

ESG

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ESG 100: A SOPHISTICATED SCORECARD

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Launching Edelweiss ESG Scorecard

With this report, we officially launch our proprietary Edelweiss ESG Scorecard & Ratings for India's top 100 companies.

As ESG gets more real in India and the investing world, we believe the time is ripe to move beyond 'plain vanilla' ESG scores that are based primarily on disclosures, tick-box inputs and more accounting than 'business value' driven. We try and make that leap across India's top 100 companies with a deep dive into data, bottom-up and top-down company and market coverage experience, and create a framework that we believe is contemporary as well as sophisticated.

As we see it, our framework is different and more market relevant. It feeds on 40 critical ESG inputs, incorporates India-specific nuances and conversations and compares & contrasts in an India and industry specific context (vis-a-vis global sector benchmarks). ESG factors that influence long term perceptions and valuations have higher weights in our framework. It also, like good scorecards should, gives a hard numerical rating for companies and sectors – at the aggregate, across E, S & G and various specific sub-measures. But, most importantly, it gives us and you the flexibility to assign importance and weightages across parameters.

We, of course, have hard inferences too. It's the IT/ITES, BFSI and Consumer sectors that lead and Metals & Mining and Cement sectors that make up the rear. It's the Environment that is the biggest drag, but likely to shift up; the Social where Indian companies do very well and the pandemic should only raise the game; and Governance where the divergence is the greatest, and subjectivity the highest. We have all this and much more; but it's the framework, flexibility and fine data which hopefully make this scorecard sophisticated and a useful investing tool.

Our methodology and where & why we are different

Our framework assesses every company on 40 critical ESG metrics that we have shortlisted and arrives at a score out of 100 (~33% each for E, S & G). Importantly, we believe we have infused strong practicality (in assessing) and actionability (for investors) in our scorecard. We stand differentiated in four aspects: 1) We assess every metric, not just relative to its peers, but also the NSE 100 universe. 2) Key some metrics have substantially higher weights as these have long-term impact on stock valuations. 3) While criticality of an ESG metric was key in shortlisting, its availability was considered equally important—this now allows us to score any listed company. 4) We incorporate metrics for India-specific negative/positive sub-sectors, which makes our scorecard extremely relevant in the Indian context.

Leaders: IT, BFSI and Consumer lead among large sectors

Our sectoral scores are averages of companies within it. IT/ITES scores the highest with an average score of ~90 (out of 100), with scores ranging between 86 and 92, followed by BFSI (82) and Consumer (78). The IT/ITES sector's score reflects high

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scores across all important ESG areas, with particularly high scores on Governance. Company-wise, the top 4 are all IT companies (HCL, TCS, Tech M, Wipro), followed by Bajaj Finance, Infosys, ICICI Lombard, InfoEdge and then the HDFC twins.

Laggards: Metals, Cement and Oil & Gas at the bottom

Metals & Mining (63), Cement (68) and Oil & Gas (70) score the lowest, especially due to low scores of 14-17 (out of 33) on Environment. While we note high level of disclosures on ESG aspects in company filings and strong ESG initiatives, the inherent environment-damaging nature of these sectors outweighs the positives, making them laggards in our framework. Three of our bottom five ESG scorers are Metals & Mining companies (Vedanta, NMDC, Coal India). ONGC, UPL and DLF also lie within the bottom 10. Though Pharma as a sector lies in the lower-than-average category, a couple of companies (Aurobindo, Sun Pharma) fall in the bottom 10.

Stocks where our ESG scores differ from ESG rating agencies

Our ESG scores for some companies differ with ESG rating agencies, particularly MSCI. In our view, this is due to us penalising/rewarding some India-specific negative/positive sub-sectors (refer Exhibit 53 & 54). For instance, we score Indraprastha Gas (IGL) reasonably higher, while it scores poorly with ESG rating agencies. We see IGL as a net positive contributor to the Indian environment quotient (diesel vehicles switching to CNG), despite it being in the gas business. On the flip side, a stock such as ITC gets a low score in our framework, even as rating agencies rate it high. In our scoring framework, the weight of it being predominantly a tobacco business is extremely high and that outweighs its high disclosures and other initiatives.

Which stocks lead and lag on E, S and G individually?

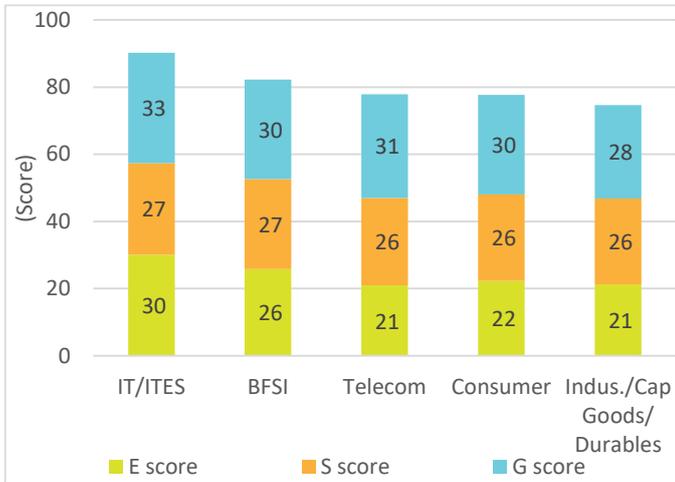
- **Environment:** As the only pure-play renewable within NSE 100, Adani Green leads the universe on Environment score. It is followed by four IT/ITES companies in top 'E' scores. Not surprisingly, the stocks at the bottom are Coal India, NMDC, ONGC and NTPC due to their inherent environment harming sectors.
- **Social:** All the top-5 companies leading in our 'S' scores are BFSI, starting with ICICI Lombard (health insurance product), then Bandhan (microfinance), followed by Bajaj Finance (access to finance), Kotak Bank and ICICI Prudential Life. The laggards are ITC (tobacco), UBL & USL (alcohol) and Jubilant (junk food).
- **Governance:** On our Governance scores, IT/BFSI leads the way with TCS, Wipro, Tech M, followed by Bajaj Finance and HDFC Bank. The laggards here are Vedanta, DLF, Yes Bank, UPL and Sun Pharma, which have had weak scores on several governance metrics that we assessed for the recent years.

A flexible, and market relevant scorecard

While there is a growing body of ESG data and scorecards – and this one to some extent adds to that, we do believe this should be a particularly useful tool for investors. This is in part because it captures a lot of data (40 data points for every company and their time series), but importantly because it lends flexibility in the weightages that we assign to different parameters. And even more importantly, investors can seek to play around with these weights, based on their own judgement. We also provide rankings on individual parameters beyond E, S & G scores that make up the aggregate. The framework is also geared for the times ahead. As more data and time series emerge with additional BRSR reporting kicking in, we believe the correlations and influences on stocks (absolute and relative) will start showing. That's when it gets most useful, and investor relevant.

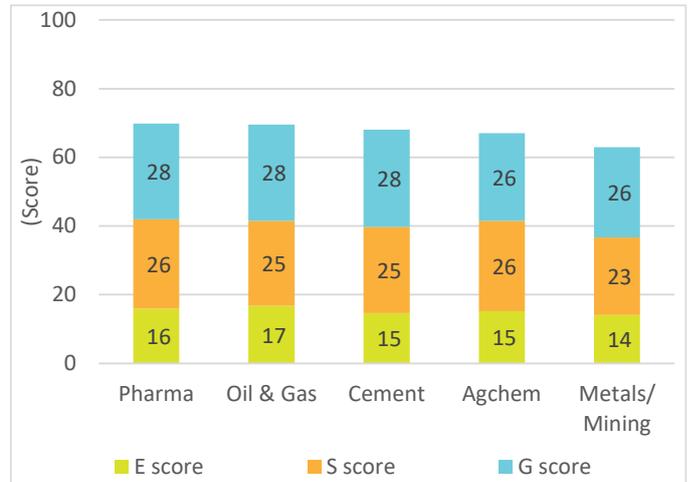
Focus charts

Exhibit 1: IT, BFSI lead in our ESG scores and ratings



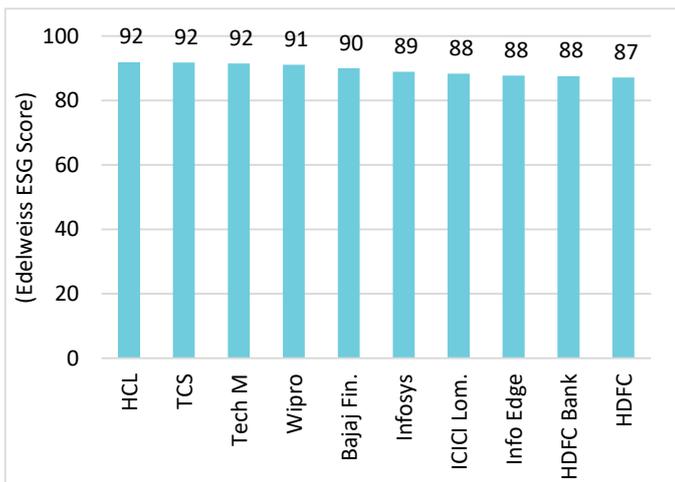
Source: Company filings, Edelweiss Research

