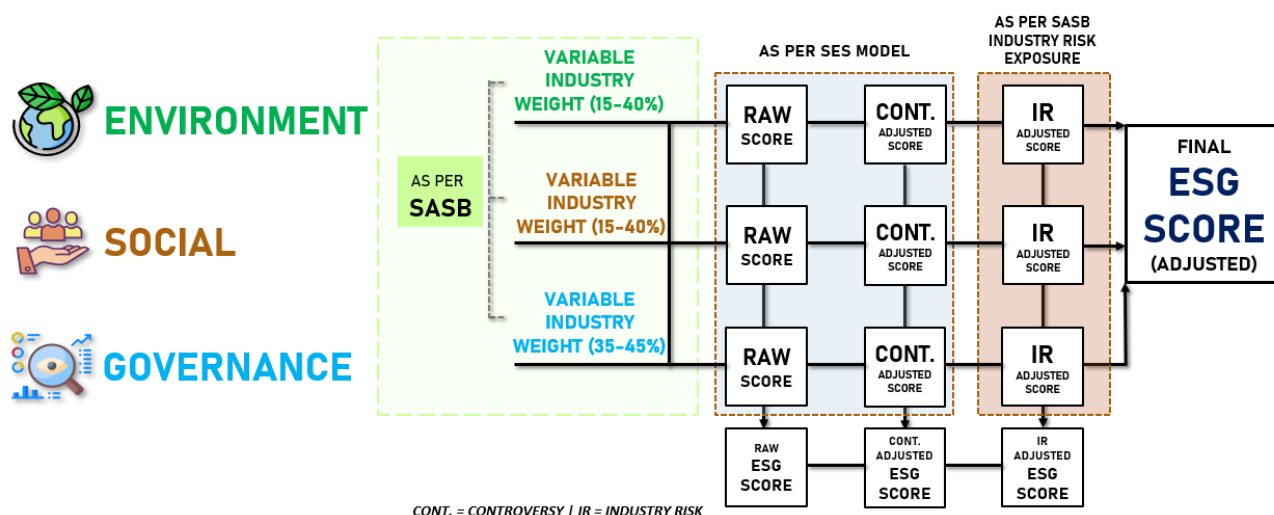
Based on **SASB** Standards and SASB Materiality Map, SES ESG determines weightages that vary by industry, reflecting the materiality of sustainability issues pertinent to each sector.

It is important to highlight that:

“SES ESG licenses and applies the IFRS® Sustainability Disclosure Standards, SICS and the SASB® standards in ESG Work”

DIVISION INTO THREE PILLARS:

The overall ESG Rating is derived based on the weightage assigned to each of three pillar E, S & G; which varies depending on the industry to which the assessed company belongs. These weightages are determined by the material issues most relevant to each sector.



ESG EVALUATION MODEL

RAW SCORES:

Under each of the three ESG pillars, specific parameters or indicators are used to assess a company's performance. Each parameter is further broken down into sub-parameters, which are individually analysed and scored.

The weightage assigned to each sub-parameter varies by industry and is guided by the materiality of that sub-parameter, based on the SASB Materiality Map and SASB Standards relevant to that industry. In the ESG model, the materiality of each parameter is categorized as High, Medium, or Low.

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.**

For example, companies in the chemical industry typically have a higher weightage assigned to the Environmental pillar due to the nature of their operations, whereas pure service-based companies may have a greater emphasis on Social or Governance factors.

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

The weightage of each question in the model is assigned based on the assumption that all the questions within a given sub-category are relevant to the company being evaluated. In cases where certain question(s) are not applicable to a particular industry or company, their respective weightages are proportionately redistributed among the remaining applicable questions within that sub-category. Each ESG parameter is evaluated not only in accordance with mandatory legal requirements but also against globally recognized best practices.

Company disclosures are assessed based on adequacy and quality of information provided. Higher scores are awarded to disclosures that are informative, meaningful and effectively serve the underlying purpose of the disclosure. Thus, model is designed to value "disclosure in spirit" higher compared to "disclosure in letter". It evaluates the quality of disclosure practices and quantifies them through sectional / sub-sectional scores, which are then aggregated using appropriate weights.

Each question in the model is scored on a scale, with a maximum of 100 and a minimum of 0 (on a 0 to 100 scale). SES ESG has established defined evaluation criteria, and the disclosed information is mapped against these criteria. Only verified and publicly available information is considered, forming the basis of assigning scores to each question.

In cases of high intensity negative impact (such as significant discrepancies in environmental reporting, regulatory action by relevant authorities, a high number of fatalities under the social category, or serious ethical or bribery-related misconduct under governance) an additional score is deducted from the relevant ESG theme. This score adjustment is different from controversy related deductions and is based on pre-defined parameters to eliminate subjectivity in evaluation. The purpose of this adjustment is to ensure more relevance and to penalise for poor performance on material issues that, while not classified as controversies, reflect critical lapses in ESG practices.

The raw ESG score is the aggregate of section-wise scores achieved by the company across the Environmental, Social and Governance pillars, weighted according to the relative importance of each section. The ESG score objectively reflects the company's awareness of ESG issues, the initiatives undertaken to promote sustainability and good governance, and the overall effectiveness in integrating these practices into its operations.



ESG EVALUATION MODEL

CONTROVERSY EXPOSURE:

As a policy, SES ESG may apply a negative score adjustment of up to 50% (depending on severity) where an extraordinary issue or concern is identified that is not adequately captured through the standard model evaluation (i.e., raw scores). Such issues may include material irregularities, significant controversies, regulatory actions, governance failures, or other events that may have a material impact on stakeholders.

⚠ Note: Users may apply or modify controversy adjustments in accordance with the approved internal methodology and governance framework.

SEVERITY ASSESSMENT

SES ESG assesses controversies at both Category Level and Pillar Level.

The severity of a controversy shall be assessed based on factors such as the nature of the issue, stakeholder impact, regulatory actions, financial implications, recurrence of incidents, reputational consequences, and adequacy of management response. The assessment shall be based on the overall facts and circumstances of each case and supported by credible public information.

- **Category-Level Controversies:**

- Category-level controversies relate to a specific ESG topic and shall, to the extent possible, be reflected within the relevant category score based on the nature, severity, and materiality of the issue.
- The objective is to ensure that the impact of a controversy is appropriately captured in the ESG area to which it relates.
- Category-level controversies shall be classified as follows:

SEVERITY	DESCRIPTION
 HIGH	The controversy has resulted in material stakeholder impact, significant regulatory action, substantial penalties, repeated violations, or indicates meaningful weaknesses in controls, oversight, or risk management within the relevant ESG category. The issue is likely to have a significant impact on the assessment of that category.
 MEDIUM	The controversy has resulted in moderate stakeholder impact and may involve regulatory observations, moderate penalties, or isolated but material incidents. While the issue is noteworthy and requires attention, it may not indicate significant or recurring weaknesses in the management of the relevant ESG category.
 LOW	The controversy is isolated in nature, has limited stakeholder impact, and has been adequately addressed through corrective actions. The issue does not indicate material weaknesses in management systems or controls.
 NO IMPACT	No identified controversy, unsubstantiated allegations, immaterial incidents, or issues adequately captured through standard model evaluation.

Illustrative Example: A significant water pollution penalty may result in a High severity controversy assessment within the Water Consumption or Wastewater Management category.

- **Pillar-Level Controversies:**

- Pillar-level controversies shall be considered only in exceptional circumstances where the issue is not adequately captured through category-level scoring or where the impact extends across multiple ESG categories, indicating broader weaknesses in management systems, controls, governance, or stakeholder management.
- Pillar-level controversies shall be classified as follows:



ESG EVALUATION MODEL

SEVERITY	DESCRIPTION
 SEVERE	Extraordinary controversy indicating systemic failure, widespread stakeholder harm, significant regulatory action, substantial financial or reputational impact, and/or recurring patterns of misconduct. Such events may have material implications across multiple ESG categories and stakeholders and may warrant a pillar-level controversy adjustment.
 HIGH	Assessed and reflected within the relevant ESG category.
 MEDIUM	Assessed and reflected within the relevant ESG category.
 LOW	Assessed and reflected within the relevant ESG category.
 NO IMPACT	No identified controversy, unsubstantiated allegations, immaterial incidents, or issues adequately captured through standard model evaluation.

