

Transformation of India Inc.: Evidence from ESG disclosures

Insights and Opportunities 2023



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Key Highlights



Key Highlights



Rapidly Evolving Regulations

An interplay between multiple stakeholders is actively contributing to the need for corporates to strategise, measure, disclose and improve ESG indicators

Regulators are taking the reins, after decades of voluntary engagement, and increasingly adopting mandatory paths to enforce transparency.



Substantial growth in ESG disclosures

Sattva's review of India Inc. shows regulatory push to be yielding strong positive results in data transparency. An average **increase in disclosure of 29%** was observed across ESG indicators between FY20-21 and FY21-22.



Need for adaptation

Despite growing disclosure rates, there is need for companies to adopt a strategic approach to sustainability and focus on actual performance and improvement of ESG metrics. The path towards can be determined based on current level of ESG maturity and future goals, ranging from future proofing against regulations or aiming for ESG leadership

Background and Context



Sustainability disclosure is no longer optional

An interplay between pull and push factors is actively contributing to the need for corporates to strategize, measure, disclose and improve indicators of Environment, Social and Governance (ESG) sustainability

PULL

- **Access to capital**, as investors increasingly seek out ESG data to inform their investment decisions
- **Competitive advantage**, as ESG leaders are often viewed more favorably by customers, employees, and other stakeholders
- **Improved operational efficiency and cost savings** through more sustainable practices
- **Long-term value creation** by addressing ESG risks and opportunities

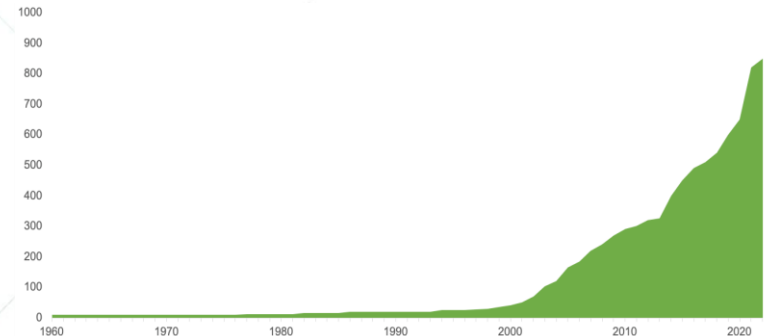
ESG focused companies in India consistently outperform indicating greater potential for shareholder returns



PUSH

- **Regulatory requirements or pressures** to comply with industry standards
- **Stakeholder expectations** or demands for transparency and accountability
- **Risk mitigation and reputation management** considerations
- **Internal commitment to sustainability** and responsible business practices

96% of sustainable policies have been developed after 2000



Regulators in India, particularly SEBI, leading the push dynamic by taking a progressive or 'glide path' to ESG integration over the last decade

Government and policy maker interest sustainability has grown dramatically since the start of the decade

2009

2012

2014

2015

2017

2019

2021

2023

Ministry of Corporate Affairs ("MCA") issued the National Voluntary Guidelines ("NGVs") on CSR

CSR was mandated and CSR Rules came into force (**Companies Act, Section 135**)

SEBI mandated top 100 listed companies by market capitalization to file **Business Responsibility Report (BRR)** based on NGVs along with annual reports

BRR was extended by SEBI to the top 500 listed companies by market capitalisation

SEBI advised that IR (Integrated Reporting) may be adopted by companies on a voluntary basis from financial year 2017-18 by the top 500 listed companies

MCA released the NGRBC

BRR was extended by SEBI to the top 1000 listed companies by market capitalisation

SEBI introduced BRSR in May 2021

~200 firms publish voluntary BRSR report; SEBI introduces new set of guidelines via Press Release from a Board Meeting

BRSR regulations are a step forward towards standardising KPIs from leading organisations and support others with familiarizing them with non-financial disclosures

BRSR

Mandatory for top 1000 listed firms by market cap, By FY 22-23

BRSR format is comprehensive, refers to NGRBC principles, based on SDG & UNGP

Format of BRSR is developed for listed and unlisted firms in mind

BRSR reports shared with MCA to be integrated into a common database

Recent regulatory changes indicate outsized focus on corporate accountability through data assurance and reporting on supply chain ESG metrics

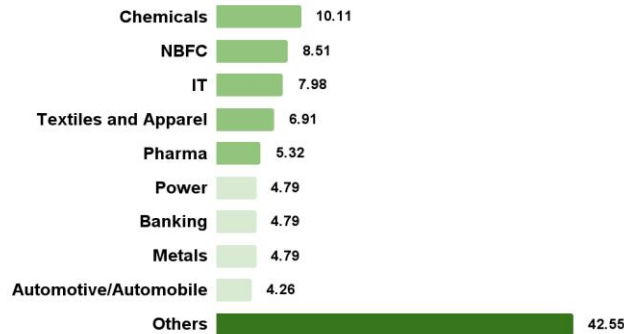
Introduction of BRSR Core KPIs for reporting and assurance from supply chain members is a significant step that requires major adaptation in the coming years for India Inc.

Area of focus	Impacted cohort	Adaptation level	Potential Outcomes
<p>BRSR Core: Assurance</p> <p>A limited set of Key Performance Indicators (KPIs), for which listed entities shall need to obtain reasonable assurance</p>	<p>Top 150 (listed firms by market cap from FY 23-24) Extended to top 1000 (listed firms by market cap from FY 26-27)</p>	<p>Medium</p>	<ul style="list-style-type: none"> - While a majority of top 150 companies provide limited third party assurance for reported ESG data, adaptation is required to ensure the approach to data reporting & assurance is as per the prescribed format from SEBI - Glide path to assurance also means requirements of BRSR Core is expected to cover all top 1,000 listed companies in the next five years, requiring investments in capacity building, data collection and reporting in the coming years
<p>BRSR Core: Value chain</p> <p>ESG disclosures & assurance (BRSR Core only) shall be introduced for the value chain of listed entities, with certain thresholds that shall be specified</p>	<p>Top 250 listed entities (by market capitalization), on a comply-or-explain basis from FY 2024 - 25 and FY 2025 - 26, respectively</p>	<p>High</p>	<ul style="list-style-type: none"> - With very limited existing reporting on Value chain ESG metrics, this regulatory change is expected require significant adaptation from India Inc. - Complexities of supply chains, ESG alignment from smaller, unlisted value chain members and resources required to collect data, verify, and coordinate pose as significant challenges to this reporting - Assurance of these supply chain metrics also requires further adaptation to identify audit pathways

In response to the rapidly changing environment, we see evidence of India Inc ramping up and evolving their reporting practices

19% of top companies adopted voluntary BRSR reporting for FY22 (*) (**)

% of Companies that filed for BRSR as of Mar 2023

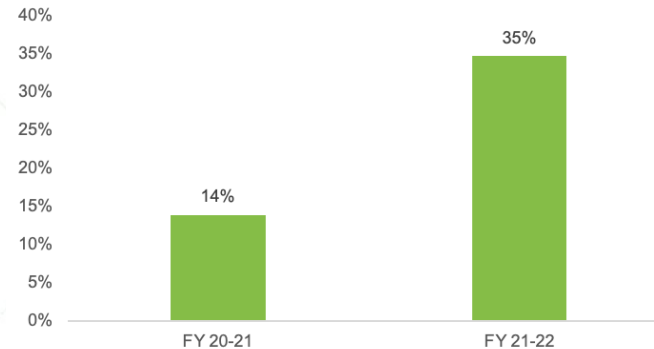


Compliance heavy sectors are mostly featured here engaging in early voluntary reporting

*Data collected from NSE repository of BRSR reports filed as of Mar 2023. (190 nos.)
**Others: comprises of all other sectors that are not represented in large enough numbers to be categorised separately

Corporates are also rapidly transitioning to Integrated Reporting vs standalone reporting

% of companies adopting Integrated reporting



21% single year growth of sample companies disclosing non financial information based on Integrated Reporting

*Data collected from 101 companies within top market cap, see slide 11 for more details