Exhibit 2: Metals & Mining and Cement lag in the ratings



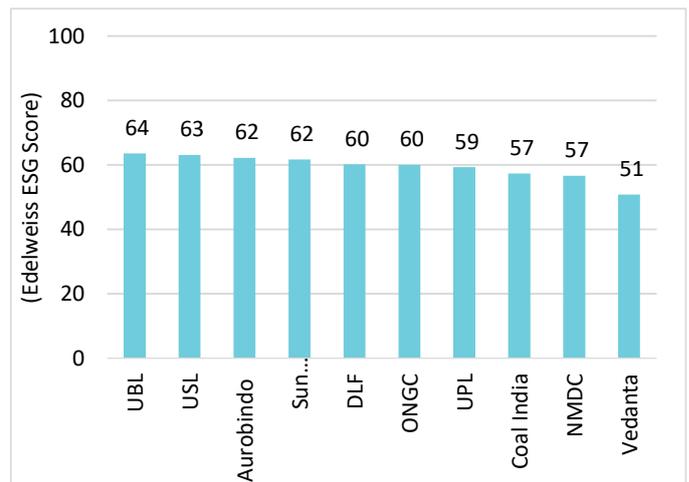
Source: Company filings, Edelweiss Research

Exhibit 3: Top 10 rated companies in our ESG scoring



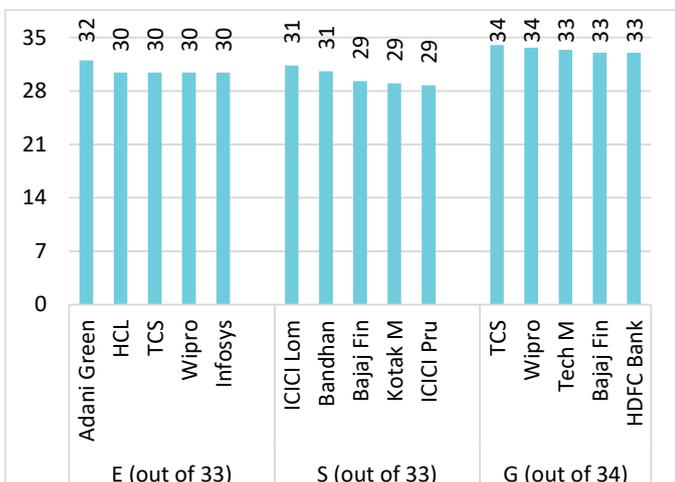
Source: Company filings, Edelweiss Research

Exhibit 4: Bottom 10 rated companies in our ESG scoring



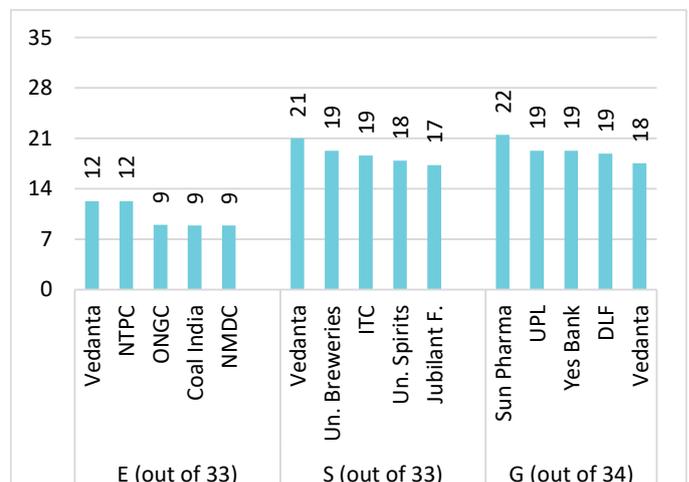
Source: Company filings, Edelweiss Research

Exhibit 5: Leaders in 'E', 'S' and 'G'



Source: Company filings, Edelweiss Research

Exhibit 6: Laggards in 'E', 'S' and 'G'



Source: Company filings, Edelweiss Research

Introducing our proprietary ESG ratings

Why read this report?

- In this report, we launch our proprietary **Edelweiss ESG Scorecard and Ratings** framework. We have covered the top 100 Indian companies (aligned to NSE 100), spanning across 15 sectors, with bottom-up scorecards and ratings (scores out of 100) for every company, allowing us to draw comparisons across sectors and companies within sectors.
- To our knowledge, this is a first-of its-kind, full-fledged ESG scorecard & rating mechanism with significant market focus and appreciation, relative to existing more-rating focussed approaches.
- We believe that the actionability quotient of ratings is relatively high for investors, given that we have assessed companies relative to not only their peers, but NSE100 as a whole as well.
- Our ESG framework allows us to reliably score any listed company in India.

Our ESG Scorecard design: How to interpret our scores

Our framework is based on a bottom-up ESG Scorecard. Every company is assessed on 40 key metrics spread across Environment, Social and Governance. The weight is equally divided across E, S & G (broadly 33.3% each). Based on the scores of each of the 40 metrics, every company gets an overall score, which is out of 100. The sectoral scores in the report represent an average of the scores of companies in that sector. Additionally, we also highlight E, S & G scores for every company and sector, for more detailed analysis.

Simply put, our framework and the resultant metrics ride two fundamental aspects:

1. Inherent risks and opportunities in the sector and the business model; and
2. Company's efforts to mitigate the risks and benefit from opportunities.

Pillars of our methodology, and where & why we are different?

In our view, our ESG framework is differentiated on several vital aspects. Our effort has been to infuse practicality in the assessment process and actionability for our clients i.e., investors. The India-specific relativity (explained below) of ratings for companies and sectors in our framework makes this possible.

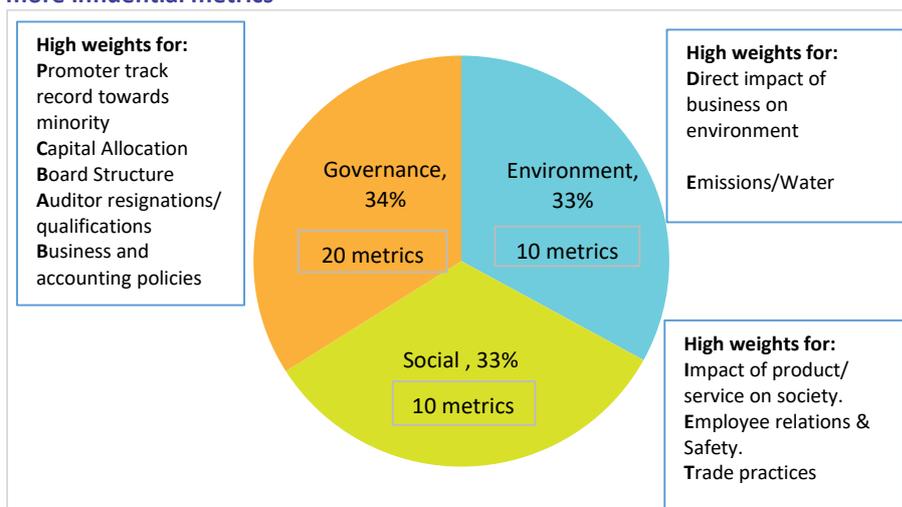
We see four areas where our ESG framework stands differentiated:

1. **Assessment relative not only to sector peers, but also NSE100:** Our assessment of ESG metrics for every company is not only relative to the sector or global peers, but importantly, also relative to the NSE100 universe. For instance, when we rate the specifics of a company's impact on environment or its governance-related aspects such as board structure, we compare it to not only its sector peers, but the entire NSE100 universe. In our view, this aspect renders our scorecard more actionable for India-focussed asset managers (domestic and foreign).
2. **Our understanding of weights:** All the 40 metrics in our framework are weighted differently. Our understanding of weights for metrics is different from that of ESG rating agencies, in our view. While we have applied sufficient sustainability-related importance to every metric's weight, issues that affect long-term perception and valuations get higher weights in our system. Hence,

for instance, within Governance, the promoter's track record towards minority shareholders and the company's use of shareholder capital will carry relatively higher weights than whether the company meets CSR norms.

3. **'Relevance' and 'availability' of data:** The selection or zeroing down of our metrics was based not only on 'Relevance' (for corporates and investors), but also 'Availability' of data. The framework largely tracks data only from common public domain information such as Annual Reports, Sustainability Reports, other company filings, etc. We believe if companies are working on sustainability areas but not reporting it, then we cannot capture it unless it is reported.
4. **Integration of Negative & Positive categories:** We have categorised every sector (and sub-sector) into Negative, Positive and Neutral buckets based on the sectors' impacts, especially on Environment and Social. We assess these impacts from an Indian context and thus we differ on some aspects versus commonly accepted classifications. For instance, in Environment, while gas companies are considered neutral to negative globally, we see city gas distribution as an environmentally positive category in India that is replacing diesel. Similarly, in Social, formal employment or skilled employment is a huge challenge in India, and so we see IT/ITES not only as an environmentally clean sector, but also a positively contributing sector to the Social quotient.