Note: Low, Medium and High controversies are ordinarily assessed and reflected within the relevant ESG category based on the nature and materiality of the issue. Pillar-level controversy adjustments are generally reserved for Severe controversies that are extraordinary, cross-cutting, or indicative of systemic failures that cannot be adequately captured through category-level scoring.

Illustrative Example: A major industrial disaster causing environmental damage, community impact, and multiple fatalities may warrant a Severe pillar-level controversy assessment due to its systemic nature.

A large-scale accounting fraud, financial misreporting, or systemic corruption may warrant a Severe pillar-level controversy assessment due to significant governance failures, stakeholder impact, and potential legal, regulatory, and reputational consequences.

KEY CONSIDERATIONS (Non-Exhaustive List)

GENERAL CRITERIA:

- Is the controversy publicly disclosed and verified by credible sources (regulators, court filings, etc.)?
- Has the issue led to regulatory action, fines, or penalties?
- Is the issue recent or ongoing or legacy (typically within the past 3 years)?
- Is the issue material to the company's sector or company operations?
- Is the issue first time or there is a recurrence of the issue (number of incidents)?
- Is the issue part of a systemic or repeated pattern?

ENVIRONMENTAL CONTROVERSIES:

- Major environmental violations (e.g., pollution, hazardous waste spills, deforestation).
- Breach of environmental regulations or permits
- Carbon emissions falsification or reporting discrepancies (e.g. greenwashing)
- Community backlash or legal cases over environmental harm

SOCIAL CONTROVERSIES

- Workplace fatalities
- Reported incident of poor labour practices (e.g., child labour, forced labour etc)
- Customer harm (e.g., unsafe products, misleading claims, product recalls)
- Community opposition or protests
- Cyber Security or Data Privacy Breach



ESG EVALUATION MODEL

GOVERNANCE CONTROVERSIES

- Accounting irregularities or financial misreporting
- Bribery, corruption, or fraud allegations
- Irregularities relating to Insider trading or related party transactions
- Executive misconduct or unethical Board practices
- Misconduct by Board or Directors leading to governance failures.

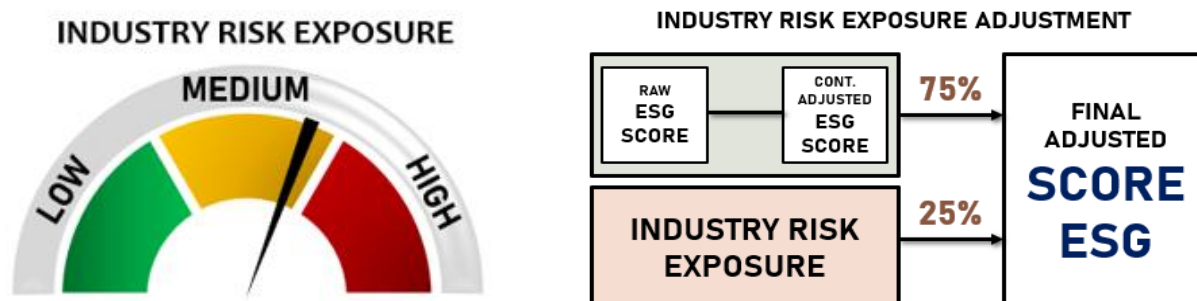
⚠ Note: Information from authentic sources (such as regulatory bodies, official filings, official disclosures, court records or reliable news articles) will be considered for controversy assessments.

Changes:

- Introduced a two-tier controversy assessment framework comprising Category-Level and Pillar-Level controversies to ensure material issues are captured at the most relevant level while avoiding double counting.
- Established a structured severity classification framework (No Impact, Low, Medium, High, and Severe) with Severe controversies reserved for extraordinary pillar-level events indicating systemic failures.

INDUSTRY RISK EXPOSURE:

To assess the risk exposure of an Industry, SES ESG refers to SASB Materiality Map (or Materiality Finder). Based on the identified material issues, industry specific materiality and other relevant inputs, SES ESG derives an Environmental & Social (E&S) Risk Exposure Score for each industry through its proprietary methodology. This E&S Risk Exposure score is then used to adjust the ESG Score of the Company operating within that industry, reflecting the inherent risk profile. The Governance (G) factor is treated as sector-agnostic and is not subject to adjustment based on industry classification.



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 Interpretation:

Good (>80) | Above Average (70-80) | Average (60-70) | Below Average (50-60) | Poor (0-50)

- **ESG Ratings / Score (Final Adjusted ESG Score or Combined ESG Score):** This represents the final ESG score of the company, derived after evaluating all relevant parameters under Environment, Social, and Governance themes. It incorporates all applicable adjustments, including controversy adjustments and industry risk exposure, to provide a comprehensive and objective assessment of the company's ESG performance.



ESG EVALUATION MODEL

- **ESG Grade:** The ESG score is presented in both a numeric format (on a scale of 0 to 100) and as an equivalent alphabetical grade (Alpha Grade), providing a simplified yet effective representation of the company's ESG performance.

BENCHMARK

Benchmarking is a newly introduced evaluation parameter in the SES ESG Model that assesses the Company's performance relative to comparable industry peers on selected quantitative ESG indicators, based on publicly available disclosures. The benchmark values are intended to provide directional insights into the Company's relative ESG performance and enable objective comparison within a comparable peer group.

Benchmarking shall be based on the Basic Industry Classification (as classified by the recognised stock exchange(s)). Where fewer than three comparable companies with adequate publicly available disclosures are available, the benchmark shall progressively use the Industry and thereafter the Sector classification. If sufficient comparable data is unavailable even at the Sector level, the benchmark component of the score shall not be applied.

Where a benchmark cannot be established due to insufficient or non-comparable data, the absence of a benchmark shall not adversely affect the Company's score.

ADDITIONAL STATUTORY SCORES (AS PER SEBI CORE FRAMEWORK)

In addition to the overall ESG Score and Grade, the following statutory scores are provided in alignment with SEBI's CORE ESG Framework:

Core ESG Score: This section evaluates the parameters identified or to be identified, by SEBI under CORE Framework. Core ESG Score is calculated based on the following criteria:

- **CORE ESG SCORE:** This score is based on the disclosure of SEBI identified Core parameters. Full disclosure on all Core Parameters corresponds to a 100% score.
- **CORE PARIVARTAN SCORE:** This score reflects the year-on-year progression or transition for Core Parameters. Positive improvements (such as reduction in Scope 1 Emission Intensity) or maintain optimal performance levels (such as Zero Fatalities) are awarded a full 100% score.
- **CORE COMBINED SCORE:** This score represents the weighted combination of the Core ESG Score (20%) and the Core Parivartan Score (80%). It reflects both the disclosure practices and the performance outcomes of the Core Parameters.

To facilitate ease of doing business, SEBI has permitted listed entities to undertake assessment or assurance of the BRSR Core. For FY 2024-25, the assurance or assessment requirement for Core Parameters applies only to the top 250 companies by market capitalization and is set to gradually expand to the top 1000 companies by FY 2026-27.

It is important to note that, as per SEBI requirements for ESG Rating Providers, the Core Score is to be assigned solely based on third-party assured parameters. Accordingly, SES will consider only assured data when providing the Core Score.

⚠ Note: Should there be any changes in the mandate requiring ESG Rating Providers to also consider assessments, SES ESG will accordingly include assessed parameters in the calculation of the Core Score.