Sattva's Research & Insights



Overview of the research study

Element

Details

1 Sample selection

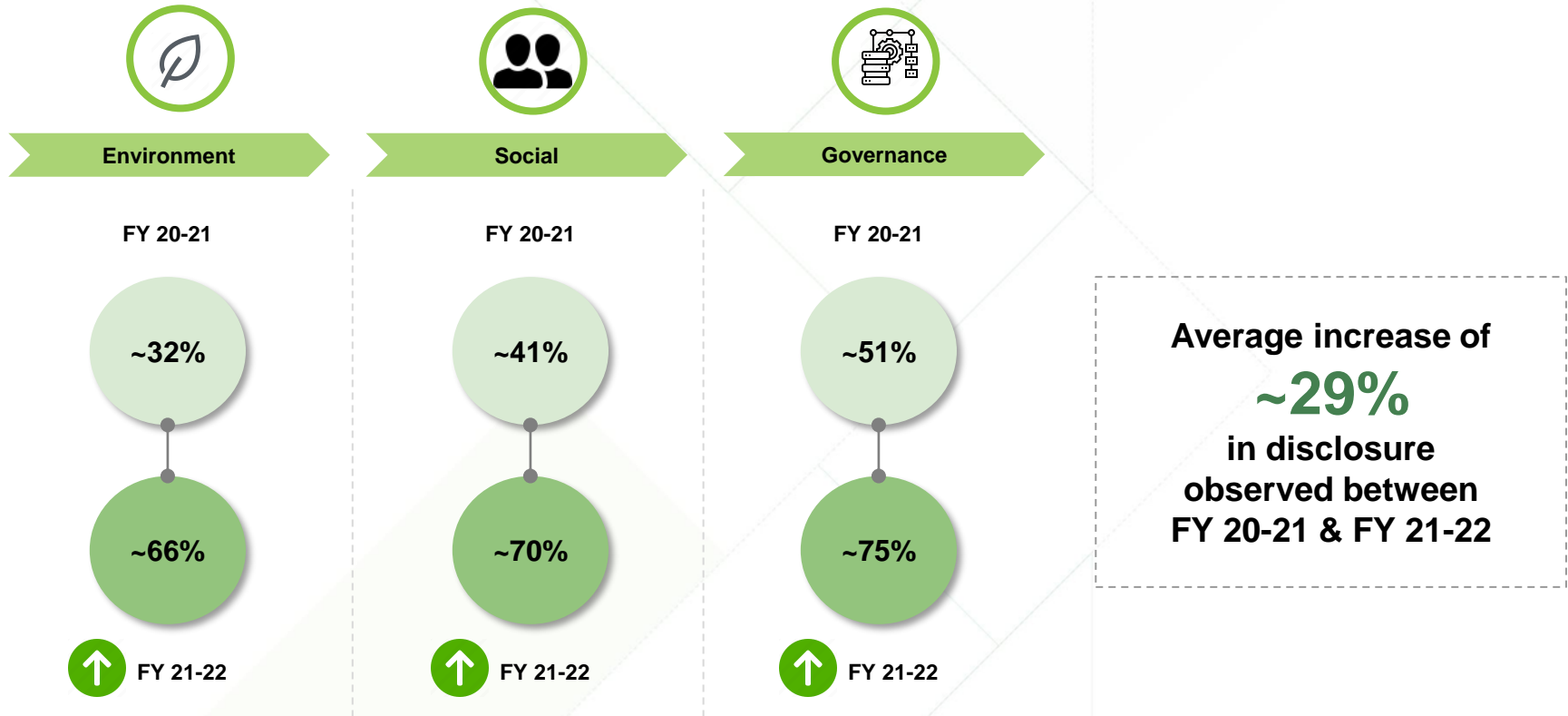
- Companies were sampled based on BRR->BRSR compliance in the large and mid cap category, across 26 sectors

Financial Year	Disclosure
FY 20-21	101 companies
FY 21-22	

2 Data collection

- Data was analyzed across **selected indicators on the BRSR requirement**
- All data is sourced from publicly available **Annual Reports, ESG/Sustainability/BRSR reports**
- For the purposes of this analysis, disclosure is defined as all pertinent information published by a listed firm to apprise public/regulators of the firm's activities
- Availability is determined based on the whether the concerned information regarding the specific BRSR indicator has been disclosed or not (partial/full disclosure)
- **Analysis is based on 'availability' for select indicators of data across the required attributes**

Sattva's analysis indicates substantial growth in ESG disclosures over FY 20-21 & 21-22



Detailed Insights

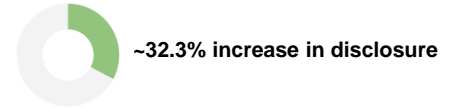
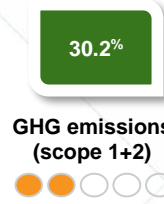
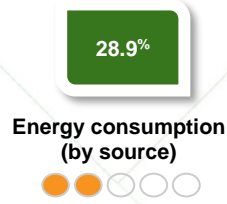
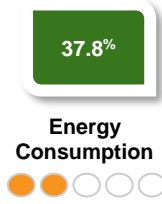




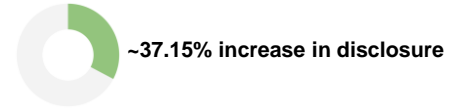
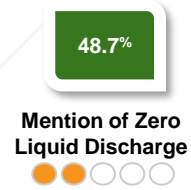
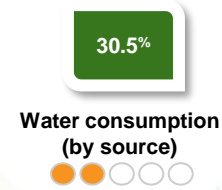
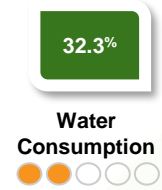
Environment

Environment<>Summary

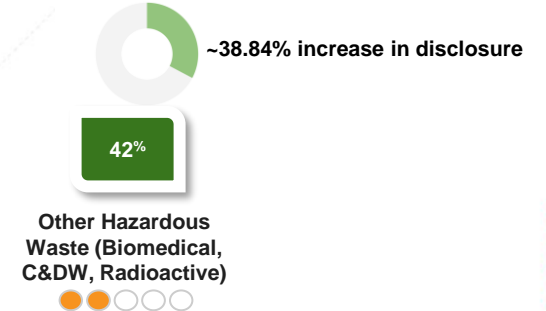
Energy Management



Water Management



Waste Management

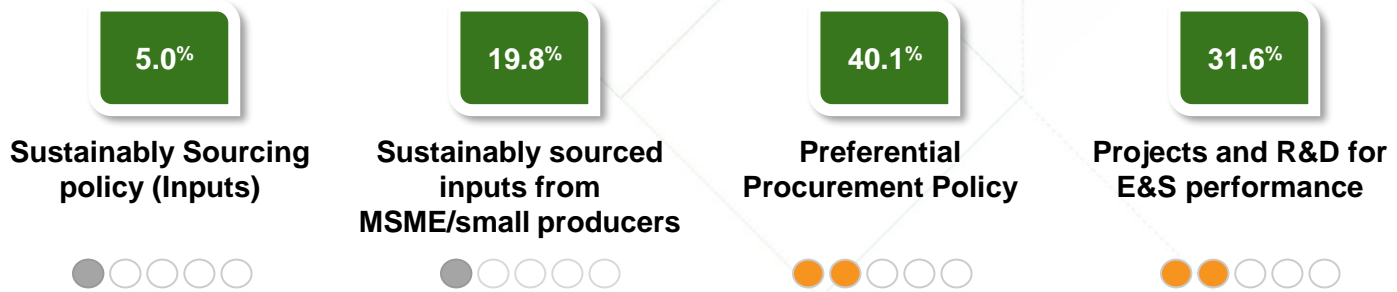


100% 75-99% 50-74% 25-49% 0-24%

Sample Size (N) : 101/1000 firms (by market cap) across FY 20-21 & FY 21-22

Environment<>Summary

Sustainable sourcing <> R&D



Circular Economy



100% 75-99% 50-74% 25-49% 0-24%

Sample Size (N) : 101/1000 firms (by market cap) across FY 20-21 & FY 21-22

Environment<>Insights

Energy Management

Energy Consumption

- Reporting has increased by ~38%, from 33% to 71% in FY22, highlighting the significant focus of corporates to report energy related data. Notably, Oil, Gas and Energy, Pharma, and BFSI have seen significant growth in disclosures, between 64 - 41 % in a single year
- 29% of firms sampled have not disclosed or partially disclosed information. Particularly, 61% of companies in the Chemical sector has scope to increase disclosure

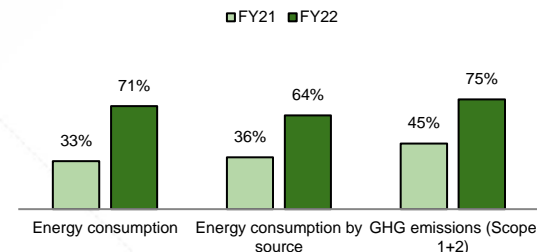
Energy Consumption (by source)

- Reporting has grown by ~29% from 36% to 64% in FY22. Oil, Gas and Energy reports biggest disclosure growth of 50% within our sample
- 36% of firms sampled have not reported or partially reported energy consumed through other sources, with Chemicals sector showing scope for increased disclosure, followed by BFSI, Textiles and FMCG sector

GHG Emissions (Scope 1+2)

- With 30% you disclosure growth, this indicator has shown a significant improvement from 45% average disclosure to 75% in FY 22. Sectors leading in disclosure rate growth include BFSI, Oil, Gas and Energy and Pharmaceuticals
- 25 % of firms sampled have not furnished information or sufficient information on GHG emissions
- Despite growth, only 50% of BFSI firms in our sample have shown higher disclosures. There is also scope of increasing reporting from Chemicals, FMCG and Textile sector