Exhibit 7: Our framework has equal weight for E, S & G with higher weights for more influential metrics



Source: Edelweiss Research

Sector scores: IT, BFSI lead; Materials lag

Our sectoral ESG scores reflect the average ESG scores of companies within respective sectors. As per our framework, IT/ITES and BFSI lead other sectors comfortably given their higher scores across E, S and G. The IT sector especially scores strongly on Social and Governance as well, relative to BFSI, which makes it the leader in our ESG framework. In our ratings, IT and BFSI also gain from benefits of being Positive categories (IT for employment generation, BFSI for access to finance). Expectedly, the Metals & Mining sector score the weakest given its severely negative impact on Environment, followed by Cement. While the disclosure levels and ESG efforts from companies in these sectors are ahead of others, the inherent risks or environment damage outweigh these at an extent.

Our ratings for Consumer sector are fairly strong and it sits at the top one-third in our rating structure. Note that this includes tobacco and alcohol; excluding these, rating for the Consumer sector would have been higher.

Among other larger sectors, Pharma & Healthcare is slightly below Neutral given the environmental impact and governance issues in some of the companies. Oil & Gas is also in the bottom half given the oil and gas exploration and refining impacts on environment. These are offset slightly by strong rating from CGDs.

Exhibit 8: Sector ESG Scores – Led by IT & BFSI while Metals & Mining and Cement sector scores lag (universe=NSE 100)

Sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
IT/ ITES	90.3	30.1	27.3	32.9
Internet*	87.8	29.5	25.7	32.6
BFSI	82.3	25.8	26.8	29.6
Telecom	77.9	21.0	26.1	30.9
Consumer**	77.7	22.3	25.8	29.7
Autos	74.6	18.6	25.9	30.1
Industrials/Cap Goods/ Durables	74.6	21.3	25.5	27.8
Retail	73.4	23.4	20.7	29.3
Power / Utilities / Ports	71.9	19.3	24.6	27.9
Pharma/ Healthcare	70.0	16.1	26.0	27.9
Oil & Gas	69.5	16.8	24.7	28.0
Cement	68.1	14.6	25.1	28.3
Logistics***	67.8	18.1	23.2	26.5
Agro-chemicals	67.0	15.2	26.3	25.5
Metals & Mining	62.8	14.0	22.6	26.3
Real Estate****	60.2	18.0	23.3	18.9
Top 100 companies (average)	75.1	20.7	25.5	28.9

Source: Company filings, Edelweiss Research

*Only InfoEdge included in Internet

**Consumer includes tobacco (ITC) and alcohol (UBL & USL)

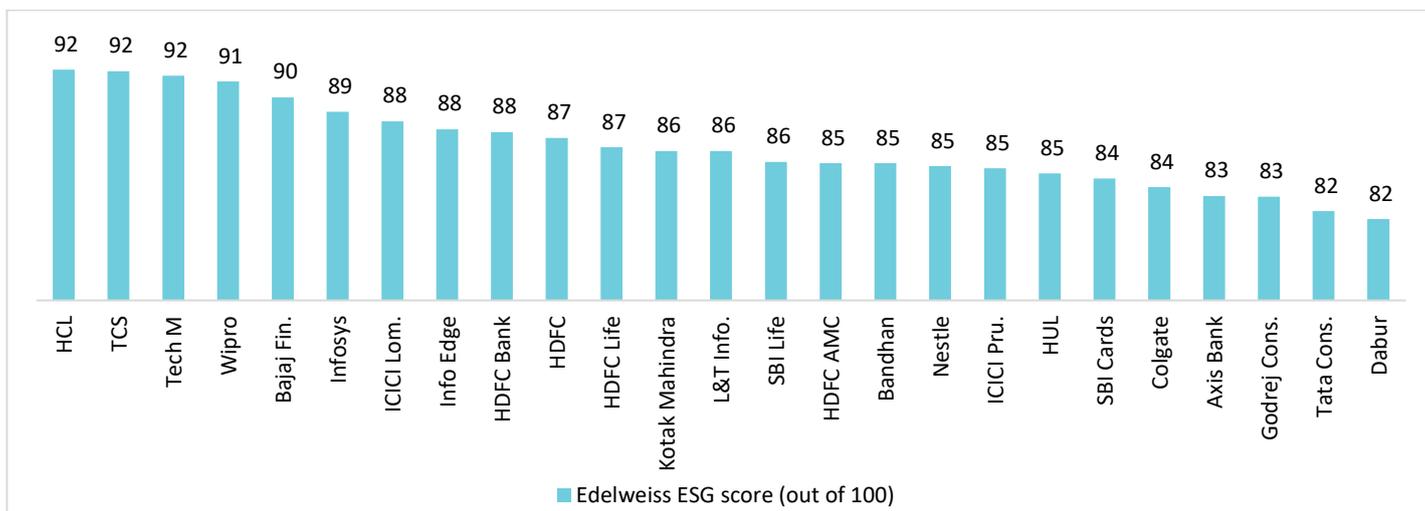
*** Only Container Corporation included in Logistics

****Only DLF included in Real Estate

IT, BFSI, Consumer dominate top quartiles

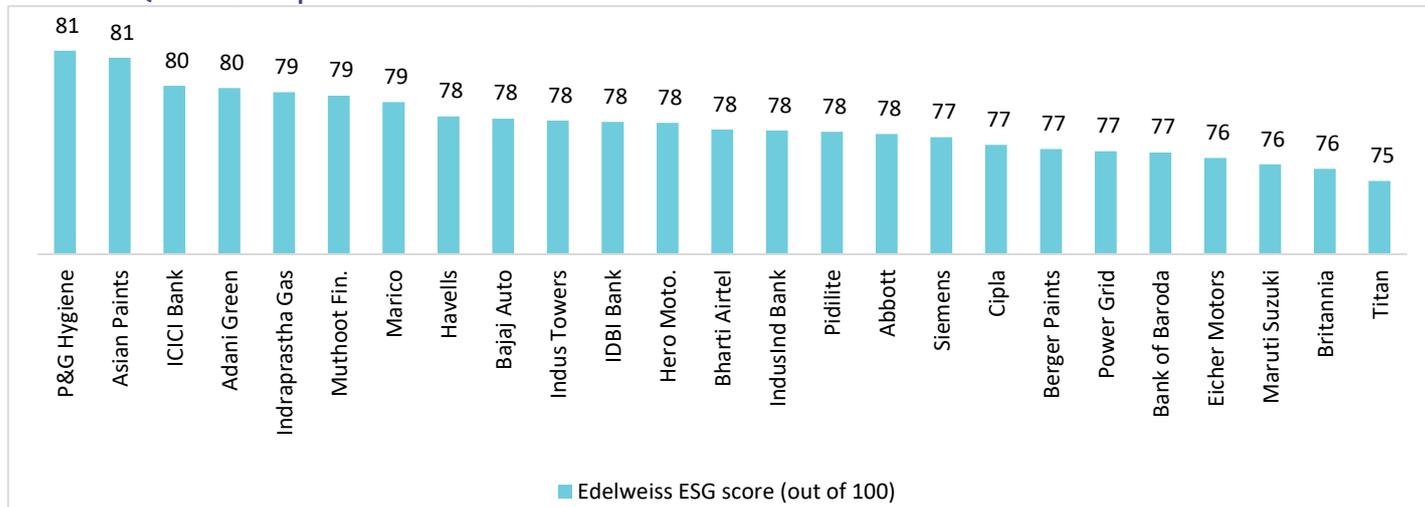
When split into quartiles, stocks in IT, BFSI and Consumer sectors comfortably lead others. The stocks that form part of this first quartile are the ones that have inevitably been perceived high on corporate governance quality for past several years. Now, with the rising ESG dominance in investment framework, these score well on E and S as well.