Therefore, to evaluate the current standing of other companies until mandate applies to them, SES has provided Core Score under following categorisation:

- **Fully Assured:** Applies strictly as per SEBI requirements and for companies who have assured all the parameters identified under Core Framework (e.g. Top 250 companies mandated to conduct assurance or assessment of core parameters).
- **Partial Assurance:** Applies to companies that have assured only some of the Core parameters (e.g. not fully assured, but certain data sets such as energy data or employee data are assured)

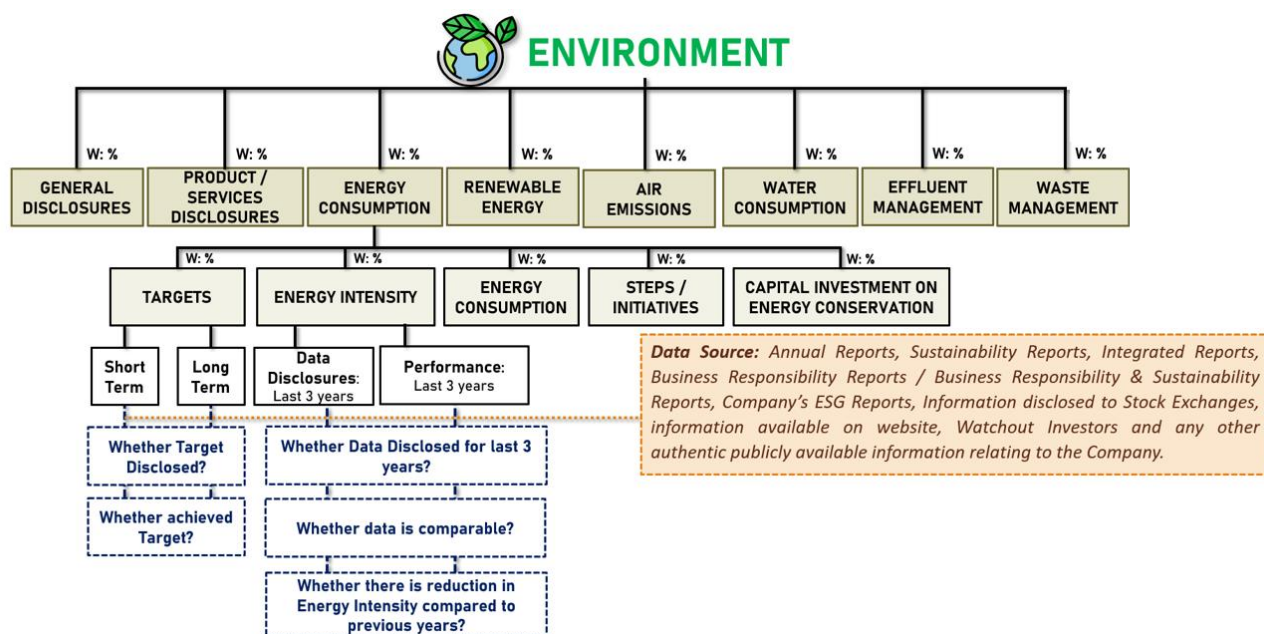


ESG EVALUATION MODEL

- Unassured: Applies to companies that have not provided assurance on Core Parameters (e.g. companies beyond Top 250 that are not mandated to provide assurance / assessments and have also not voluntarily done so)

Parivartan Score: This score evaluates the quantitative parameters and reflects the incremental changes that a company has made in its transition journey. However, it is limited to quantitative data where year-on-year change can be measured. Since, the SES ESG Model also incorporates qualitative parameter analysis, the percentage change in final ESG score may not directly align with the percentage change in Parivartan score; as Parivartan constitute only certain part of the overall ESG score.

EXAMPLE: FLOWCHART FOR ARRIVING AT ENVIRONMENT SCORE (for information purpose only)



- The above example highlights salient parameters related to 'Energy Consumption'.
- The weight assigned to a company varies across different sectors or industries, depending on the ESG impact relevant to that sector / industry. For instance, manufacturing companies will carry a higher weightage under the 'Environmental' factor, whereas for financial services companies, the weight will be comparatively lower.
- Each category score is derived from set of questions and parameters within that category and is expressed on a scale of 0-100%.
- The Weighted Score is calculated by applying the category weight to the category score [Example: If the category score is 75 and the weight assigned is 20%, the weighted score will be 15 (i.e. $75 \times 20\%$)]
- The sum of all weighted score within a section (such as sections within Environment, Social, or Governance pillars) constitutes the total score for that pillar. [Example: If Weighted Score 1 = 15, Weighted Score 2 = 20 and Weighted Score 3 = 30, then the total score for respective Section / Factor / Pillar would be 65]
- In the event of any significant negative controversies / incidents, up to 50% deduction will be applied to the relevant score based on severity.



EVALUATION MODEL - DYNAMIC

With continuous changes in both regulatory and voluntary ESG requirements, SES has consistently adapted its evaluation model to incorporate relevant and significant developments. The SES ESG Model is not static, rather, it is dynamic and evolves over time to reflect the changing ESG landscape. As a result, when evaluations are conducted using updated or newly added parameters in addition to existing ones, a company's score may vary compared to the previous year. For example: a company's score may decline if it fails to address or comply with a newly added parameter.

With introduction of BRSR and several other ESG related initiatives recommended and planned by SEBI in phased manner, SES expects that ESG disclosures will likely stabilize over the next few years. However, given the current pace of change in ESG domain, SES has no choice but to continuously adopt these developments to ensure its evaluations remain meaningful and relevant.

SES firmly believes that ESG evaluation if conducted using outdated, historical or static models, would lack relevance and utility. Since, any updates made to the model is agnostic to any company in particular, its impact is uniform across all companies which ensures fairness and consistency across all evaluations.

INFORMATION SOURCE

SES ESG relies solely on publicly available information, in accordance with its 'Policy on Source of Information for ESG Ratings'. The data sources may include:

- Business Responsibility & Sustainability Reports (BRSR),
- Annual Reports,
- Sustainability, Integrated or ESG Reports,
- Disclosures made to the stock exchanges,
- Information published on the official website of the companies,
- Regulatory disclosures, particularly by sectoral regulators, and
- any other reliable and publicly accessible information related to the companies.

All ratings are based exclusively on information available in public domain. No forensic analysis of data has been done. As a result, any undisclosed or privately held data is not considered.

SES ESG maintains that transparency and public disclosures are essential. As a matter of principle and to uphold complete independence, objectivity and fairness, SES relies strictly on publicly accessible data or information and does not engage in any interaction with the companies it evaluates during the determination of ESG ratings.



LIMITATIONS OF THE MODEL

The SES ESG Model has been developed with utmost care, objectivity and diligence. Our intention is highlighting the importance of good ESG practices based on the concept of double materiality. SES understands that stakeholders take decisions based on variety of 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 Ratings or Scores, when considered in isolation, are not intended to predict a company's future performance or serve as the sole basis for investment decisions.

⚠ Note: ESG ratings / scores do not constitute recommendations to buy, hold or sell any securities

The scores are derived from publicly available data and rely on the accuracy and completeness of information disclosed by the company, which is assumed to be true and accurate in good faith. Examples of such sources include the Business Responsibility and Sustainability Report (BRSR), Sustainability Reports, Auditor Reports, Certificates of Compliance with mandatory requirements, Directors' Statements, and other disclosures included in Annual Reports. These documents (sources of information) are accepted at face value, without any independent verification or forensic investigation.

As an independent ESG rating provider, SES does 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 Ratings / scores accordingly.



ANNEXURE I – EVALUATION PARAMETERS

ESG MODEL: EVALUATION & ASSESSMENT FACTORS



POLICY DISCLOSURES

About: This section of the evaluation was unique to SES, and was originally introduced to highlight a key insight that while drafting policy is low hanging fruit (relatively easy) but implementation is difficult and far more challenging. SES consistently observed that most companies scored highly on Policy disclosures but same was not reflected in ESG performance score. To maintain a sharper focus on material performance indicators, **this section of the analysis has been discontinued effective 2024.**

Note: Until FY 2024, SES included a separate pillar specifically for **Policy Disclosures, in addition to the Environment/ Social/ Governance (ESG) parameters.** This often prompted the question to SES, why Policy Disclosures is a separate pillar for evaluation?