Energy and Emissions



Water Management

Water Consumption

- Water consumption reporting has seen a ~32% growth in average disclosure from 42% in FY22 to 74 % in FY22. Oil, Gas and Energy, Pharma and BFSI lead this growth in reporting
- 26% of firms sampled have not furnished or shared insufficient details, with Chemicals and BFSI sectors showing lower reporting

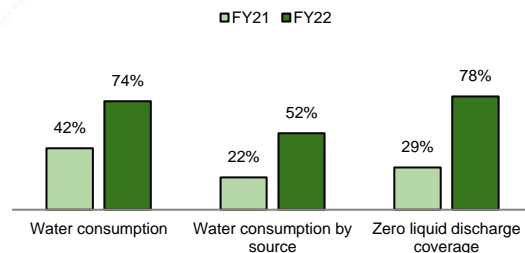
Water Consumption (by source)

- Breakdown of reporting water consumption by source has also seen a ~30% growth from 22% in FY21 to 52% average disclosure across sectors. Top movers include Oil, Gas and Energy, Pharma, Metals and Mining and BFSI
- 48% of firms sampled have not fully disclosed this information, based on BRSR requirements, particularly in Chemical companies with 80% of the sample not fully disclosing on this metric

Zero Liquid Discharge

- Disclosure of companies coverage under zero liquid discharge has seen a nearly a ~50% from only 29% average disclosure in FY21 to 78% in FY22. Oil and gas companies reporting has seen a 73% increase, followed by FMCG (63%)
- 22% of firms sampled have not furnished sufficient details, particularly from the BFSI and IT sector

Water Consumption



Environment<>Insights

Waste Management

Plastic Waste Management

- Reporting has increased ~39%, from 26% to 65% in FY22, highlighting the focus on plastic waste management across sectors. Particularly, we see higher growth in average disclosures of 45-75% for Metals and Mining, Oil, Gas and Energy in a single year
- 35% of firms sampled have not disclosed or partially disclosed information. 53% of companies in the Chemical sector has scope for increased disclosure

E Waste Management

- Reporting has significantly grown by ~43%, from 15% to 58% in FY22. Disclosure growth is highest in Oil, Gas and Energy, Pharmaceuticals, Metals and Mining sectors in the range of 50-65%
- Overall, 42% of sampled firms have not disclosed or partially disclosed information. At a sector level, 69% of companies within the Chemical sector again have scope for higher disclosure

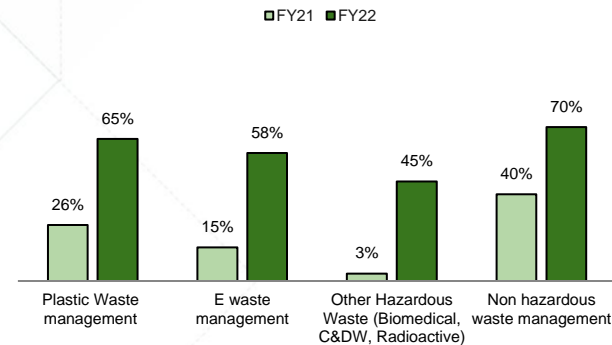
Other Hazardous Waste (Biomedical, C&DW, Radioactive)

- Reporting on other hazardous waste (Biomedical, C&DW, Radioactive) increased by ~42%, from 3% to 45% in FY22. Within sectors, we see increase in average disclosures by 25-50% for Pharmaceuticals, Oil, Gas and Energy, FMCG, BFSI in a single year
- 55% of firms sampled have not disclosed or partially disclosed information. 75% of companies in the FMCG sector can aim for higher disclosure

Non Hazardous Waste Management

- Reporting on non hazardous waste increased by ~30%, from 40% to 70% in FY22. Within sectors, we see increase in average disclosures by 25-50% for Pharmaceuticals, Oil, Gas and Energy, FMCG, BFSI in a single year
- 30% of firms sampled have not disclosed or partially disclosed information. 42% of companies in the Chemical sector can aim for higher disclosure

Waste Management



Environment<>Insights

Circular Economy

% of recycled/reused inputs in production

- Disclosure on percentage of recycled/reused production inputs has increased by ~20%, from 26% to 45% in FY22. On average, Pharmaceuticals, Oil, Gas and Energy, Metals and Mining and BFSI have reported 25-35% higher on this metric
- However, there is scope of higher reporting as 55% of firms sampled have not disclosed or partially disclosed information. At a sectoral level, 53% of companies in the Oil, Gas and Energy and FMCG companies have more scope for disclosure

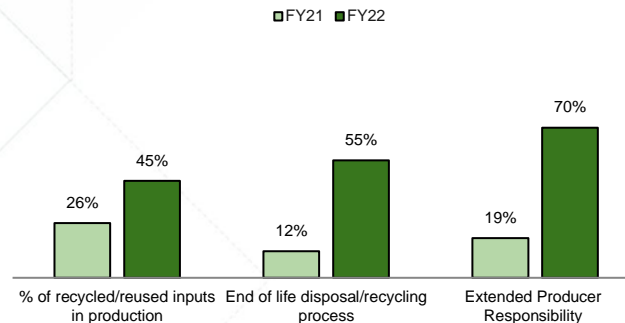
End of life disposal/recycling process

- Reporting has increased ~42%, from 12% to 55% in FY22, highlighting the heightened focus on End of life disposal/recycling process. Pharma, Oil, Gas and Energy and Metals and Mining sectors report higher single year growths (60-65%)
- 45% of firms sampled have not disclosed or partially disclosed information. 67% of companies in the Chemicals sector has scope for disclosure

Extended Producer Responsibility

- Disclosure has grown by ~51%, from 19% to 70% in FY22, indicating that BRSR has supported comprehensive reporting by requiring companies to publicly disclose their applicability under EPR and the respective practices
- As a result we see massive growth particularly between 90-95% for Oil, Gas and Energy and Metals and Mining sectors
- 30% of firms sampled have not disclosed or partially disclosed information. 69% of companies in the Chemicals sector has scope for additional disclosure

Circular Economy



Environment<>Insights

Sustainable Sourcing and R&D

Sustainably Sourced Policy (Inputs)

- While reporting on sustainably sourced inputs has only increased by ~5%, this is supported by high level of average disclosure in the base year at 91%. Within sectors, the increase is driven by BFSI and Metals and Mining sectors
- Only 4% of firms sampled have not disclosed or partially disclosed information, of this 25% of companies in the FMCG sector has scope for additional disclosure within the sample

Sustainably sourced inputs from MSME/small producers

- Reporting has grown ~20%, from 55% to 74% in FY22, demonstrating the growing focus on Sustainably Sourced Inputs from MSME/small producers. 20-35% disclosure growth seen across BFSI, Oil, Gas and Energy and Pharmaceuticals sector companies in the sample
- 26% of firms sampled have not disclosed or partially disclosed information. Additionally, 34% of companies in the Chemicals sector have scope for additional disclosure

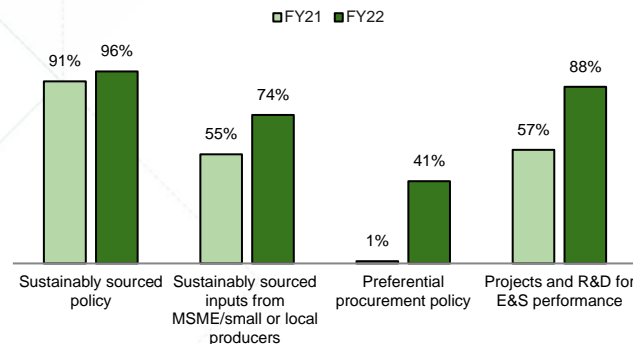
Preferential Procurement Policy

- Reporting has increased ~40%, from 1% to 41% in FY22, demonstrating high adoption of such policy initiatives
- Majority of our firms sampled (59%) have not disclosed or partially disclosed information. Notably, 76% of companies in the Chemicals sector and a majority of companies in the FMCG sector has scope for policy adoption and disclosure

Projects and R&D for E&S performance

- Reporting has increased ~32%, from 57% to 88% in FY22, highlighting the high focus on Projects and R&D for E&S performance. We have seen high growth in disclosures between 35-50% for Real Estate and Pharmaceuticals sectors
- Only 12% of firms sampled have not disclosed or partially disclosed information. Within this, 31% of companies in the BFSI sector has scope for disclosure

Sustainable sourcing and R&D





Social

Social: Employees/Workers <=> Summary

Diversity & Inclusion

4.0%

Gender diversity



5.6%

Inclusivity
(differently abled staff)



65.3%

Inclusivity
(accessibility)