Exhibit 9: Quartile 1 or the top quartile companies based on our ESG Scores



Source: Company filings, Edelweiss Research

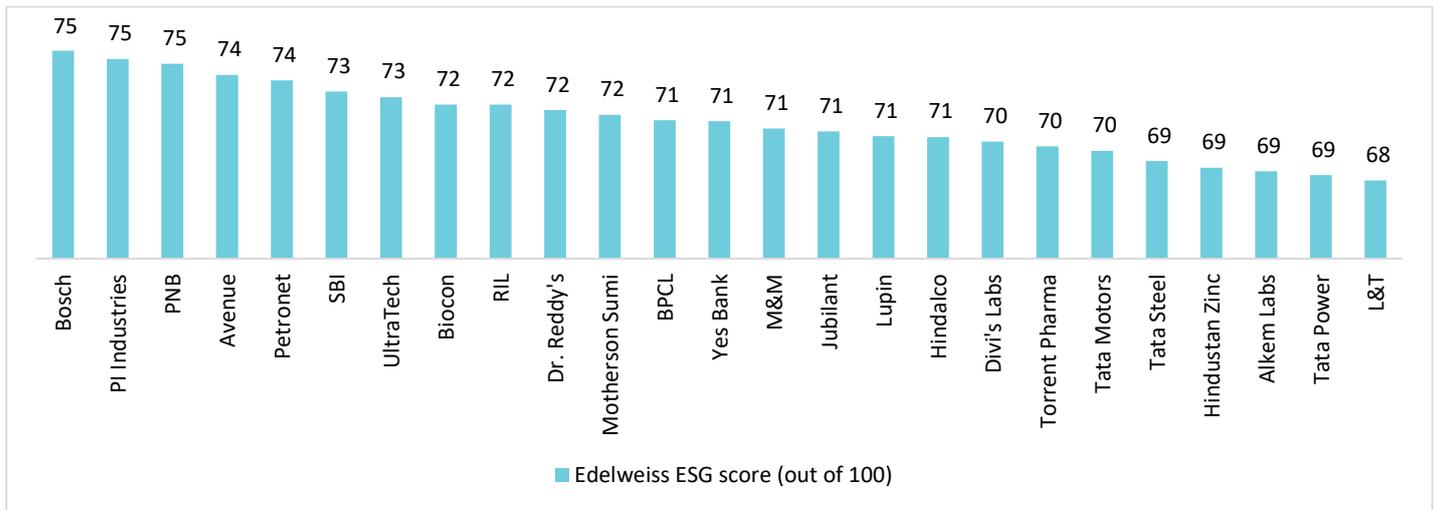
Exhibit 10: Quartile 2 companies based on our ESG scores



Source: Company filings, Edelweiss Research

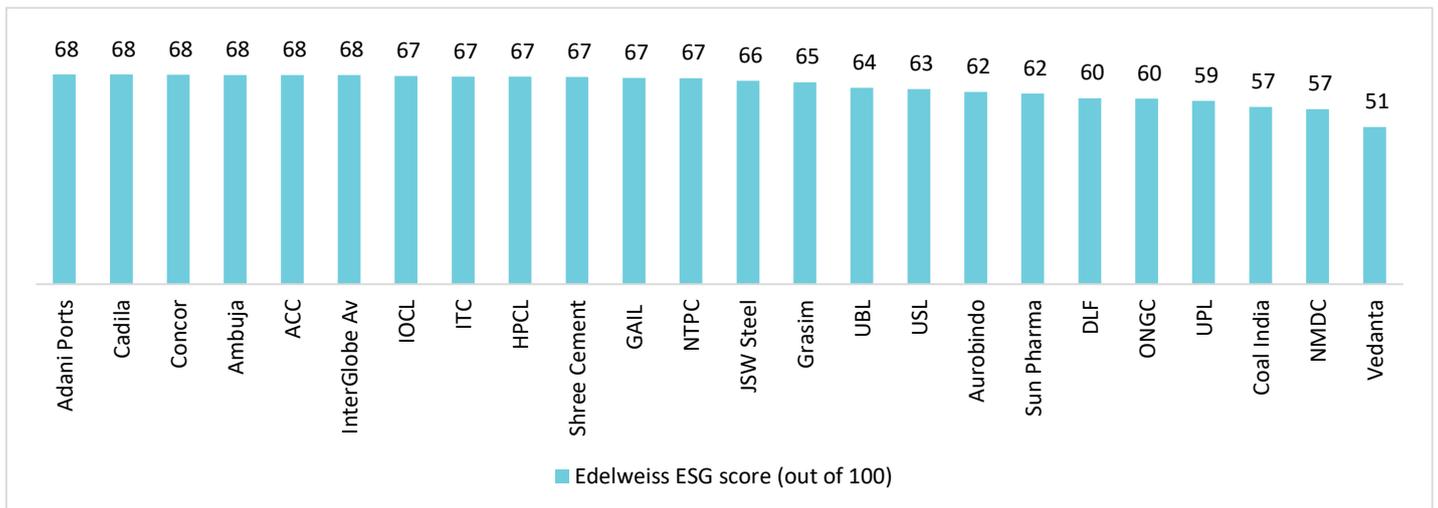
Edelweiss 'ESG Way' Series

Exhibit 11: Quartile 3 companies based on our ESG scores



Source: Company filings, Edelweiss Research

Exhibit 12: Quartile 4 or the bottom quartile companies based on our ESG scores



Source: Company filings, Edelweiss Research

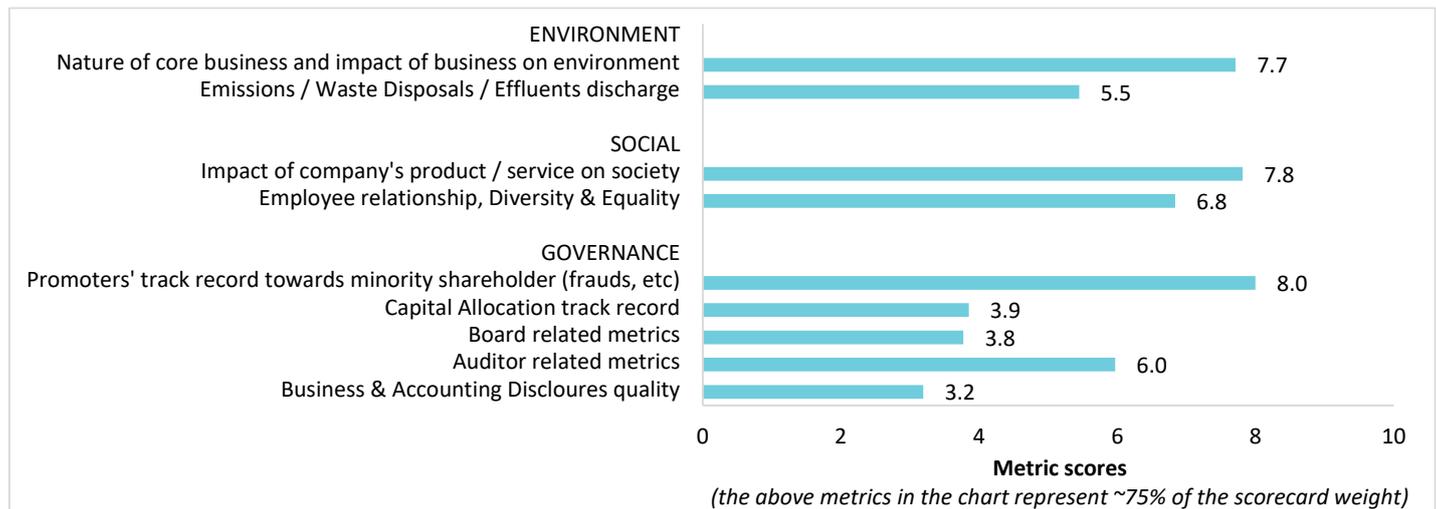
Automobiles and Auto ancillaries

Exhibit 13: Auto OEMs & Auto ancillaries – Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Quartile within NSE100	Quartile within the sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
Bajaj Auto	2	1	78.2	20.2	25.8	32.2
Hero MotoCorp	2	1	78.0	20.8	25.8	31.4
Eicher Motors	2	2	76.4	18.1	26.0	32.3
Maruti Suzuki India	2	2	76.1	19.3	26.4	30.4
Bosch	3	3	75.2	17.8	26.3	31.1
Motherson Sumi	3	3	71.8	22.3	23.7	25.8
Mahindra & Mahindra	3	4	71.0	15.7	26.6	28.7
Tata Motors	3	4	69.8	14.4	26.3	29.1

Source: Company filings, Edelweiss Research

Exhibit 14: Autos – Sector average scores on higher weighted metrics in our ESG framework

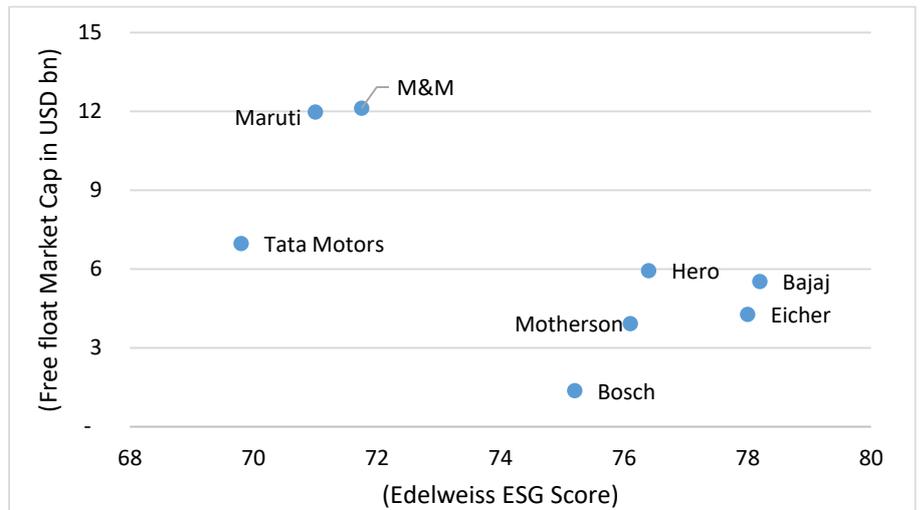


Source: Company filings, Edelweiss Research

Note:

- 'Environment' metrics displayed in the chart collectively reflect 26% of the 33% weight for Environment
- 'Social' metrics displayed in the chart collectively reflect 22% of the 33% weight for Social
- 'Governance' metrics displayed in the chart collectively reflect 28% of the 34% weight for Governance

Exhibit 15: Autos – Companies mapped against FF Market Cap and ESG Scores



Source: Company filings, Edelweiss Research

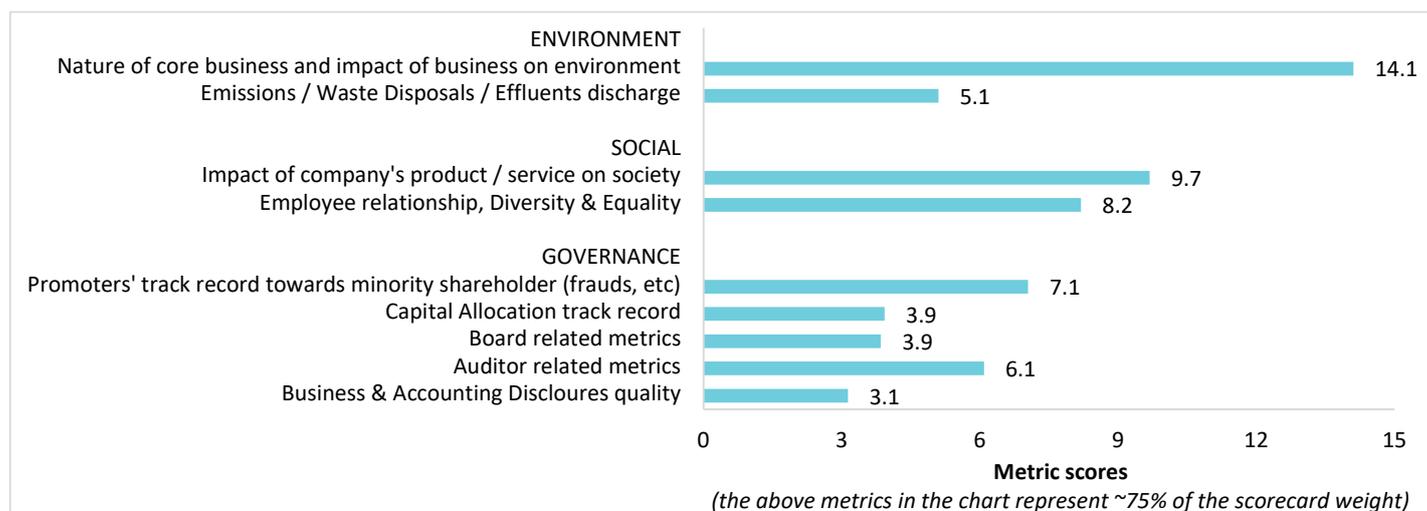
Banking, Financial Services & Insurance

Exhibit 16: BFSI – Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Quartile within NSE100	Quartile within the sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
Bajaj Finance	1	1	90.0	27.7	29.3	33.0
ICICI Lombard	1	1	88.4	26.9	31.4	30.1
HDFC Bank	1	1	87.6	26.0	28.6	33.0
HDFC	1	1	87.2	27.1	28.3	31.8
HDFC Life Insurance	1	1	86.6	26.9	27.0	32.7
Kotak Mahindra Bank	1	2	86.3	25.2	29.0	32.1
SBI Life Insurance	1	2	85.6	26.5	26.7	32.4
HDFC AMC	1	2	85.5	26.9	26.7	31.9
Bandhan Bank	1	2	85.5	27.6	30.6	27.3
ICICI Prudential Life	1	2	85.1	27.2	28.8	29.2
SBI Cards and Payments	1	3	84.4	30.0	23.6	30.8
Axis Bank	1	3	83.2	25.2	28.3	29.7
ICICI Bank	2	3	79.7	24.7	24.6	30.4
Muthoot Finance	2	3	79.3	26.9	21.5	30.9
IDBI Bank	2	3	78.1	23.3	26.2	28.6
IndusInd Bank	2	4	77.7	25.2	26.8	25.7
Bank of Baroda	2	4	76.7	24.3	23.2	29.2
Punjab National Bank	3	4	74.5	23.2	25.6	25.7
State Bank of India	3	4	73.0	20.3	23.9	28.8
Yes Bank	3	4	71.4	25.2	26.9	19.3

Source: Company filings, Edelweiss Research

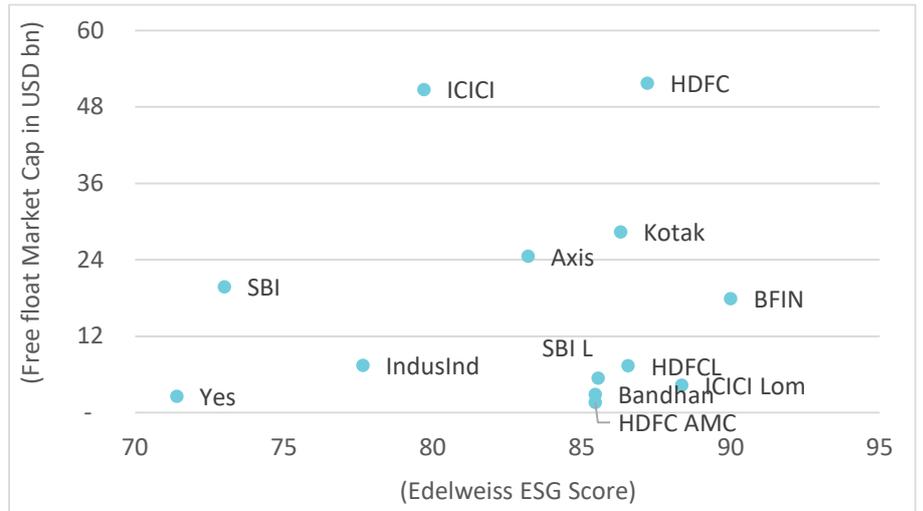
Exhibit 17: BFSI – Sector average scores on higher weighted metrics in our ESG framework



Source: Company filings, Edelweiss Research

Note: 'Environment' metrics displayed in the chart collectively reflect 26% of the 33% weight for Environment; 'Social' metrics displayed in the chart collectively reflect 22% of the 33% weight for Social; 'Governance' metrics displayed in the chart collectively reflect 28% of the 34% weight for Governance

Exhibit 18: BFSI – Selected stocks mapped against FF Market Cap and ESG Scores



Source: Company filings, Edelweiss Research

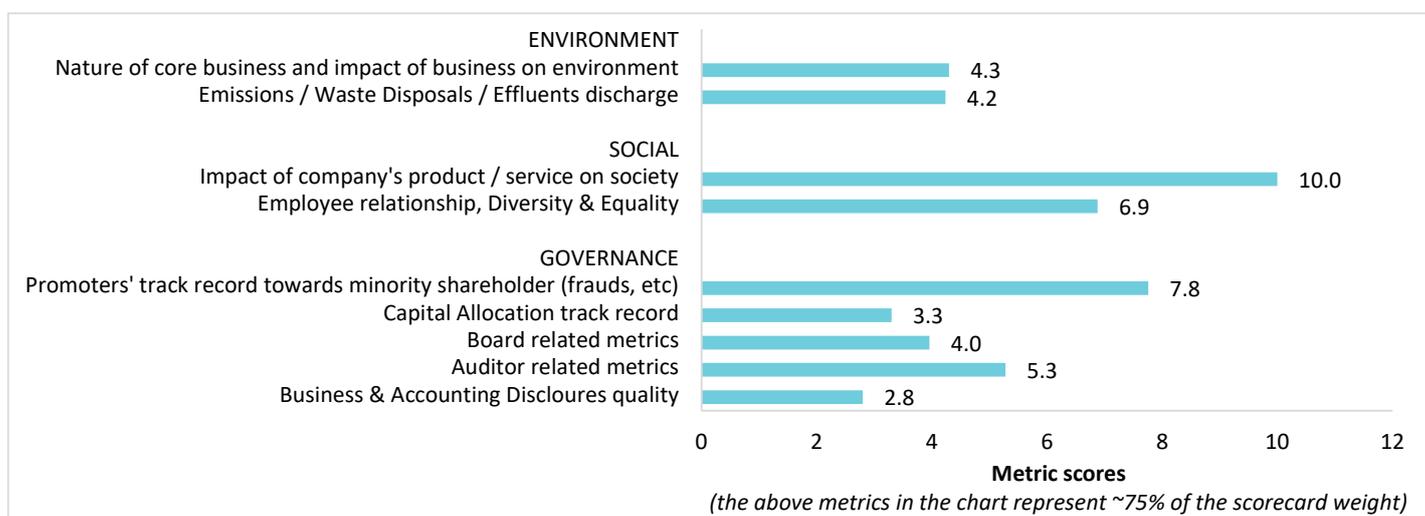
Cement

Exhibit 19: Cement – Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Quartile within NSE100	Quartile within sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
UltraTech Cement Ltd.	3	1	72.7	15.5	27.9	29.3
Ambuja Cements Ltd.	4	2	67.7	14.7	24.4	28.6
ACC Ltd.	4	3	67.7	14.7	24.4	28.6
Shree Cement Ltd.	4	4	67.1	14.6	24.5	28.0
Grasim Industries Ltd.	4	4	65.3	13.7	24.4	27.2