SES maintained Policy as standalone section because policy is the seed which eventually results into full-fledged fruit bearing tree and acts as catalyst. Policy is a first step towards achieving desired level of ESG footprint. It also exposed that everyone was quick to score on policy as it was low hanging fruit. SES evaluation of Policy separately exposed that policy to performance was a different road not much travelled.

However, with the transition from Business Responsibility Reports (BRR) to mandatory Business Responsibility and Sustainability Reports (BRSR), companies are now increasingly compelled to move beyond policy-making and demonstrate actual performance. This shift has brought greater awareness, transparency, and accountability in ESG practices.

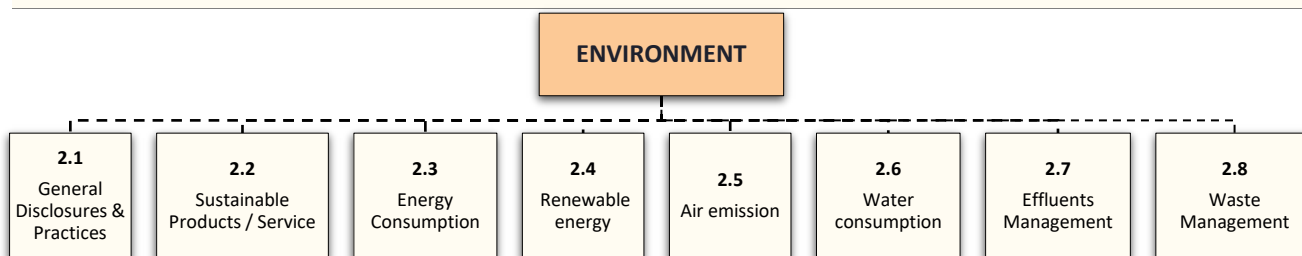
Given this evolution, SES had removed the separate Policy Disclosures pillar from its ESG evaluation framework. The 5% weight previously assigned to Policy was reallocated proportionately to the Environmental and Social pillars, based on industry-specific weighting criteria.

This change reflects SES's renewed emphasis on measurable performance across the E, S, and G dimensions rather than on policy statements alone.



ENVIRONMENT

About: SES evaluates a company's disclosures concerning the environmental impact of its operations, along with measures undertaken to mitigate such impacts. The analyses also assess whether the Company has made progress in reducing its environmental footprint and whether it is meeting the sustainability targets it has set for itself.



Note: In addition to above, SES also evaluates Indirect Environmental impact parameters in the case of banks & insurance companies, given their role in financing and underwriting activities that may influence environmental outcomes.

Change: In line with the overall controversy assessment approach, the standalone Environmental Compliance & Controversial Incidents category has been removed and its assessment has been integrated into the relevant environmental sections. Accordingly, the weight previously assigned to this category has been proportionately redistributed among the remaining environmental categories.



ESG EVALUATION MODEL

2.1. GENERAL DISCLOSURES & PRACTICES

Assessment Factors: Company's general disclosures and practices relating environment are analysed;

- Participation in the PAT Scheme
- Implementation of GHG (Greenhouse Gas) emission related projects
- Adoption of green or environmentally friendly infrastructures (e.g., offices/ buildings)
- Waste management strategies and practices
- Board-level oversight of climate-related risks and issues
- Business continuity and disaster management plans
- Conduct of Environment Impact Assessments (EIA) for projects
- Possession of environment certifications (e.g. ISO 14001)
- Operations in or impact on ecologically sensitive areas and biodiversity
- Existence of formal environment or climate change policies
- Green Credits: Generation or procurement of green credits by the company

2.2. SUSTAINABLE PRODUCT OR SERVICES

Assessment Factors: The Company's disclosures and practices related to products or services are assessed based on their environmental impact in the following areas:

- Sustainable Sourcing and Resource Efficiency
- Life cycle assessment (LCA)
- Product packaging
- Extended Producer Responsibility (EPR)
- Value chain management

2.3. ENERGY CONSUMPTION

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

- Targets set and their achievements
- Disclosure and performance of non-renewable sources of energy.
- Disclosure of data on total energy intensity (*both turnover-based and volume-based*)
- Performance improvement in total energy intensity
- Initiatives undertaken to conserve energy or reduce consumption
- Investment on energy conservation equipment

2.4. RENEWABLE ENERGY

Assessment Factors: Evaluation of Company's disclosures & practices regarding the use of renewable energy within its total energy consumption, including:

- Targets set for renewable energy adoption and progress towards achieving them.
- Renewable energy consumption data, both in absolute and as a percentage of the total energy mix
- Initiatives or measures undertaken to increase the use of renewable energy

2.5. AIR EMISSIONS

Assessment Factors: Evaluation is based on entity's disclosures and practices related to air emissions and greenhouse gas (GHG) emissions, including the following parameters:

- Disclosure of targets set for reducing GHG or carbon emissions and progress towards achieving them:
- Disclosure of data on total GHG/ Carbon emissions and/or GHG/ Carbon intensity (e.g., per unit of revenue or output)
- Achievements relating to Carbon Neutrality or Net Zero Emissions.
- Disclosure of data on other significant emissions such as Particulate Matter (PM), Sulphur Oxides (SOx), Volatile Organic Compounds (VOCs), etc.
- Disclosure of steps or initiatives undertaken to reduce GHG / Carbon and other air emissions



ESG EVALUATION MODEL

2.6. WATER CONSUMPTION

Assessment Factors: Evaluation of entity's disclosures and practices related to water usage or consumption, including;

- Disclosure of targets set for water consumption reduction and progress towards achieving these targets
- Disclosure of data on total water consumption and water intensity metrics
- Water Management in Water Stress areas or regions
- Achievements relating to Water Neutrality or becoming Water Positive
- Steps or initiatives taken to reduce / recycle / re-use water

2.7. EFFLUENTS WASTE MANAGEMENT

Assessment Factors: Evaluation of the Company's disclosures and practices related to effluent generation and management, including;

- Targets set for effluent reduction and progress achieved
- Disclosure of total effluents volume and effluents intensity metrics
- Steps or initiatives undertaken to reduce, recycle, or reuse wastewater
- Adoption and achievement of Zero Liquid Discharge (ZLD) practices

2.8. WASTE MANAGEMENT

Assessment Factors: Evaluation of the company's disclosures and practices related to waste generation and management, including:

- Targets set and progress towards achieving them
- Types of waste generated including hazardous, non-hazardous, e-waste, battery waste, plastic waste etc.
- Status of Plastic Positive initiatives or Zero Waste commitments
- Disclosures on waste disposal methods, such as landfill, incineration, recycling etc
- Steps or initiatives undertaken to reduce, recycle or reuse waste

2.9. ENVIRONMENTAL COMPLIANCE & CONTROVERSIES & INCIDENTS*

Assessment Factors:

- Environmental incidents / controversies:
 - Involvement in any environmental controversies, litigation, or regulatory investigations
 - Occurrence of significant environmental incidents (e.g., spills, emissions breaches, illegal dumping).
 - Reputational or financial impact of such incidents
- Compliance with environmental laws

***Change:** In line with the overall controversy assessment approach, the **standalone Environmental Compliance & Controversial Incidents category has been removed and its assessment has been integrated into the relevant environmental sections**. Accordingly, the weight previously assigned to this category has been proportionately redistributed among the remaining environmental categories.

2.10. INDIRECT ENVIRONMENTAL IMPACT (in case of Banks / Insurance)

BANKS

Assessment Factors:

- Climate Risk Assessment in Financing
- Sustainable Financing / Responsible Lending

INSURANCE

Assessment Factors:

- Climate Risk Assessment related to Underwriting activities
- Climate Risk Assessment related to Investment activities
- Environmental Risk Exposure Assessment



ESG EVALUATION MODEL

SUMMARY OF CHANGES

SES has introduced refinements across environmental assessment parameters, with a greater emphasis on outcome-based performance evaluation, benchmarking, and recognition of mitigation, remediation, and compliance efforts.