~18.74% increase in disclosure

0%

Board diversity



100% reporting for both
FY20-21 & FY 21-22

Human Resources

1.0%

Total Employees



31.9%

Remuneration



3.9%

Total Workers



~9.68% increase in disclosure

92% reporting FY20-21
& 86% reporting FY 21-22

100% 75-99% 50-74% 25-49% 0-24%

Sample Size (N) : 101/1000 firms (by market cap) across FY 20-21 & FY 21-22

Social: Employees/Workers <=> Summary

Employee Engagement

50.0%

Training BOD/KMP*



0.7%

Training Non-BOD/KMP



29.6%

Training Workers



37.1%

Training Value chain partners



~32.74% increase in disclosure

Turnover & Retention

22.6%

Employee Turnover



41.6%

Worker Retention /Return to Work



51.8%

Employee Retention/ Return to Work



~38.67% increase in disclosure

100%

75-99%

50-74%

25-49%

0-24%

*Board of Directors/Key Management Personnel

Sample Size (N) : 101/1000 firms (by market cap) across FY 20-21 & FY 21-22

Social: Employees/Workers <=> Summary

Employee Wellbeing

34.8%

Employees wellbeing
(Insurance and other
benefits)



46.8%

Workers wellbeing
(Insurance and other
benefits)



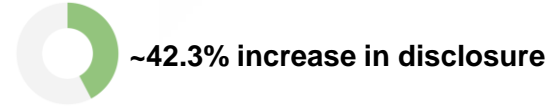
29.7%

Retirement benefits
(employees)



57.9%

Retirement benefits
(workers)



Health & Safety

24.5%

Health & Safety
Training



49.6%

Occupational H&S
Management System



43.4%

Injury



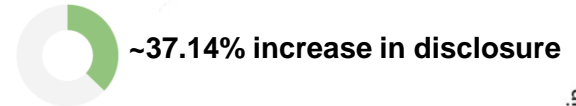
39.8%

Fatalities



28.5%

Value chain partner
assessment for health
& safety



100% 75-99% 50-74% 25-49% 0-24%

Sample Size (N) : 101/1000 firms (by market cap) across FY 20-21 & FY 21-22

Social: Employee, Workers and Community <> Summary

Human Rights

43.3%

Human Rights Training



86.1%

Association/Union involvement (employees)



29.2%

Value chain partner assessment for human rights and working conditions



~39.29% increase in disclosure

1.5%

Human Rights complaints



88% reporting FY20-21 & 86% reporting FY 21-22

Community Engagement

1.0%

Grievance Redressal for Community



38.0%

CSR spend (aspirational district)



~13.02% increase in disclosure

0%

CSR Spend



100% reporting for both FY20-21 & FY 21-22

100% 75-99% 50-74% 25-49% 0-24%

Sample Size (N) : 101/1000 firms (by market cap) across FY 20-21 & FY 21-22

Social: Customers <=> Summary

Customer Engagement and Data Security



1.0%

Customer feedback and complaint mechanism



50.7%

Details of Cyber security and Data privacy framework



56.2%

Complaints on Cyber security and Data privacy



18.8%

Complaints on Advertising and Unfair/restrictive trade practices



9.8%

Information on safe and responsible use of products and services



86% reporting FY20-21 & 76% reporting FY 21-22

100%

75-99%

50-74%

25-49%

0-24%

Sample Size (N) : 101/1000 firms (by market cap) across FY 20-21 & FY 21-22

Social <> Insights

Diversity and Inclusion

Gender diversity

- Gender Diversity is a highly reported ESG metric that already had base year reporting of 92% and increased by ~4% to 96% in FY22 average reporting in our sample
- Only 4% of firms sampled have not disclosed or partially disclosed information, of which ~33% of companies are part of the Metals and Mining sector

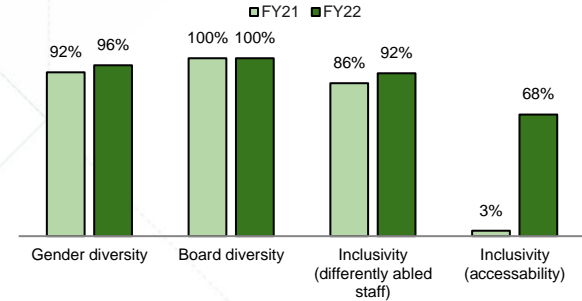
Board Diversity

- Board Diversity is the only ESG metric with 100% disclosure across sectors for both FYs
- While this may not be a direct indication of any firm's efforts increase diversity, the reporting of diversity is a strong first step

Inclusivity

- Reporting on employment of differently abled staff was already at 86% in FY21 and increased by ~6% in the following FY. Only 8% of firms sampled have not disclosed or partially disclosed information of which 33% of companies are from the Metals and Mining sector
- Reporting for inclusivity (accessibility) went up significantly by 65% , from 3% to 67% in FY22. Of the sampled firms , 32% have not disclosed or partially disclosed information, with select sectors like FMCG, Textile and Apparel, that have ~75% scope for disclosure

Diversity and Inclusion



Human Capital

Total Employees

- Reporting has stayed consistent at almost ~100% in FY21 and FY22

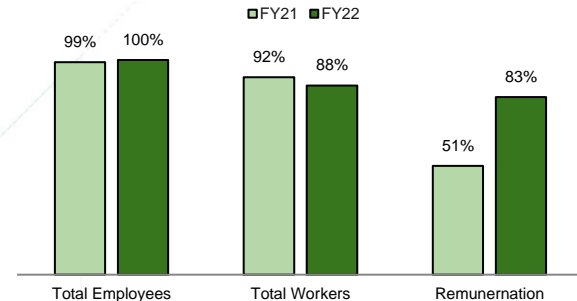
Total Workers

- Reporting has decreased ~4%, from 92% to 88% in FY22, for total workers. This could potentially be driven by BRSR guidelines that highlights boundary conditions in defining 'workers' and may require corporations to re-evaluate this reporting
- 12% of firms sampled have not disclosed or partially disclosed information. ~33% of companies in the Metals and Mining and ~25% in Pharmaceuticals sector have scope to increase disclosure

Remuneration

- Reporting has grown ~32%, from 51% to 83% in FY22, for Remuneration. We have seen major growth in disclosures between 30-45% for Metals and Minings, Oil, Gas and Energy and Pharmaceutical sectors
- 17% of firms sampled have not disclosed or partially disclosed information. Additionally, ~28% of companies in the Real Estate sector has scope for increased disclosure

Human Capital



Social <> Insights

Employee Engagement

Training BOD/KMP*

- Average disclosure has grown by ~50%, from 1% to 51% in FY22, on training details of Board of Directors or Key Management Personnel. 49% of firms sampled have not disclosed or partially disclosed information. 68% of companies in the FMCG sector and 75% in Real Estate sector has scope for disclosure

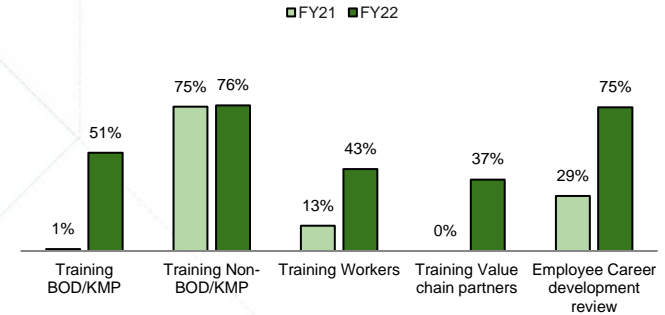
Training Value Chain Partners

- Reporting on training of value chain partners on sustainability principles has seen a substantial increase by ~37%, from 0% in FY21, highlighting the existing and growing focus of corporates to improve their supply chain impact. Notably, 58% average disclosure growth was observed for Metals and Mining companies, 36% for Pharmaceuticals, followed by 36% in Real estate companies
- 63% of firms sampled have not disclosed or partially disclosed information. 76% of companies in the Chemicals sector and a majority of companies in FMCG sector have scope to increase disclosure

Training Workers

- Echoing the supply chain ESG focus, reporting on training of workers increased by ~30%, from 13% to 43% in FY22. The growth is notably higher for Oil, Gas and Energy and Pharmaceuticals sectors (55-65%)
- 57% of firms sampled have not disclosed or partially disclosed information. 75% of companies in the FMCG sector and ~83% in Textile and Apparel sector have scope for increased transparency

Employee Engagement



Turnover and Retention

Employee Turnover

- Disclosure on employee turnover rates has increased by ~23%, from 64% to 87% in FY22. Oil, Gas and Energy, FMCG and Pharmaceutical reported an average disclosure growth of 25-40%
- 13% of firms sampled have not disclosed or partially disclosed information. ~37% of companies in the FMCG sector have scope for increased disclosure