Source: Company filings, Edelweiss Research

Exhibit 20: Cement– Sector average scores on higher weighted metrics in our ESG framework

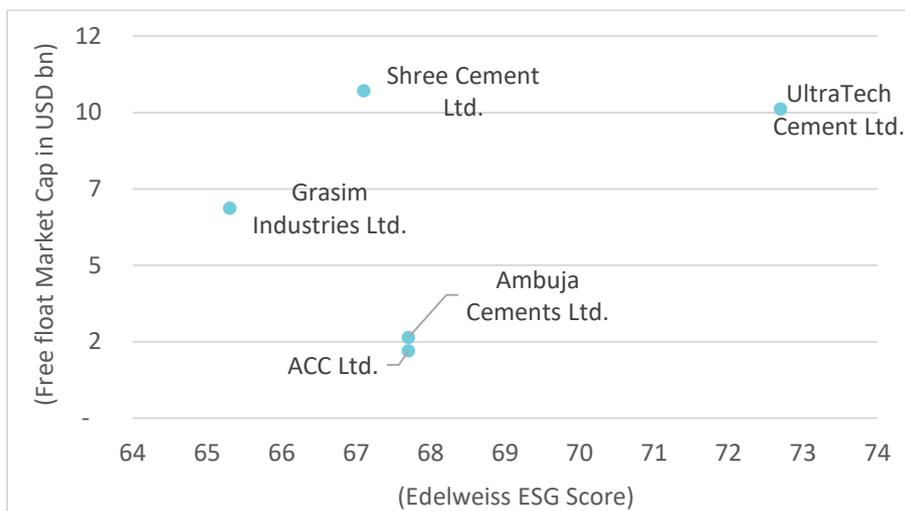


Source: Company filings, Edelweiss Research

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- 'Social' metrics displayed in the chart collectively reflect 22% of the 33% weight for Social
- 'Governance' metrics displayed in the chart collectively reflect 28% of the 34% weight for Governance

Exhibit 21: Cement – Stocks mapped against FF Market Cap and ESG Scores



Source: Company filings, Edelweiss Research

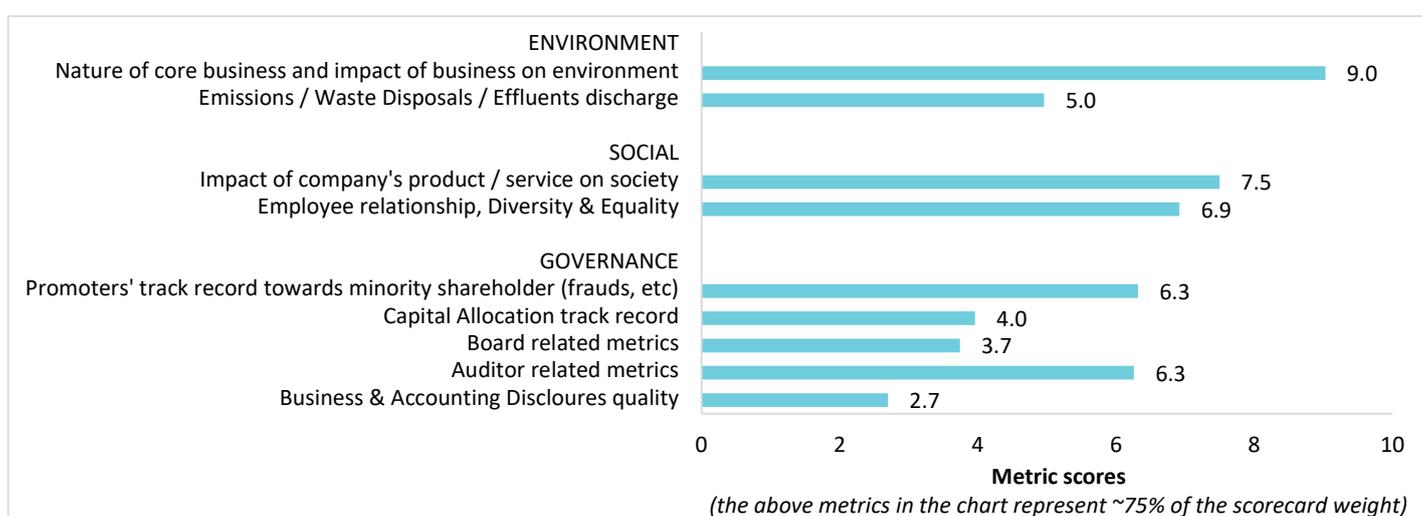
Power, Utilities and Ports

Exhibit 22: Power/Utilities/Ports – Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Quartile within NSE100	Quartile within the sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
Adani Green Energy	2	1	79.6	32.0	22.5	25.1
Power Grid Corporation of India	2	2	76.7	17.0	27.0	32.7
Tata Power	3	3	68.5	16.6	25.8	26.1
Adani Ports and SEZ	4	4	67.9	18.6	23.7	25.6
NTPC Ltd.	4	4	66.7	12.3	24.2	30.2

Source: Company filings, Edelweiss Research

Exhibit 23: Power/Utilities/Ports – Sector average scores on higher weighted metrics in our ESG framework

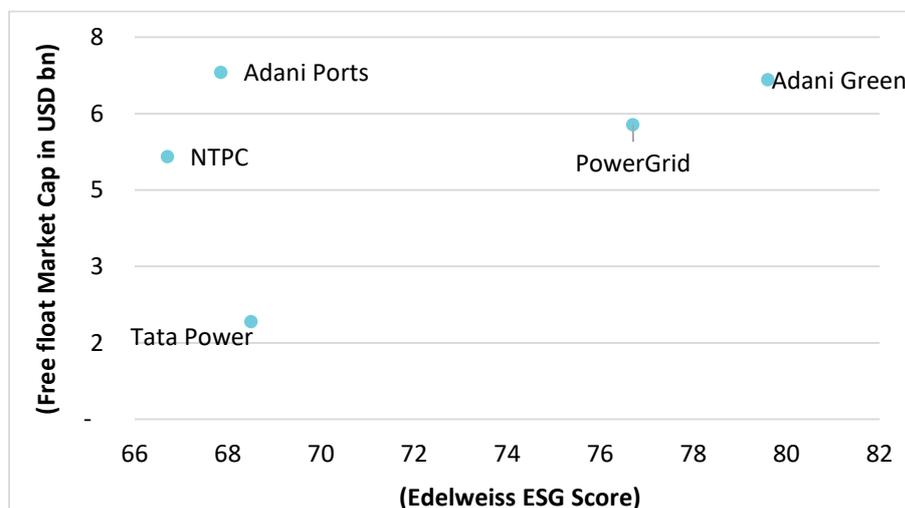


Source: Company filings, Edelweiss Research

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- 'Governance' metrics displayed in the chart collectively reflect 28% of the 34% weight for Governance

Exhibit 24: Power, Utilities and Ports – Stocks mapped against FF Market Cap and ESG Scores



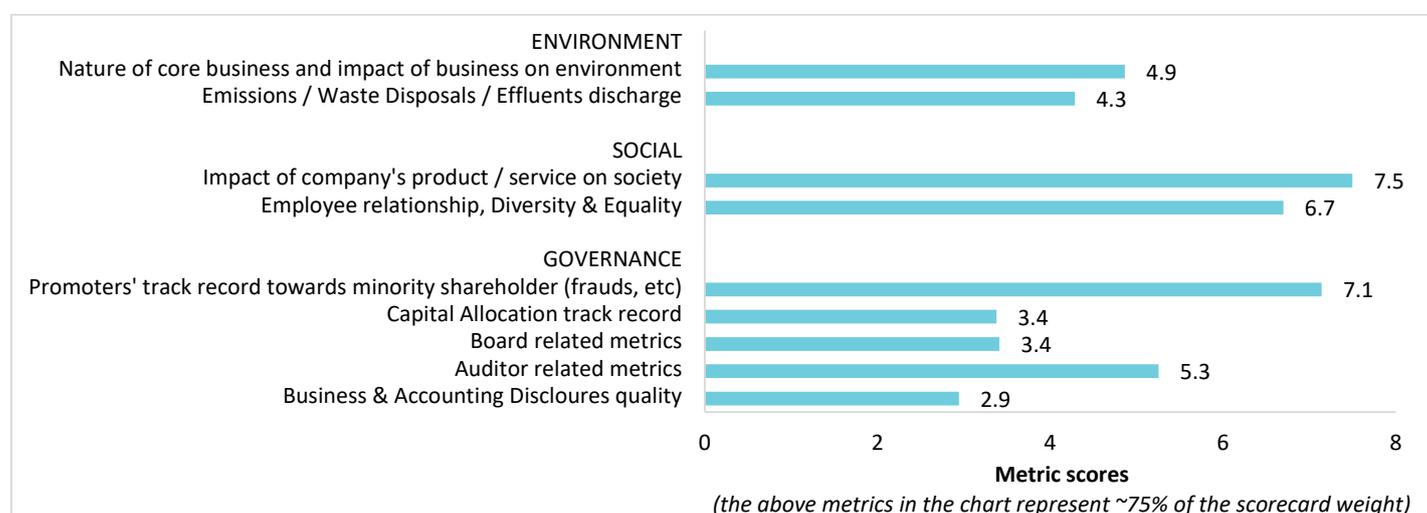
Source: Company filings, Edelweiss Research