New indicators have been introduced to assess environmental performance relative to industry peers across energy consumption, renewable energy adoption, greenhouse gas emissions, water consumption, wastewater treatment, waste recovery, and waste generation. Existing parameters have been enhanced through improved scoring methodologies, greater granularity in environmental resource management metrics, and recognition of corrective actions, certifications, and environmental risk management practices.

In line with the overall controversy assessment approach, the standalone Environmental Compliance & Controversial Incidents category has been removed. Environmental compliance issues, regulatory actions, penalties, and controversies will instead be assessed within the relevant environmental categories (such as Air Emissions, Water Consumption, Wastewater Management, and Waste Management), ensuring that the impact of such incidents is reflected in the most relevant environmental topic. The weight previously assigned to this category has been proportionately redistributed across the remaining environmental categories while maintaining the overall weight of the Environmental pillar.

The changes are intended to strengthen the assessment of environmental stewardship, operational resource efficiency, pollution prevention, climate-related performance, and environmental compliance, while enabling a more objective, transparent, and comparable evaluation of environmental performance across industries.

IMPACT ON RATINGS

There will be no impact (except as mentioned below) on Ratings if the Company has provided consistent disclosures and met all performance parameters for each of the relevant years as outlined above. However, the variations in ratings may occur if data is unavailable or not disclosed for any of the years, or if positive performance and transitions are not maintained consistently over the period.

Further, the introduction of benchmark-based assessments may result in changes to scores depending on the Company's performance relative to its industry peers, to the extent as specified below.

Additionally, the revised structured controversy assessment framework may impact scores where material controversies, regulatory actions, compliance breaches, or other adverse incidents are identified. The extent of such impact will depend on the nature, severity, materiality, and recurrence of the issue, as well as whether the controversy is assessed at the category level or warrants a pillar-level adjustment. Controversies may result in a reduction of up to 50% in the score, depending on their severity and materiality.

In view of the changes to the model (excluding controversies), including the addition of new question(s) and modifications to the assessment parameters, the table below outlines the potential negative change in scores compared to the previous year's model under a worst-case scenario:

FACTORS	MAX % CHANGE OUT OF 100% DUE TO CHANGES IN MODEL
General Disclosure & Practices	-8.0
Sustainable Product or Services	-5.8
Energy Consumption	-4.2
Renewable Energy	-5.5
Air Emissions	-4.9
Water Consumption	-3.4
Effluents / Waste Water Management	-3.2
Waste Management	-4.8
Indirect Environmental Impact	-

Note: Additionally, the proportionate redistribution of the weight of the standalone Environmental Compliance & Controversial Incidents category across the remaining environmental categories may result in a marginal additional impact on the scores of the affected categories.

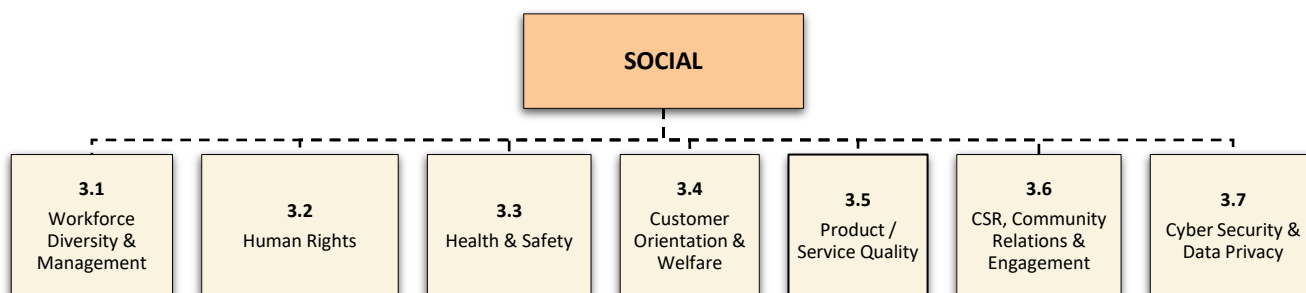


ESG EVALUATION MODEL



SOCIAL

About: SES analyses company's disclosures regarding its relationship with human capital and other stakeholders. This includes an evaluation of the practices and policies adopted to ensure fair and equitable treatment of all stakeholders, as well as an assessment of the company's performance in implementing these policies and demonstrating tangible outcomes over time.



Note: In addition to the above, Financial Inclusion parameters are also assessed for Banks & Insurance

3.1 WORKFORCE DIVERISTY & MANAGEMENT

Assessment Factors: Disclosure on workforce composition and workforce-related practices; including but not limited to

- | | |
|--|----------------------------|
| ● Workforce details | ● Gender Diversity |
| ● Employees with Disability | ● Workforce Turnover Rate |
| ● Parental Leave: Return to Work / Retention | ● Retirement Benefits |
| ● Workforce Development & Training | ● Equal Opportunity |
| ● Workforce Grievance Mechanism | ● Strikes or wage disputes |

3.2. HUMAN RIGHTS

Assessment Factors: Evaluation of a company's disclosures and practices related to upholding human rights within its operations and value chain. Assessment includes the presence, quality, and impact of policies, systems, and measurable actions.

- | | |
|--|---|
| ● Training on Human Rights | ● Payment of Minimum Wages |
| ● Median Remuneration & Gender Pay Gap | ● Anti-Sexual Harassment Practices & Complaints |
| ● Child Labour / Discriminatory Employment | ● Wages related complaint |
| ● Committee for Human Rights | ● Human Rights grievances mechanism |
| ● Value Chain Assessment – Human Rights | ● Actions on Human Rights issues |

3.3. HEALTH & SAFETY

Assessment Factors: Evaluation of the company's disclosures and practices related to the health, safety, and overall well-being of its workforce. The focus is on proactive safety culture, employee welfare, training, and transparency in reporting.

- | | |
|----------------------------------|---|
| ● Health & Safety practices | ● Wellbeing of Workforce (Insurance, Maternity leave etc) |
| ● Training on Health & Safety | ● Safety Records |
| ● Complaints: Working Conditions | ● Other Disclosures & Practices |

3.4. CUSTOMER ORIENTATION & WELFARE

Assessment Factors:

- Mechanism to receive and respond to consumer complaints and feedback
- Steps taken to educate / inform customers about products / services
- Channels / platforms where information on products and services of the entity can be accessed
- Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.



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- Customer related surveys
- Complaints: Advertising; Delivery of Essential Services; Restrictive Trade Practices; Unfair Trade Practices

3.5. PRODUCT / SERVICE QUALITY

Assessment Factors:

- Product / Service Quality, Safety and any product / service related incidents
- Instances of Product Recall: Forced or Voluntary
- Instances of Product Ban

3.6. CSR, COMMUNITY RELATIONS & ENGAGEMENT

Assessment Factors:

- Mechanisms to receive and redress grievances of the community
- Company's Corporate Social Responsibility (CSR) spending
- Disclosures relating to initiatives taken by the Company to improve communities
- Social Impact Assessments (SIA) of projects
- Rehabilitation and Resettlement (R&R)
- Political donations
- Financial Inclusion (for Banks)

3.7. CYBER SECURITY & DATA PRIVACY

Assessment Factors:

- Cyber / Data security practices of the Company
- Policy on Cyber Security
- Risk Management function on Cyber Security
- Instances of data breaches
- Data breaches involving personally identifiable information of customers
- Steps taken to ensure safe security system (IT security, firewalls, initiatives etc)
- Complaints: Data Security / Data Privacy

3.8. FINANCIAL INCLUSION (in case of Banks / Insurance)

Assessment Factors:

- General Disclosures & Access to Financial Services
- Priority Sector Lending (in case of banks)
- Disclosure of access to various Financial Schemes
- Financial literacy and inclusion
- Awards passed by the Banking Ombudsman (in case of Banks)

SUMMARY OF CHANGES

SES has introduced refinements across social and customer-related parameters, with a greater emphasis on outcome-based assessment, industry benchmarking and measurable targets.