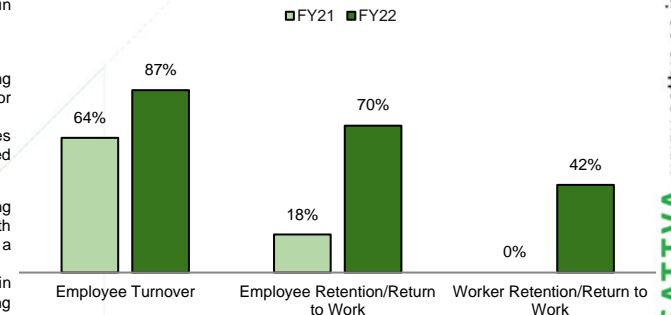
Worker Retention/Return to work

- Reporting has increased by ~42%, from 0% in FY21, highlighting the heightened focus on tracking Workers Retention/Return to work rates. We have seen growth in disclosures between 60-75% for Oil, Gas and Energy, Metals and Mining and Pharmaceuticals for this metric
- 58% of firms sampled have not disclosed or partially disclosed information. ~87% of companies sampled in the FMCG sector and 75% for Textile and Apparel sector has scope for increased disclosure

Employee Retention/Return to work

- Reporting has more than doubled and grown by ~52%, from 18% to 70% in FY22 indicating corporates focusing on tracking and/or reporting on this metric quantitatively. We have seen growth in disclosures by 75-85% for Oil, Gas and Energy, Metals and Mining and Pharmaceuticals in a single year
- 30% of firms sampled have not disclosed or partially disclosed information. ~61% of companies in the Chemicals sector and 66% for Textile and Apparel sector in the sample can focus on increasing transparency

Turnover and Retention



*Board of Directors/Key Management Personnel

Social <> Insights

Human Rights

Human Rights Training

- Reporting has increased ~43%, from 9% to 52% in FY22, highlighting the heightened focus on Human Rights Training. We have seen high growth in disclosures between 60-65% for Oil, Gas and Energy and Pharmaceuticals in a single year
- 48% of firms sampled have not disclosed or partially disclosed information.~75% of companies in the FMCG sector has scope for increased disclosure

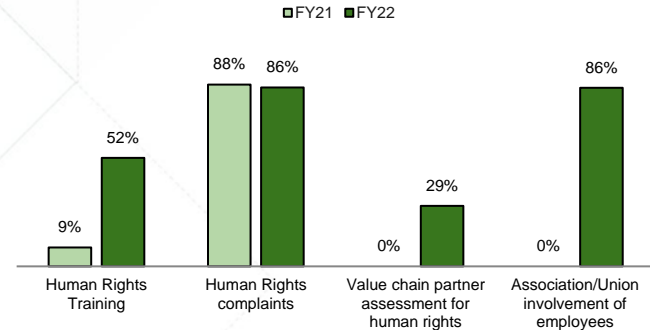
Association/union involvement

- Disclosure on employee association and union involvement has increased from 0% in FY21 to 86% in FY22, indicating BRSR requirements influencing reporting on this indicator. 90-95% increase in disclosure was seen in Oil, Gas and Energy and BFSI sector companies in the sample
- 14% of firms sampled have not disclosed or partially disclosed information

Value chain partner for assessment of Human Rights

- In response to increasing need for transparency on supply chain monitoring and assessment for human rights and working conditions, reporting on this indicator has increased from 0% in FY21 to 29% in FY22. Pharma and BFSI sector sample companies have an average growth in disclosures between 45-65% in a single year
- 71% of firms sampled have not disclosed or partially disclosed information.~93% of companies in the FMCG sector and 85% in Real Estate sector have scope for improving disclosure, particularly as these sectors have complex and diverse value chains

Human Rights



Social <> Insights

Employee Well Being

Employee Well Being

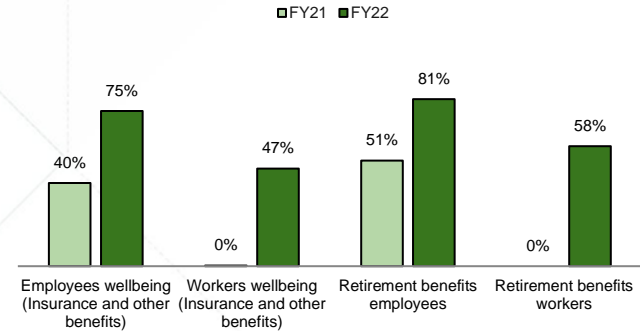
Retirement Benefits (employees)

Worker Well Being

Retirement Benefits (workers)

- Reporting has increased by ~35% to 75% in FY22 on employee wellbeing indicators (including insurance and other benefits.. A 67% average growth in disclosure was observed in the sample for Oil, Gas and Energy sector in a single FY
- 25% of firms sampled have not disclosed or partially disclosed information.~53% of companies in the FMCG sector has scope for additional disclosure
- Reporting has increased by ~30%, from 51% to 81% in FY22, highlighting BRSR requirements driving disclosures on Retirement Benefits (employees). Oil, Gas and Energy and Pharma sample companies have seen the highest average growth in disclosure at 45-50%
- 19% of firms sampled have not disclosed or partially disclosed information.~37-38% of companies in the FMCG and Chemicals sector has scope for increased disclosure
- Reporting has increased by ~47% to 47% in FY22 on worker wellbeing indicators (including insurance and other benefits.. A 75-80% average growth in disclosure was observed in the sample for Oil, Gas and Energy and Pharmaceuticals sector in a single FY
- 53% of firms sampled have not disclosed or partially disclosed information.~78% of companies in the Real Estate sector and ~81% of companies in the FMCG sector, has scope for additional disclosure
- Reporting has increased by ~58%, from ~0% to 58% in FY22, highlighting BRSR requirements driving disclosures on Retirement Benefits (workers). Oil, Gas and Energy and Pharma sample companies have seen the highest average growth in disclosure at 95-100%
- 42% of firms sampled have not disclosed or partially disclosed information.~69% of companies in the Chemicals and ~75% in FMCG sector has scope for increased disclosure

Employee/Worker Wellbeing



Social <> Insights

Health and Safety

Health and Safety Training

- Health and safety training reporting has seen a ~25% increase in corporate disclosure from 46% to ~70% in FY22. An average of 25-30% growth in FMCG and Pharmaceuticals sector companies was observed
- 30% of firms sampled have not disclosed or partially disclosed information.-50% of companies in the Real Estate sector has scope for increased disclosure

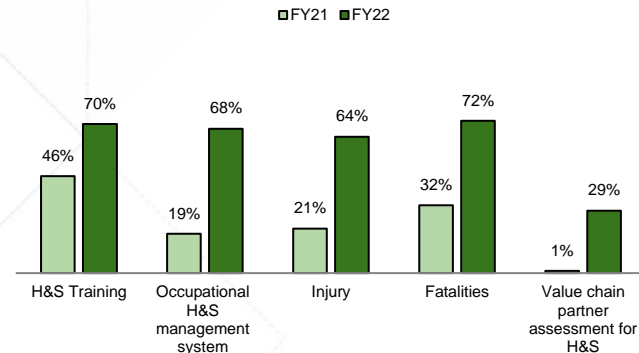
OHS management system

- Occupational Health and Safety Management systems are critical to ensure a safe working environment and reporting has significantly increased by ~50%, from 19% to 68% in FY22. We have seen high growth in disclosures between 50-75% for Metals and Mining, Oil, Gas and Energy and Pharmaceuticals in a single year
- 32% of firms sampled have not disclosed or partially disclosed information.-60% of companies in the FMCG sector has scope for improving disclosure

Value chain partner assessment for health and safety

- Despite the other indicators showing substantial increase in year on year reporting, the assessment of value chain partners on health and safety was reported only by less than 30% of the sample across both years. This signifies the need for building capabilities in assessment, measurement and reporting
- 71% of firms sampled have not disclosed or partially disclosed information.-75% of companies in the Pharmaceutical sector has scope for additional disclosure

Health and Safety



Community Engagement

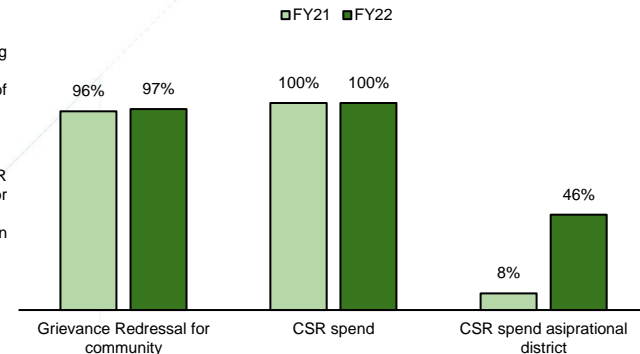
Grievance Redressal

- Reporting has only increased by ~1%, from 96% to 97% in FY22, highlighting the existing mechanisms in place for Grievance Redressal to community members
- Only 3% of firms sampled have not disclosed or partially disclosed information, particularly 18% of the BFSI sector can focus on increasing disclosure

CSR spend (aspirational district)

- Reporting has increased ~38%, from 8% to 46% in FY22, highlighting the heightened focus on CSR Spend in aspirational district. We see particularly high growth in disclosures between 50-65% for Metals and Mining and Pharmaceuticals on this indicator
- 54% of firms sampled have not disclosed or partially disclosed information.-87% of companies in the FMCG and 85% for IT sector has scope for increasing disclosure