Metals and Mining

Exhibit 25: Metals and Mining – Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Quartile within NSE100	Quartile within the sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
Hindalco Industries	3	1	70.6	18.3	22.9	29.4
Tata Steel	3	2	69.3	17.7	22.8	28.8
Hindustan Zinc	3	2	68.9	15.9	22.4	30.6
JSW Steel	4	3	65.8	15.8	24.1	26.0
Coal India	4	3	57.4	8.9	21.1	27.4
NMDC	4	4	56.7	8.9	23.6	24.2
Vedanta	4	4	50.9	12.3	21.0	17.6

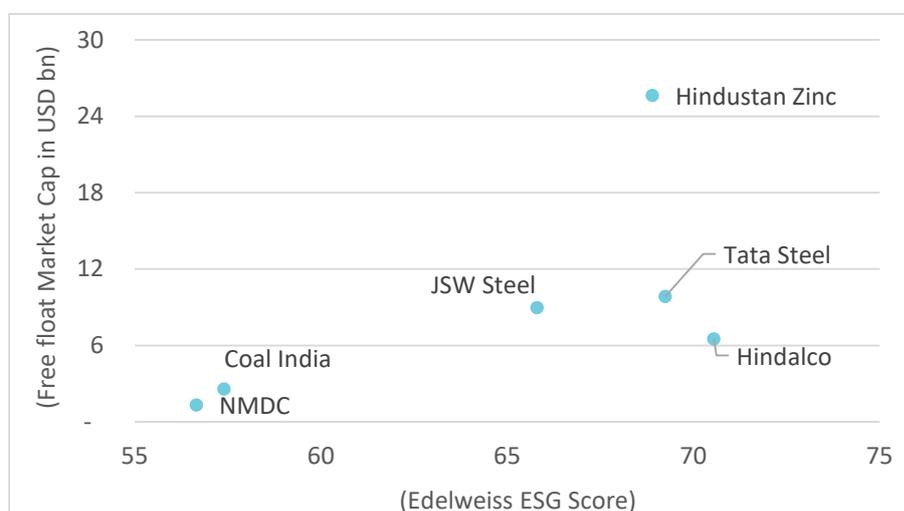
Exhibit 26: Metals & Mining – Sector average scores on higher weighted metrics in our ESG framework



Note:

- 'Environment' metrics displayed in the chart collectively reflect 26% of the 33% weight for Environment
- 'Social' metrics displayed in the chart collectively reflect 22% of the 33% weight for Social
- 'Governance' metrics displayed in the chart collectively reflect 28% of the 34% weight for Governance

Exhibit 27: Metals & Mining – Stocks mapped against FF Market Cap and ESG Scores



Source: Company filings, Edelweiss Research

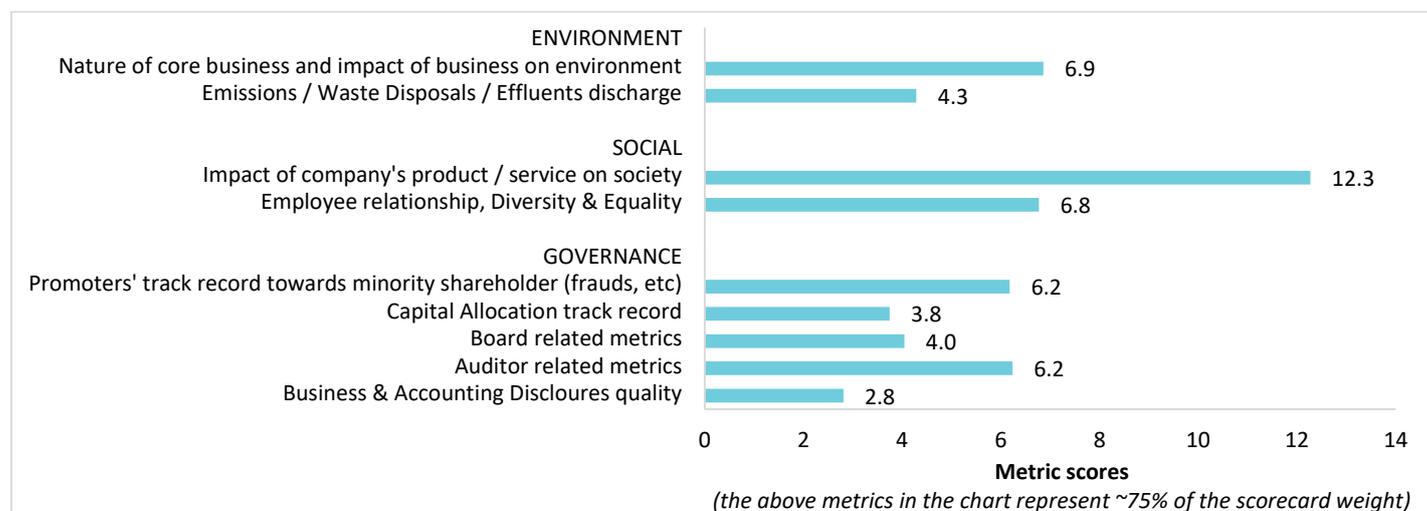
Pharmaceuticals

Exhibit 28: Pharma – Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Quartile within NSE100	Quartile within the sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
Abbott India	2	1	77.5	17.8	27.2	32.5
Cipla	2	1	77.0	17.6	28.1	31.3
Biocon	3	2	72.3	16.6	26.0	29.7
Dr. Reddy's Laboratories	3	2	72.0	16.8	25.4	29.8
Lupin	3	2	70.6	18.0	25.9	26.7
Divi's Laboratories	3	3	70.3	15.0	25.9	29.4
Torrent Pharmaceuticals	3	3	70.1	17.1	28.4	24.6
Alkem Laboratories	3	3	68.7	13.4	23.8	31.5
Cadila Healthcare	4	4	67.9	15.9	25.2	26.8
Aurobindo Pharma	4	4	62.2	14.7	24.3	23.2
Sun Pharmaceutical	4	4	61.7	14.4	25.8	21.5

Source: Edelweiss Research, Company

Exhibit 29: Pharma – Sector average scores on higher weighted metrics in our ESG framework

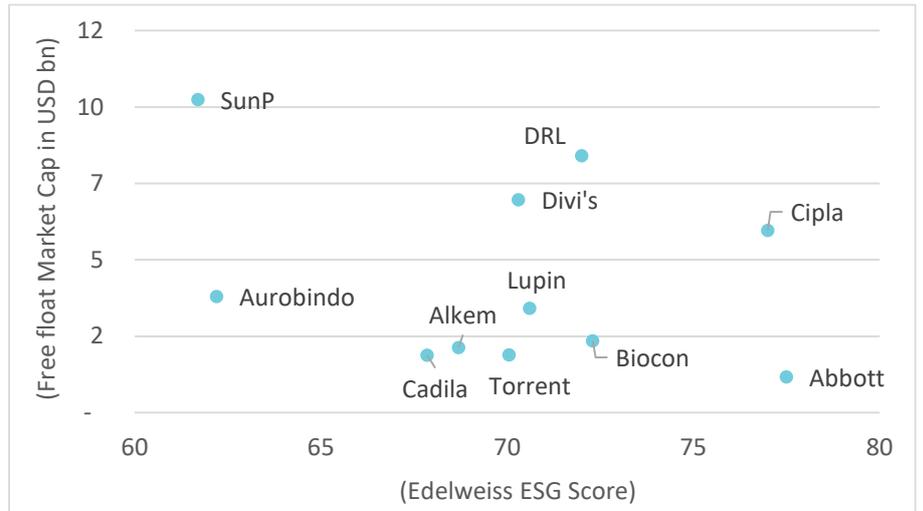


Source: Company filings, Edelweiss Research

Note:

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- 'Social' metrics displayed in the chart collectively reflect 22% of the 33% weight for Social
- 'Governance' metrics displayed in the chart collectively reflect 28% of the 34% weight for Governance