New indicators have been added to evaluate workforce diversity, retention, skill development, human rights awareness, health and safety practices, workplace well-being, customer complaints, cyber security complaints, local sourcing and employment generation relative to industry peers. Existing parameters have been enhanced through the use of industry benchmarks and target-based assessments, enabling a more objective and comparable evaluation of social performance.

The changes are intended to strengthen the assessment of workforce inclusion, employee development, workplace safety, customer satisfaction, stakeholder welfare and responsible business practices, while maintaining flexibility where reliable peer benchmarks are unavailable.



ESG EVALUATION MODEL

IMPACT ON RATINGS

There will be no impact (except as mentioned below) on Ratings if the Company has provided consistent disclosures and met all performance parameters for each of the relevant years as outlined above. However, the variations in ratings may occur if data is unavailable or not disclosed for any of the years, or if positive performance and transitions are not maintained consistently over the period.

Further, the introduction of benchmark-based assessments may result in changes to scores depending on the Company's performance relative to its industry peers, to the extent as specified below.

Additionally, the revised structured controversy assessment framework may impact scores where material controversies, regulatory actions, compliance breaches, or other adverse incidents are identified. The extent of such impact will depend on the nature, severity, materiality, and recurrence of the issue, as well as whether the controversy is assessed at the category level or warrants a pillar-level adjustment. Controversies may result in a reduction of up to 50% in the score, depending on their severity and materiality.

In view of the changes to the model (excluding controversies), including the addition of new question(s) and modifications to the assessment parameters, the table below outlines the possible potential change in scores compared to the previous year's model under a worst-case scenario:

FACTORS	MAX % CHANGE OUT OF 100% DUE TO CHANGES IN MODEL
Workforce Diversity & Management	8.2
Human Rights	4.2
Health & Safety	4.7
Customer Orientation & Welfare	2.7
Product / Service Quality	12.0
CSR, Community Relations & Engagement	2.1
Cyber Security & Data Privacy	13.3
Financial Inclusion	-

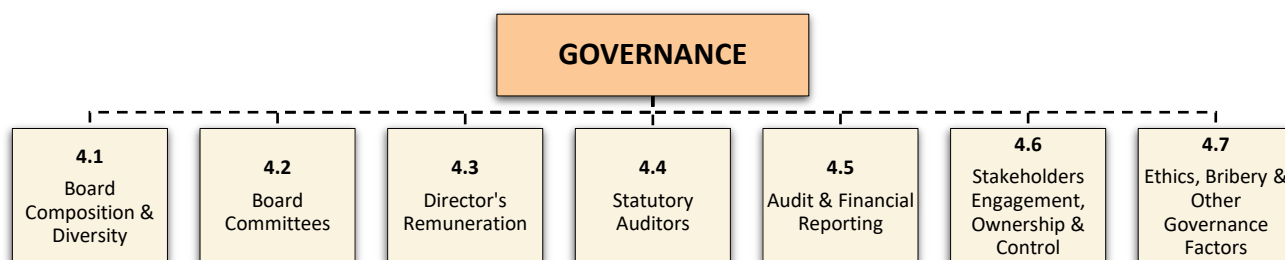


ESG EVALUATION MODEL



GOVERNANCE

About: SES evaluates companies against applicable legal mandates and leading governance standards. The analysis includes a detailed review of Board composition, director remuneration, committee constitution, and the effectiveness of Board performance. It also encompasses an assessment of statutory auditors, audit quality, financial reporting integrity, and stakeholder engagement practices.



4.1 BOARD COMPOSITION & DIVERSITY

Assessment Factors: Evaluation of companies is done on Board structure, including;

- Board Expertise
- Association and Independence of Directors
- Combination of Independent & Non-Independent Directors
- Woman Director(s)
- Board Diversity – Gender, Expertise
- Attendance & Time Commitments
- Age profile of directors

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

4.3. DIRECTOR’S REMUNERATION

Assessment Factors: Remuneration comparison with respect to;

- Total Board Remuneration & Practice
- Promoter and Non-Promoter
- Sustainability related payments
- Board Evaluation
- Executive & Non-Executive Directors
- Independent Directors
- Clawback & Malus

4.4. STATUTORY & SECRETARIAL AUDITORS

Assessment Factors: Disclosure & practices on;

- Appointment of Statutory / Secretarial Auditor
- Exit of Statutory / Secretarial Auditors
- Association of Audit Partner
- Fees of Auditors
- Regulatory Action on Statutory Auditors

4.5. AUDIT & FINANCIAL REPORTING

Assessment Factors:

- Audit qualifications
- Contingent Liabilities
- Related party transactions
- Fraud Reporting
- CARO Disclosures & Analyses
- Other financial parameters

4.6. STAKEHOLDERS ENGAGEMENT, OWNERSHIP & CONTROL

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

- Shareholder Complaints & Communications
- Pledging of shares



ESG EVALUATION MODEL

- Voting in Shareholder Meetings
- Regulatory Actions relating to Capital Markets
- Dividend Distribution Policy

4.7. ETHICS, BRIBERY & OTHER GOVERNANCE FACTORS

Assessment Factors: Disclosures & practices on;

- Code of Conduct
- Whistle Blower / Vigil Mechanism
- Conflict of Interest
- Insider Trading
- Ethics, Anti-Bribery or Anti-Corruption practices
- ESOPs / Issues of Securities

SUMMARY OF CHANGES

SES has introduced minor refinements across select governance parameters to enhance the assessment of board and committee effectiveness, governance transparency and disclosure quality. The updates primarily focus on incorporating average attendance metrics alongside individual attendance, recognising governance practices that exceed regulatory requirements, refining the evaluation of director remuneration disclosures and Secretarial Auditor resignations, and rationalising certain CARO- and Schedule III-based parameters to reduce duplication. Overall, there are no material changes to the governance framework, with the revisions intended to improve clarity, comparability and assessment effectiveness.

IMPACT ON RATINGS:

There will be no impact on Ratings if the Company has consistently met compliance requirement and met good governance parameters for each of the relevant years. However, the variations in ratings may occur if data is unavailable or not disclosed for any of the years, or if compliance and good governance practices are not maintained consistently over the period.

Additionally, the revised structured controversy assessment framework may impact scores where material controversies, regulatory actions, compliance breaches, or other adverse incidents are identified. The extent of such impact will depend on the nature, severity, materiality, and recurrence of the issue, as well as whether the controversy is assessed at the category level or warrants a pillar-level adjustment. Controversies may result in a reduction of up to 50% in the score, depending on their severity and materiality.

In view of the changes to the model (excluding controversies), including the addition of new question(s) and modifications to the assessment parameters, the table below outlines the potential negative change in scores compared to the previous year's model under a worst-case scenario:

FACTORS	MAX % CHANGE OUT OF 100% DUE TO CHANGES IN MODEL
Board Independence & Diversity	2.6
Board Committees	6.2
Directors' Remuneration	0.9
Statutory & Secretarial Auditors	2.5
Audit & Financial Reporting	1.8
Stakeholders Engagement	-
Ethics, Bribery & Other Governance	-



ANNEXURE II – CORE ESG PARAMETERS

- SEBI ('Board') vide Circular dated May 10, 2021 had prescribed the Business Responsibility and Sustainability Report (BRSR) which was subsequently incorporated in the Master Circular dated July 11, 2023 ([Weblink](#)).
- Based on the recommendations of the ESG Advisory Committee and pursuant to public consultation, the Board decided to introduce the BRSR Core for assurance by listed entities (and later included option of assessments).
- The BRSR Core is a sub-set of the BRSR, consisting of a set of Key Performance Indicators (KPIs) / metrics under 9 ESG attributes.