Community Engagement



Social <> Insights

Customer Engagement and Data Security

Information on safe and responsible use of products and services

- Despite higher levels of base year reporting, disclosure of Information on Safe and Responsible use of Products and Services to customers has decreased by ~10% on an year on year basis
- 24% of firms sampled have not disclosed or partially disclosed information.~45% of companies in the Oil, Gas and Energy sector has scope for increasing disclosure

Details of Cyber security and Data privacy framework

- Disclosure has increased by ~51%, to 75% in FY22, for reporting on Cybersecurity and Data Privacy Framework. We have seen high growth in disclosures between 80-90% for Oil, Gas and Energy and Pharmaceuticals in a single year
- 25% of firms sampled have not disclosed or partially disclosed information.~58% of companies in the Textile and Apparel sector has scope for additional disclosure

Complaints on Cyber security and Data privacy

- Reporting has only increased by ~56%, from 1% to 57% in FY22, for Complaints on Cybersecurity and Data Privacy
- 43% of firms sampled have not disclosed or partially disclosed information.~75% of companies in the FMCG sector has scope for reporting on cyber and data security complaints if any

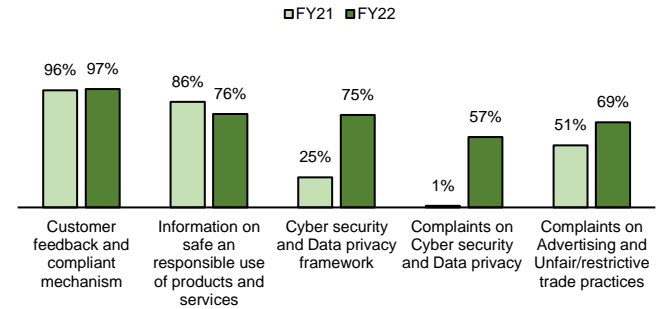
Complaints on Advertising and Unfair/restrictive trade practices

- Reporting on complaints on advertising and unfair trade practices has increased by ~19%, from 51% to 69% in FY22. This has particularly increased between 25-45% for Oil, Gas and Energy and Pharmaceuticals in a single year
- 31% of firms sampled have not disclosed or partially disclosed information.~37% of companies in the FMCG sector has scope for disclosure on this

Customer Feedback and Complaint Mechanism

- With existing high levels of base reporting at 96% in FY21, there has only been a 1% growth year on year in average disclosure of mechanism for customer feedback and complaints
- Only 3% of firms sampled have not disclosed or partially disclosed information

Customer Engagement and Data Security





Governance

Governance <=> Summary

ESG Strategy and Sustainability Governance

18.2%

ESG Targets and Commitments



54.9%

ESG Performance Vs Targets disclosed



64.3%

Translate ESG policy to procedures



25.1%

Adherence to ESG codes/certifications /standards



63.4%

Policies extended to Value Chain Partners



21.6%

External assurance for ESG policies



~41.3% increase in disclosure

Corporate Governance

50.9%

Anti bribery/Anti corruption/Conflict of interest complaints



5.0%

Committee for sustainability issues



~23% increase in disclosure

100% reporting FY20-21 & 95% reporting FY 21-22

100% 75-99% 50-74% 25-49% 0-24%

Sample Size (N) : 101/1000 firms (by market cap) across FY 20-21 & FY 21-22

Governance <> Summary

Stakeholder & Industry Engagement

0.03%

Grievance Redressal procedure



14.9%

of Complaints filed and status



29.7%

Details furnished about complaints



0.05%

Penalties & fines paid



~9.7% increase in disclosure

3.0%

Membership of Trade Associations



15.3%

Engagement with Vulnerable/ marginalized stakeholder groups



98% reporting FY20-21 & 83% reporting FY 21-22

100%

75-99%

50-74%

25-49%

0-24%

Sample Size (N) : 101/1000 firms (by market cap) across FY 20-21 & FY 21-22

Governance <> Insights

ESG Strategy and Sustainability Governance

ESG Targets and Commitments

- ESG Targets and Commitments are critical for improving performance over a long term and indicate a strategic approach to ESG. Reporting has increased -18%, from 67% to 85% in FY22
- 15% of firms sampled have not disclosed or partially disclosed information.-33% of companies in the Textile and Apparel sector has scope for improving disclosure

ESG Performance Vs Targets disclosed

- Reporting has increased by -55%, from 3% to 58% in FY22, demonstrating the heightened focus on disclosing ESG Performance VS Targets disclosed. We have seen very high growth in disclosures between 90-95% for Oil, Gas and Energy and Mining in a single year
- 42% of firms sampled have not disclosed or partially disclosed information.-75% of companies in the Textile and Apparel and FMCG sector has scope for increasing disclosure

Translate ESG policy into procedures

- Reporting has increased by -64%, from 1% to 65% in FY22, demonstrating the heightened focus to translate ESG Policies into procedure to demonstrates operational implementation. We have seen very high growth in disclosures between -100% for Oil, Gas and Pharmaceuticals in a single year
- 25% of firms sampled have not disclosed or partially disclosed information.-75% of companies in the Textile and Apparel and FMCG sector has scope for improving disclosure

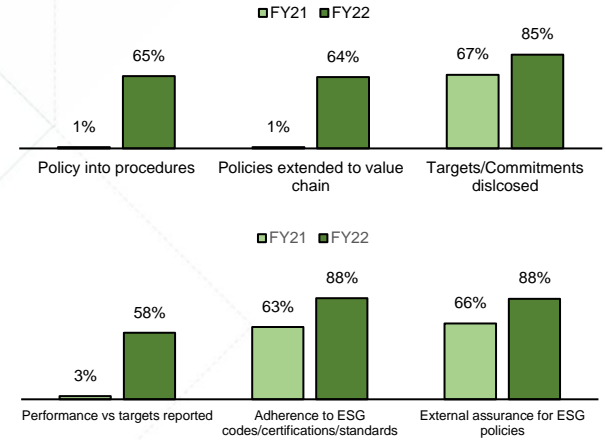
Policies extended to Value Chain Partners

- Reporting has increased -63%, from 1% to 64% in FY22, demonstrating the heightened focus on extending policies to value chain partners. We have seen very high growth in disclosures between -100% for Oil, Gas and Energy and Mining in a single year
- 36% of firms sampled have not disclosed or partially disclosed information.-75% of companies in the Textile and Apparel and -71% in IT sector has scope for disclosure

External assurance for ESG policies

- Reporting has increased by -22%, from 66% to 88% in FY22, on External assurance for ESG policies, indicating the shift towards reliable ESG data. A 30-40% disclosure growth was observed for Metals & Mining, Oil, Gas & Energy and BFSI sector samples
- 12% of firms sampled have not disclosed or partially disclosed information.-31% of companies in the FMCG sector have additional scope for disclosure

ESG Strategy and Sustainability Governance



Corporate Governance

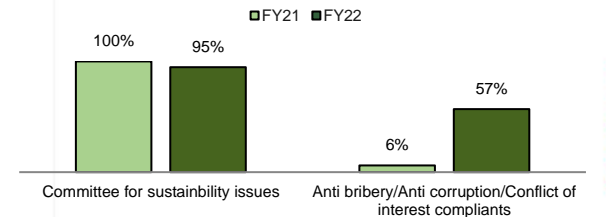
Committee for sustainability issues

- Reporting has decreased by -5%, from 100% to 95% in FY22, for Committee for Sustainability Issues
- -9% of companies in the BFSI sector has scope for disclosure

Anti bribery/Anti corruption/Conflict of interest complaints

- Reporting has decreased -52%, from 6% to 57% in FY22, demonstrating the heightened focus to report on Anti bribery/Anti corruption/Conflict of interest complaints. We have seen very high growth in disclosures between -75-100% for Oil, Gas and Energy and Pharmaceuticals in a single year
- 43% of firms sampled have not disclosed or partially disclosed information.-75% of companies in the Textile and Apparel and FMCG sector has scope for improving disclosure

Corporate Governance



Governance <> Insights

Stakeholder & Industry Engagement

Grievance Redressal procedure

- Reporting has stayed consistent at 97% for FY 21-22, for Grievance Redressal Procedure. We have seen very high growth in disclosures between ~18% for BFSI in a single year
- 3% of firms sampled have not disclosed or partially disclosed information for disclosure

of Complaints filed and status

- Reporting has increased ~15%, from 0% to 15% in FY22, demonstrating the heightened focus on # of complaints filed and status. We have seen growth in disclosures between 30-45% for Oil, Gas and Energy, Metals and Mining and Pharmaceuticals in a single year
- 85% of firms sampled have not disclosed or partially disclosed information. ~100% of companies in the Real Estate, Chemicals and BFSI sector has scope for disclosure

Penalties & fines paid

- Reporting has stayed consistent at 95% for Penalties and Fines paid, showing high focus on transparency in this regard
- 3% of firms sampled have not disclosed or partially disclosed information for disclosure

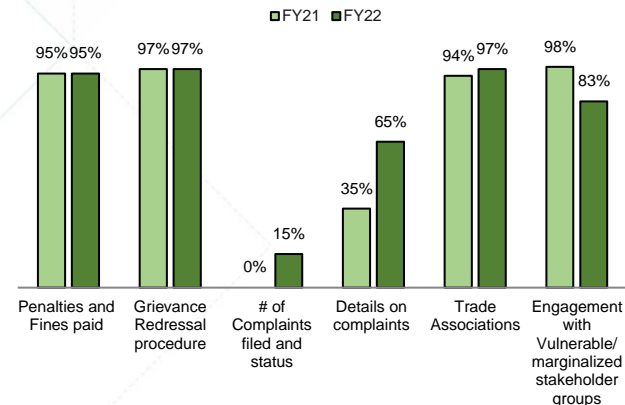
Membership of Trade Associations

- Reporting has increased ~3%, from 94% to 97% in FY22, demonstrating the high existing focus on Membership of Trade Associations. We have seen growth in disclosures between 15-20% for Real Estate and BFSI in a single year
- 3% of firms sampled have not disclosed or partially disclosed information. ~18% of companies in the BFSI sector has scope for disclosure

Engagement with Vulnerable/ marginalized stakeholder groups

- Reporting has decreased ~15%, from 98% to 83% in FY22, for Engagement with Vulnerable/marginalized stakeholder groups
- 17% of firms sampled have not disclosed or partially disclosed information. ~54% of companies in the Oil, Gas and Energy sector has scope for disclosure

Stakeholder Engagement



Snapshot of reporting growth of ESG metrics between FY 20-21 & FY 21-22

Net +/- in disclosure	50-75%	25-49%	0-24%	Flat	Negative
Environment	<ul style="list-style-type: none"> Extended Producer Responsibility 	<ul style="list-style-type: none"> Energy Consumption Energy consumption(by source) GHG emissions (Scope 1+2) Projects and R&D for E&S performance Other Hazardous Waste Non Hazardous Waste Preferential Procurement Policy Water consumption Water consumption (by source) ZLD coverage End of lifecycle disposal/recycling process Plastic waste Management E waste Management 	<ul style="list-style-type: none"> % of recycled/ reused inputs in production Sustainably sourced outputs Sustainably sourced outputs from MSME/small producers and local sourcing 		
Social	<ul style="list-style-type: none"> Retirement Benefits (workers) Training BOD/KMP Inclusivity (accessibility) Employee Retention/Return to work Retirement Benefits (workers) Cybersecurity & Data Privacy Framework Complaints on Cyber security & Data privacy 	<ul style="list-style-type: none"> Training Workers H&S Training Training Value Chain Partners Employee Career/development review Human Rights Training Inclusivity (Differently abled staff) Occupational H&S training management system Injury Fatalities Total Employees Remuneration Worker Retention/Return to work Employee wellbeing Workers wellbeing Retirement Benefits (employees) Value chain partner assessment 	<ul style="list-style-type: none"> Gender Diversity CSR spend aspirational district Customer feedback and complaint mechanism Complaints on advertising and Unfair trade practices 	<ul style="list-style-type: none"> Board Diversity Association/Union involvement of employees 	<ul style="list-style-type: none"> Total Workers Human Rights Complaints Information on safe and responsible use of products and services
Governance	<ul style="list-style-type: none"> Translate Policy into procedures Performance Vs targets reported Policies extended into value chain Anti bribery/Anti corruption/Conflict of interest 	<ul style="list-style-type: none"> Adherence to ESG codes/certifications/standards External assurance for ESG policies 	<ul style="list-style-type: none"> # of complaints and status Penalties and Fines paid Targets/Commitments disclosed Details on Complaints Trade Associations Grievance Redressal procedure 		<ul style="list-style-type: none"> Committee for Sustainability issues Engagement with Vulnerable marginalized stakeholders

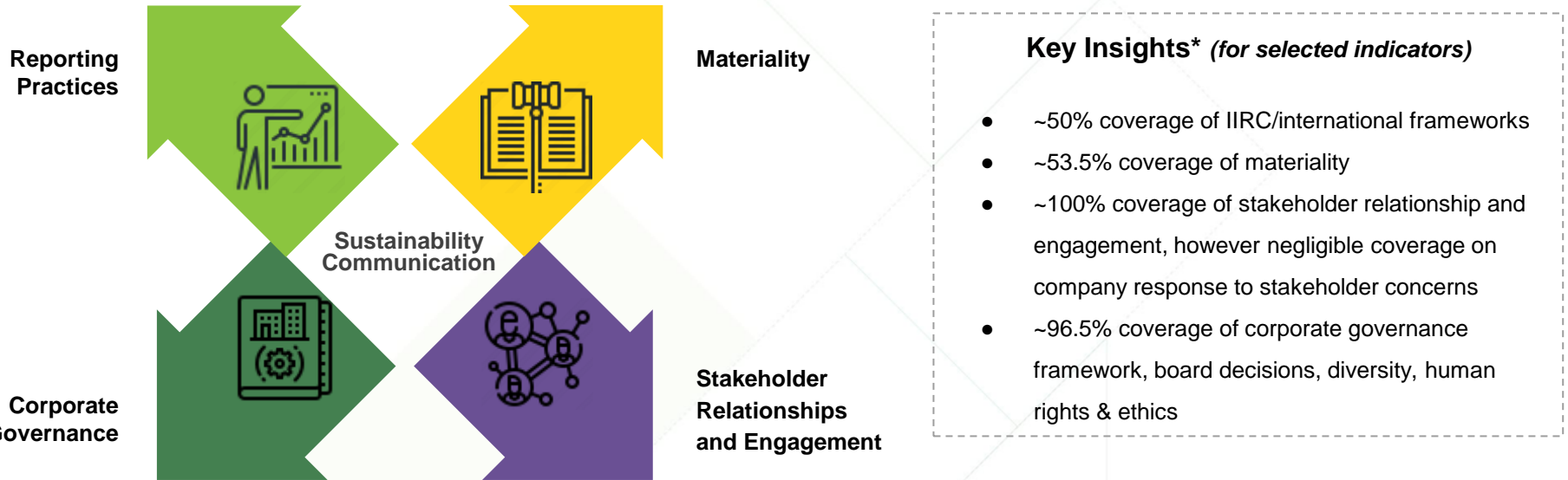
Reporting Insights & Best Practices



Dissecting ESG Reporting across Large & Mid cap firms

Constantly evolving regulations can influence variation in Sustainability related communication to the outside world.

Here are four major tenets in supporting sustainability communication & reporting



Reporting Practices

Basis of Presentation / 'About this report' is presented at the very start of the report. It outlines the scope and boundary, frameworks used in its preparation, materiality process and internal and external assurances.

- 48 % Companies referenced IIRC/IR in their framework
- 50 % Mapped other leading frameworks to their disclosures
- 100 % Defined their reporting scope and boundary
- 100 % Included a third party assurance for their report

Illustrative Report (FY 21-22) *A large chemical company with market cap of ~24000CR*

Why it stands out?

- Clear articulation of basis of reporting, scope and boundaries & assurance
- Mapping to other reporting frameworks disclosed very clearly
- Clear introduction to organizational model of resilience and its drivers

Materiality

Materiality is a list of focus areas that can substantially affect the ability of the organisation to create value over time.

This aspect can be presented by featuring the following elements.

- 56 % Conducted and presented material issues centered around value creation
- 54 % Identified material issues
- 52 % Prioritised material issues
- 52 % Categorised material issues under various heads

Illustrative Report (FY 21-22) *A large Pharma company with market cap of ~38100CR*

Why it stands out?

- Segmentation of material areas done by different kinds of capitals
- Each material area is then illustrated with following segments : linkages to <IR> capitals, perceived impact on value creation, management approach

Stakeholder Relationship and Engagement

The ability of an organisation to create value is closely related to its ability to identify and respond to valid needs requirements of their stakeholder groups.

- 100 % Identified stakeholder groups
- 100 % Presented stakeholder engagement mechanisms
- 100 % Presented stakeholder concerns

Negligible direct reporting on

Reports that discussed organisations response to stakeholder concerns

Illustrative Report (FY 21-22) *A large FMCG company with market cap of ~65000CR*

Why it stands out?

- Detailed stakeholder value creation model across different kinds of capitals with clear measurable metrics and number for each of them
- Clear articulation of expectations and engagements with stakeholders along with a very robust detailing of materiality assessment

Corporate Governance

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. It is a tool to put metrics in place to assess performance and value creation that extended to sustainable practices as well.