The following are the identified core parameters:

SR.	ATTRIBUTE	PARAMETERS	MEASUREMENT	SES COVERAGE SECTION
1	Green-house gas (GHG) footprint	Total Scope 1 emissions	Mn MT / KT / MT	2.5.
2	Green-house gas (GHG) footprint	Total Scope 2 emissions	Mn MT / KT / MT	2.5.
3	Green-house gas (GHG) footprint	GHG Emission Intensity (Scope 1 + 2) [Total Revenue from Operations adjusted for PPP]	Total Scope 1 and Scope 2 emissions (MT) / Total Revenue from Operations adjusted for PPP	2.5.
4	Green-house gas (GHG) footprint	GHG Emission Intensity (Scope 1 + 2) [Total Output of Product or Services]	Total Scope 1 and Scope 2 emissions (MT) / Total Output of Product or Services	2.5.
5	Water Footprint	Total water consumption	Mn Lt or KL	2.6.
6	Water Footprint	Water consumption intensity [Total Revenue from Operations adjusted for PPP]	Mn Lt or KL / Rupee adjusted for PPP	2.6.
7	Water Footprint	Water consumption intensity [Total Output of Product or Services]	Mn Lt or KL / Product or Service	2.6.
8	Water Footprint	Water Discharge by destination and levels of Treatment - Surface Water (Treated or Untreated) - Groundwater (Treated or Untreated) - Seawater (Treated or Untreated) - Sent to Third Parties (Treated or Untreated) - Others (Treated or Untreated) - Total water discharged (Treated or Untreated)	Mn Lt or KL	2.7.
9	Energy footprint	Total energy consumed	In Joules or multiples	2.3.
10	Energy footprint	% of energy consumed from renewable sources	In % terms	2.4.
11	Energy footprint	Energy intensity [Total Revenue from Operations adjusted for PPP]	Joules or multiples / Rupee adjusted for PPP	2.3.
12	Energy footprint	Energy intensity [Total Output of Product or Services]	Joules or multiples / Product or Service	2.3.
13	Embracing circularity – details related to waste management by the entity	Plastic waste (A)	Kg / MT	2.8.
14	"	E-waste (B)	Kg / MT	2.8.
15	"	Bio-medical waste (C)	Kg / MT	2.8.
16	"	Construction and demolition waste (D)	Kg / MT	2.8.
17	"	Battery waste (E)	Kg / MT	2.8.
18	"	Radioactive waste (F)	Kg / MT	2.8.
19	"	Other Hazardous waste (G)	Kg / MT	2.8.
20	"	Other Non-hazardous waste (H)	Kg / MT	2.8.
21	"	Total waste generated	Kg / MT	2.8.
22	"	Waste intensity [Total Revenue from Operations adjusted for PPP]	Kg or MT / Rupee adjusted for PPP	2.8.
23	"	Waste intensity [Total Output of Product or Services]	Kg or MT / Unit of Product or Service	2.8.



ESG EVALUATION MODEL

SR.	ATTRIBUTE	PARAMETERS	MEASUREMENT	SES COVERAGE SECTION
24	Embracing circularity – details related to waste management by the entity	Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations - Waste Recovered: Recycled - Waste Recovered: Re-Used - Waste Recovered: Others - Total Waste Recovered	Kg or MT	2.8.
25	Embracing circularity – details related to waste management by the entity	For each category of waste generated, total waste disposed by nature of disposal method - Waste Disposed: Incineration - Waste Disposed: Landfilling - Waste Disposed: Others - Total Waste Disposed	Kg or MT	2.8.
26	Enhancing Employee Wellbeing and Safety	Spending on measures towards wellbeing of employees and workers – cost incurred as a % of total revenue of the company	In % terms	3.1.
27	Enhancing Employee Wellbeing and Safety	Details of safety related incidents for employees and workers (including contract-workforce e.g. workers in the company's construction sites) - Number of Permanent Disabilities - Lost Time Injury Frequency Rate (LTIFR) - [per one million-person hours worked] - Number of fatalities	Number of Permanent Disabilities-	3.3.
			Lost Time Injury Frequency Rate (LTIFR)	3.3.
			No. of fatalities	3.3
28	Enabling Gender Diversity in Business	Gross wages paid to females as % of wages paid	In % terms	3.2.
29	Enabling Gender Diversity in Business	Complaints on POSH - Total Complaints on Sexual Harassment (POSH) reported - Complaints on POSH as a % of female workforce - Complaints on POSH upheld	- Total Complaints on Sexual Harassment (POSH) reported	3.2.
			Complaints on POSH as a % of female employees / workers	3.2.
			Complaints on POSH upheld	3.2.
30	Enabling Inclusive Development	Input material sourced from following sources as % of total purchases – Directly sourced from MSMEs/ small producers and from within India	In % terms – As % of total purchases by value	3.6.
31	Enabling Inclusive Development	Job creation in smaller towns – Wages paid to persons employed in smaller towns (permanent or non-permanent /on contract) as % of total wage cost	In % terms – As % of total wage cost	3.6.
32	Fairness in Engaging with Customers and Suppliers	Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events	In % terms	3.7.
33	Fairness in Engaging with Customers and Suppliers	Number of days of accounts payable	(Accounts payable *365) / Cost of goods/ services procured	3.6.
34	Open-ness of business	Concentration of purchases & sales done with trading houses, dealers, and related parties Loans and advances & investments with related parties	Purchases from trading houses as % of total purchases	4.5.
			Number of trading houses where purchases are made from	4.5.
			Purchases from top 10 trading houses as % of total purchases from trading houses	4.5.
			Sales to dealers / distributors as % of total sales	4.5.
			Number of dealers / distributors to whom sales are made	4.5.
			Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	4.5.
			Share of RPTs in Purchases	4.5.
			Share of RPTs in Sales	4.5.
			Share of RPTs in Loans & advances	4.5.
			Share of RPTs in Investments	4.5.



ANNEXURE III – ESG PARAMETERS RELEVANT TO INDIAN CONTEXT

SEBI in its Master Circular dated 16th May, 2024 for ESG Ratings Providers has stated that ESG rating products shall suitably incorporate the environmental, social and governance aspects that are contextual to the Indian market. Accordingly, SES ESG covers the following Indian-Specific Parameters:

E/S/G PILLAR	FACTORS	PARAMETERS	SES COVERAGE SECTION
E	Energy	Perform, Achieve and Trade (PAT) - Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.	2.1.
E	Water	Zero Liquid Discharge - Has the entity implemented a mechanism for Zero Liquid Discharge	2.7.
E	Waste Management	Extended Producer Responsibility (EPR) - Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards?	2.2.
E	Land Use and Biodiversity	Does the company have operations in or around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.)?	2.1.
E / S	CSR	Amount spent in CSR as a percentage of regulatory requirement on a look-through basis i.e. where CSR activities are undertaken by trusts / foundations, whether the funds have been actually utilized by these entities	3.6.
S	Inclusive development	Job creation in smaller towns	3.6.
S	Inclusive development	Percentage of input material (inputs to total inputs by value) sourced from suppliers: - (i) Directly sourced from MSMEs/ small producers, (ii) Directly from within India	3.6.
S	Diversity	Disclosure of wages and salary by gender (%)	3.2.
S	Diversity	Job creation and availability of infrastructure conducive for differently abled	3.1.
G	Compliance	Does the company have a RegTech / Systems solution for monitoring and evidencing compliance	4.5.
G	Governance	Percentage of "against" votes amongst non-promoter shareholders on appointment of independent directors	4.1.
G	Related Party Transactions	Percentage of "against" votes amongst non-promoter shareholders on RPTs	4.5.
G	Royalty	Royalty payments - Is the increase in royalty over the last five years higher than increase in PBT? If yes provide values for last 5 years and the reason for increased royalty.	4.5.
G	Related Party Transactions	Share of RPTs (as respective %age) in - • Purchases • Sales • Loans & advances' • Investments (except for PSUs)	4.5.