- 90 % Illustrated their governance framework
- 96 % Discussed key board decisions
- 100 % Presented board diversity across facets
- 100 % Discussed key corporate behaviour issues such as human rights and ethics

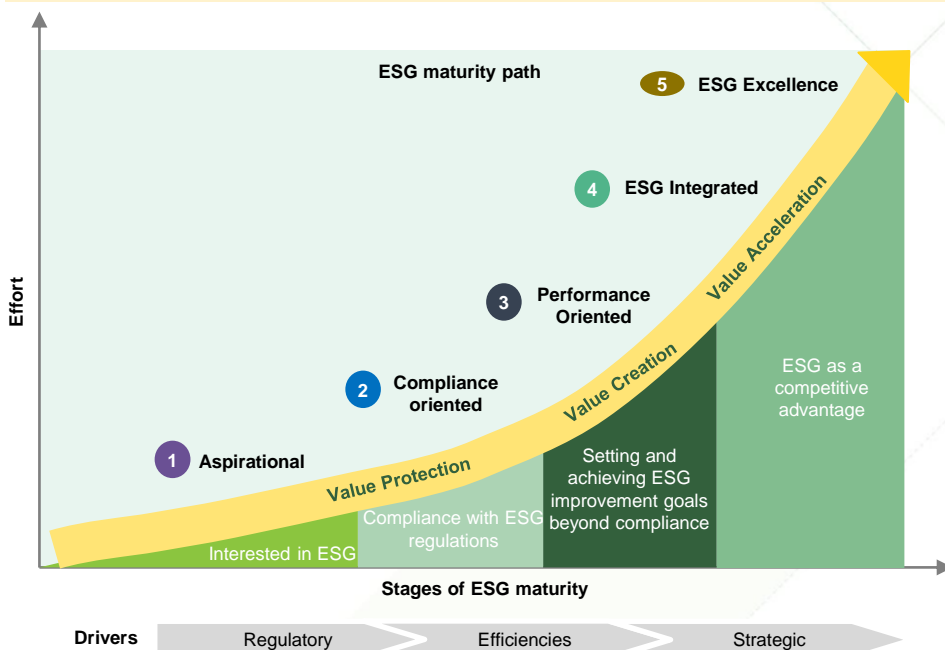
Illustrative Report (FY 21-22) *A large metals & mining company with market cap of ~102873CR*

Why it stands out?

- Detailed segmentation of governance framework across segments ranging from ERM, sustainability risk, financial risk, operational risk
- Detailed subsections on each using impact<>mitigation breakdown for each type of risk
- Profiles of all board members with photos illustrates diversity very well

Preparedness is key to sustainable growth: ESG maturity map

Corporates should begin by assessing their position on the ESG maturity path to determine their current position, future goals as well as resources required to achieve these goals



Aspirational: Companies that are not currently mandated by regulations but aspirational towards sustainable growth can leverage their position to prepare for future regulations, develop a basic ESG strategy based on their immediate stakeholders and differentiate themselves from other market players.

Compliance oriented: Corporates directly impacted by regulations or with immediate need to adapt sustainable business practices, need to ensure agility in processes and continue to develop capabilities for adaptation.

Performance oriented: Organizations already have a sustainability strategy in place and can seek to improve performance through diagnostics on their strategy, metrics, setting targets etc and benchmarking performance in the industry.

ESG integrated: Corporates at higher levels of maturity can focus on creating longer term value by aligning their primary products and offerings to sustainability and investing in solutions to pivot business models.

ESG Excellence: Organizations aiming for ESG excellence should focus on paths to sector leadership, aim for transformations at sector level and across their value chain.

Note : Sattva works with business on various aspects of sustainable value chain and syndicates the areas of business and CSR into a coherent concept, such that it creates economic, ecologic and societal value

Sattva can support sustainability journeys of corporates by building a strong foundation for this transition and research backed, data-based recommendations

Sattva Corporate Sustainability and ESG Solutions Offerings



ESG Education & Capacity Building



ESG Performance Management



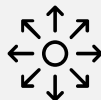
ESG Data Research & Analytics



Climate Action Solutions



ESG Diagnostics & Strategy Building



Sustainable Supply Chain Management



ESG Reporting & disclosure solutions



ESG Digital solutions

About Sattva



ABOUT US

We are an organization driven by the mission to end poverty in our lifetime. Our work focuses on scalable solutions for sustainable social impact.

We work with clients - **corporations, impact investors, foundations, development finance institutions and social enterprises** - to achieve social impact goals effectively and maximize the social return on their investment.

Deep understanding across sectors and collaboration with multiple stakeholders drive our work. This approach helps us, and our clients develop holistic solutions for solving critical societal problems.

Our general offerings:

- ◆ Research & landscape studies
- ◆ Strategic Consulting
- ◆ Implementation Support
- ◆ Programme Design And Management
- ◆ Monitoring And Evaluation
- ◆ Impact Assessment & Reporting on global standards

Technical & functional offerings:

- ◆ Social Audit
- ◆ Organisation Development Programmes
- ◆ Data And Technology Products

Support services:

- ◆ Talent Solutions

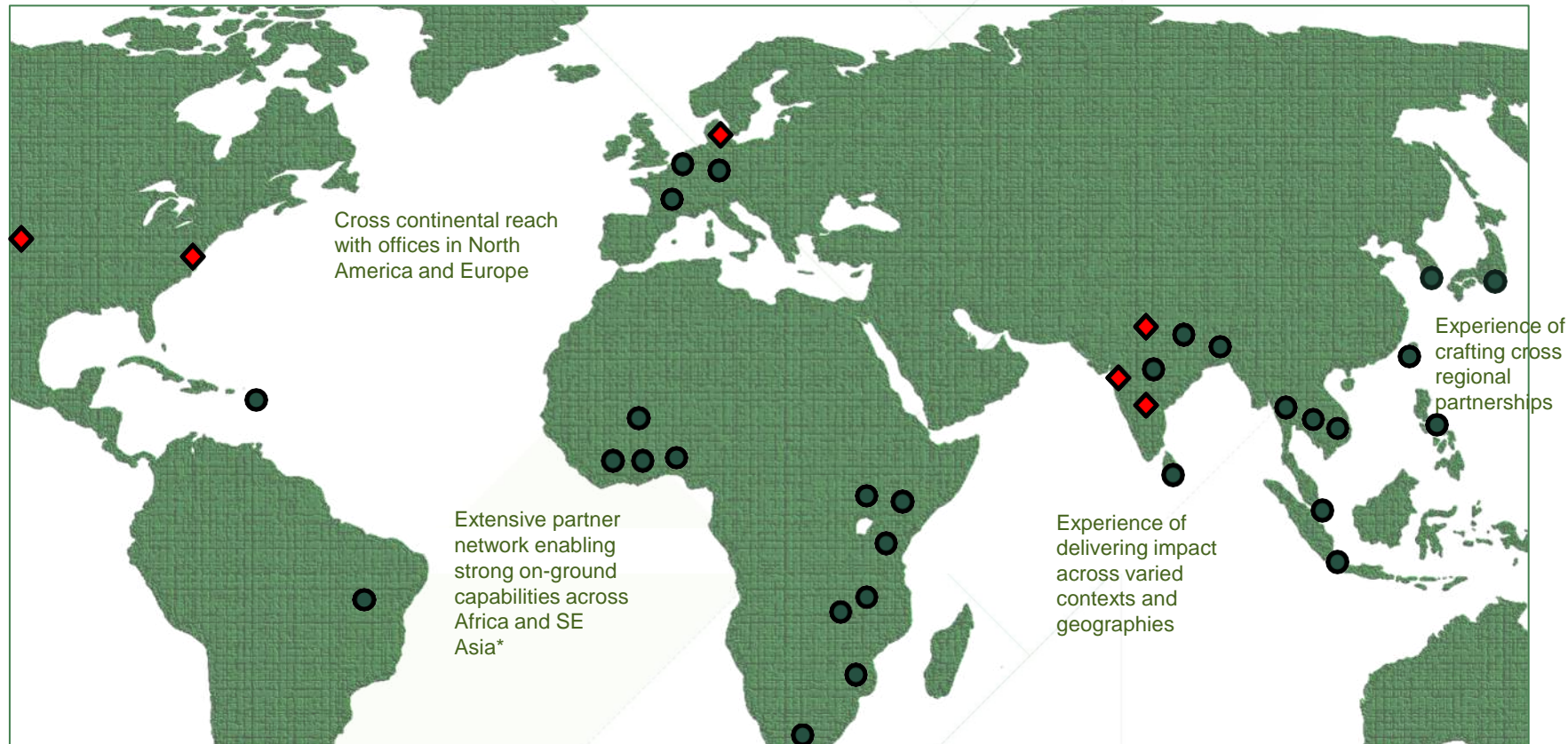
and more as needed in our quest for better solutions.



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Sattva's Global Presence



*Work in 13 countries in Asia since 2009 and 11 countries in Africa since 2017, with 20+ partnerships

- ◆ Sattva Offices
- Sattva Projects

OUR FOOTPRINT

Since 2009, we have driven social impact action in emerging economies in collaboration with:



200+

Corporations



500+

Social organisations



50+

Foundations



Governments
and Multilateral
agencies



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**Illustrative client list