ANNEXURE IV – ESG PARAMETERS ANALYSED FOR PARIVARTAN SCORE

SEBI in its Master Circular dated 16th May, 2024 for ESG Ratings Provides with respect to ESG Transition or Parivartan score has mentioned that measuring the velocity of and investments in making the transition to Net Zero Goals/improving ESG risk management. In other terms, the transition or Parivartan score would reflect the incremental changes that the company has made in its transition story over recent years or concrete plans/targets to address the risk and opportunities involved in transitioning to more sustainable operations, rather than scoring them only on their current profile. This transition score could track changes in quantitative metrics in trend-lines or change in revenues from environmental/social services and products or any quantitative assessments, as per the model of the ERP.

Accordingly, SES has identified a set of parameters from its ESG Model to assess the transition from the previous year. This set comprises core parameters along with additional quantitative indicators that allow for meaningful year-on-year comparison. The Parivartan Score is evaluated under both the Core and Comprehensive frameworks.



ANNEXURE V - REPORTING FRAMEWORKS

REPORTING FRAMEWORKS

NATIONAL VOLUNTARY GUIDELINES (“NVG”)

- This was India's first pilot regarding ESG. MCA introduced the NVG Guidelines.
- Companies are 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 are 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.

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).

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 FY 2019-20.

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 was voluntary for the financial year 2021-22.**
- **2023-24:** SEBI had released following Regulations / Master Circulars with respect to ESG space:
 - **5th July, 2023:** SEBI (Credit Rating Agencies) (Amendment) Regulations, 2023 to introduce Regulations for ESG Ratings Provider.
 - **12th July, 2023:** Master Circular for ESG Rating Providers (ERPs) ([Weblink](#))
 - **12th July, 2023:** BRSR Core - Framework for assurance and ESG disclosures for value chain ([Weblink](#))
 - The format of **BRSR Core** for reasonable assurance. ([Weblink](#))
 - The BRSR format after incorporating new KPIs of BRSR Core ([Weblink](#))
 - **20th July, 2023:** New category of Mutual Fund schemes for Environmental, Social and Governance (“ESG”) Investing and related disclosures by Mutual Funds ([Weblink](#))



ESG EVALUATION MODEL

- **2024-25:** SEBI had released following Regulations / Master Circulars with respect to ESG space:
 - **16th May, 2024:** Master Circular for ESG Rating Providers (ERPs) ([Weblink](#))
 - **20th Dec, 2024:** Industry Standards on Reporting of BRSR Core ([Weblink](#))
 - **28th Mar, 2025:** Measures to facilitate ease of doing business with respect to framework for assurance or assessment, ESG disclosures for value chain, and introduction of voluntary disclosure on green credits ([Weblink](#))
 - **29th April, 2025:** Clarificatory and Procedural changes to aid and strengthen ESG Rating Providers (ERPs) ([Weblink](#))
 - **5th June, 2025:** Framework for Environment, Social and Governance (ESG) Debt Securities (other than green debt securities) ([Weblink](#))

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 companies 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, and Rules framed thereunder.



ESG EVALUATION MODEL

- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
- SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
- SEBI (Prohibition of Insider Trading) Regulations, 2015 & other applicable Regulations

Apart from the above-mentioned legal requirements, sector specific laws are also considered. For example, in case of Banks, The Banking Regulation Act, 1949 & circulars issued by RBI etc.

GLOBAL FRAMEWORKS

Over the past two decades, several voluntary and independent organizations have emerged globally, establishing widely accepted standards for reporting on ESG (Environmental, Social, and Governance) factors. In the aftermath of COP26, there has been significant consolidation among various ESG standards and frameworks, aiming to bring greater consistency and comparability to sustainability reporting.

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.

GLOBAL REPORTING INITIATIVE ("GRI")

The Global Reporting Initiative (GRI) Standards are a set of guidelines used by organizations to report information about their environmental, social, and economic impacts. The Standards are designed to be applicable to organizations of any size or type, including both public and private entities. They help organizations disclose how their activities affect the economy, the environment, and people. The Standards are also used by various stakeholders such as investors, policymakers, regulators, and civil society to access consistent and comparable sustainability-related information. The GRI framework is organized into Universal Standards, Sector Standards, and Topic Standards. ([GRI Standards](#))

IFRS FOUNDATION ("IFRS")

The IFRS Foundation is a not-for-profit organization established to develop accounting and sustainability disclosure standards that are intended to be high-quality, understandable, enforceable, and globally applicable. The Foundation operates through two independent standard-setting boards: The International Accounting Standards Board (**IASB**), which focuses on accounting standards, and the International Sustainability Standards Board (**ISSB**), which focuses on sustainability-related disclosures.

International Sustainability Standards Board (ISSB): IFRS Sustainability Disclosure Standards are developed by the International Sustainability Standards Board (ISSB). The ISSB is an independent standard-setting body within the IFRS Foundation.

IFRS Sustainability Standards are developed to enhance investor-company dialogue so that investors receive decision-useful, globally comparable sustainability-related disclosures that meet their information needs. The ISSB is supported by technical staff and a range of advisory bodies.

Standards and frameworks:

- **IFRS Sustainability Standards:**
 - IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information
 - IFRS S2: Climate-related Disclosures



ESG EVALUATION MODEL

These standards establish a framework for companies to report sustainability-related financial information in a consistent and globally comparable manner.

- **SASB Standards:** The SASB Standards are a source of guidance for applying IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. The SASB Standards help companies identify and disclose material information about sustainability-related risks and opportunities in the absence of specific IFRS Sustainability Disclosure Standards.

The SASB Standards identify the sustainability-related risks and opportunities most relevant to investor decision-making in 77 industries. The Standards were developed using a rigorous and transparent standard-setting process that included:

- evidence-based research;
- broad and balanced participation from companies, investors and subject-matter experts; and
- oversight and approval from the independent SASB Standards Board.

In August 2022, the ISSB assumed responsibility for the SASB Standards when the Value Reporting Foundation (VRF), the global non-profit that previously maintained these Standards, consolidated into the IFRS Foundation. The ISSB is committed to maintaining and enhancing the SASB Standards and encourages their continued use.

In December 2023, the ISSB published amendments to enhance the international applicability of the SASB Standards.

- **TCFD recommendations:** The Financial Stability Board had announced that the work of the TCFD has been completed, with the ISSB Standards marking the 'culmination of the work of the TCFD'.

Companies applying IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures will meet the TCFD recommendations as the recommendations are fully incorporated into the ISSB Standards.

The IFRS Foundation has [published a comparison](#) of the requirements in IFRS S2 and the TCFD recommendations.

The requirements in IFRS S2 are consistent with the four core recommendations and eleven recommended disclosures published by the TCFD.

As demonstrated in the comparison, companies that apply the ISSB Standards will meet the TCFD recommendations and so do not need to apply the TCFD recommendations in addition to the ISSB Standards.

There are additional requirements in IFRS S2. These include the requirements for companies to disclose industry-based metrics, to disclose information about their planned use of carbon credits to achieve their net emissions targets and to disclose additional information about their financed emissions.

The TCFD has been a trailblazer in raising the practice and quality of climate-related disclosures, with the ISSB building on this legacy.

The incorporation of the TCFD recommendations into the ISSB Standards provides yet further simplification of the so-called 'alphabet soup' of disclosure initiatives for companies and investors.

The Financial Stability Board has also asked the IFRS Foundation to take over the monitoring of the progress on companies' climate-related disclosures from the TCFD.

While companies can still use the TCFD recommendations, given the TCFD has now disbanded the list of supporters is no longer active.



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SUSTAINABLE DEVELOPMENT GOALS ("SDG")

The Sustainable Development Goals (SDGs), also referred to as the Global Goals, were adopted in 2015 by all United Nations Member States as part of the 2030 Agenda for Sustainable Development. They provide a shared framework for addressing global challenges such as poverty, inequality, climate change, environmental degradation, peace, and justice.



There are 17 SDGs, each with specific targets and indicators. The goals are interconnected, meaning progress in one area can influence outcomes in others. The SDGs emphasize the need for balanced progress across social, economic, and environmental dimensions of sustainability.



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