Exhibit 30: Pharma – Stocks mapped against FF Market Cap and ESG Sco



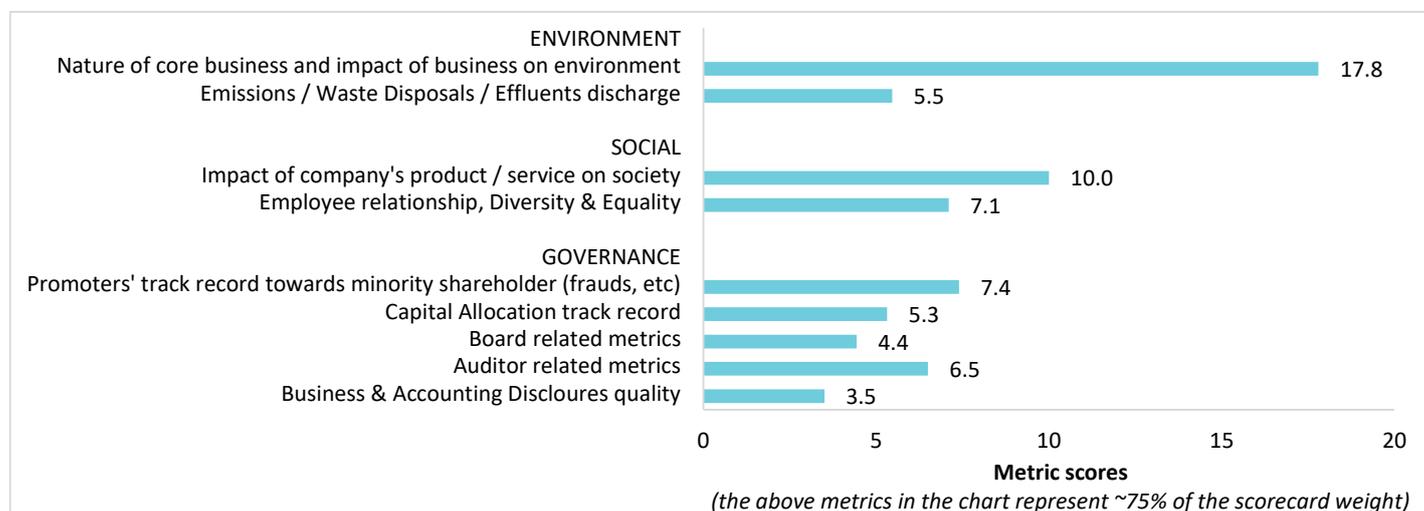
Source: Company filings, Edelweiss Research

IT/ITES and Internet

Exhibit 31: IT/ITES and Internet – Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Quartile within NSE100	Quartile within the sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
HCL Tech	1	1	91.9	30.4	28.6	32.9
TCS	1	2	91.8	30.4	27.4	34.0
Tech M	1	2	91.5	29.7	28.4	33.4
Wipro	1	3	91.1	30.4	27.0	33.7
Infosys	1	4	89.0	30.4	26.1	32.5
Info Edge	1	1	87.8	29.5	25.7	32.6
L&T Infotech	1	4	86.3	29.4	26.3	30.6

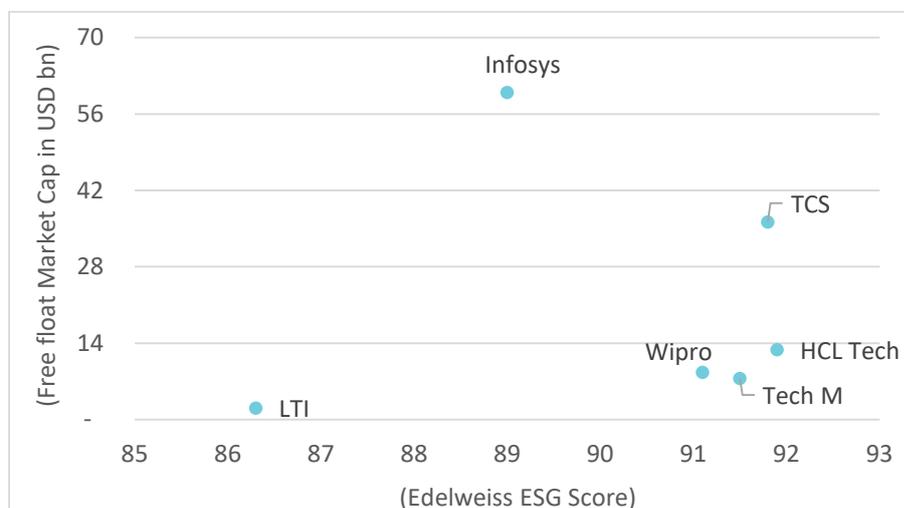
Exhibit 32: IT/ITES and Internet – Sector average scores on higher weighted metrics in our ESG framework



Note:

- 'Environment' metrics displayed in the chart collectively reflect 26% of the 33% weight for Environment
- 'Social' metrics displayed in the chart collectively reflect 22% of the 33% weight for Social
- 'Governance' metrics displayed in the chart collectively reflect 28% of the 34% weight for Governance

Exhibit 33: IT/ITES – Stocks mapped against FF Market Cap and ESG Scores



Source: Company filings, Edelweiss Research

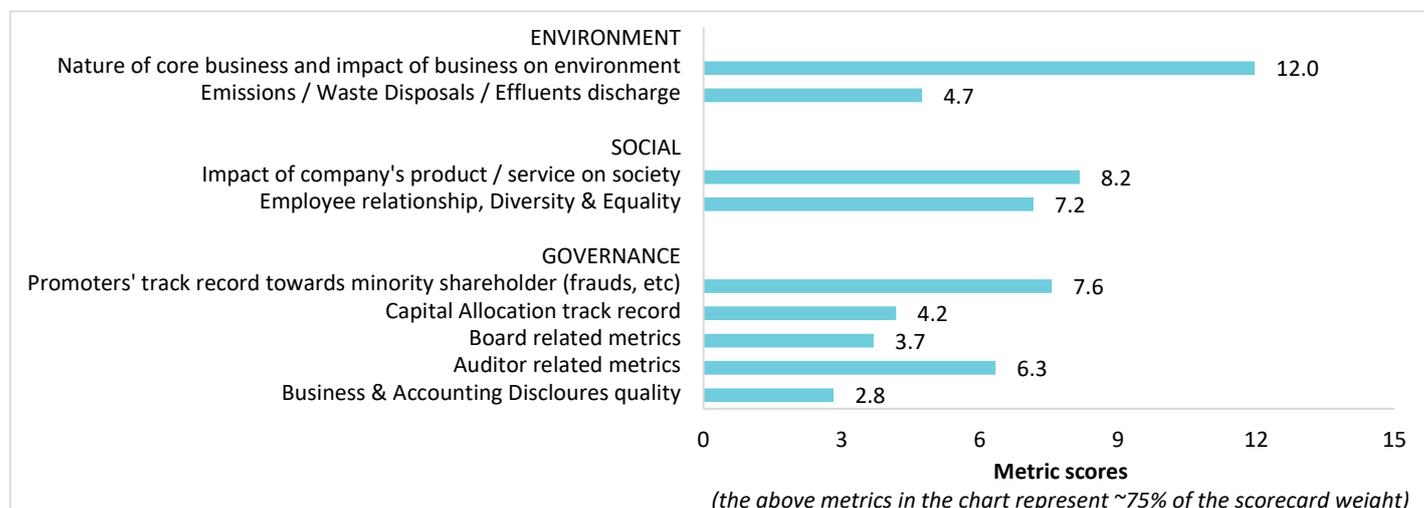
Consumer (FMCG, Tobacco, Alcohol)

Exhibit 34: Consumer - Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Quartile within NSE100	Quartile within the sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
Nestle India	1	1	85.3	25.2	28.6	31.5
Hindustan Unilever	1	1	84.8	24.2	28.7	31.9
Colgate	1	1	83.8	23.6	27.9	32.3
Godrej Consumer Products	1	2	83.2	23.7	27.8	31.7
Tata Consumer Products	1	2	82.2	25.1	27.9	29.2
Dabur	1	2	81.6	24.0	28.0	29.6
P&G Hygiene & Health Care	2	2	81.3	22.9	28.1	30.3
Asian Paints	2	3	81.0	21.4	28.4	31.3
Marico	2	3	79.0	22.7	26.6	29.7
Pidilite	2	3	77.6	21.3	26.5	29.8
Berger Paints	2	3	76.8	19.5	27.5	29.9
Britannia Industries	2	4	75.9	22.2	24.6	29.2
ITC	4	4	67.2	18.6	18.6	30.0
United Breweries	4	4	63.6	20.3	19.3	24.0
United Spirits	4	4	63.2	20.0	17.9	25.3

Source: Company filings, Edelweiss Research

Exhibit 35: Consumer – Sector average scores on higher weighted metrics in our ESG framework

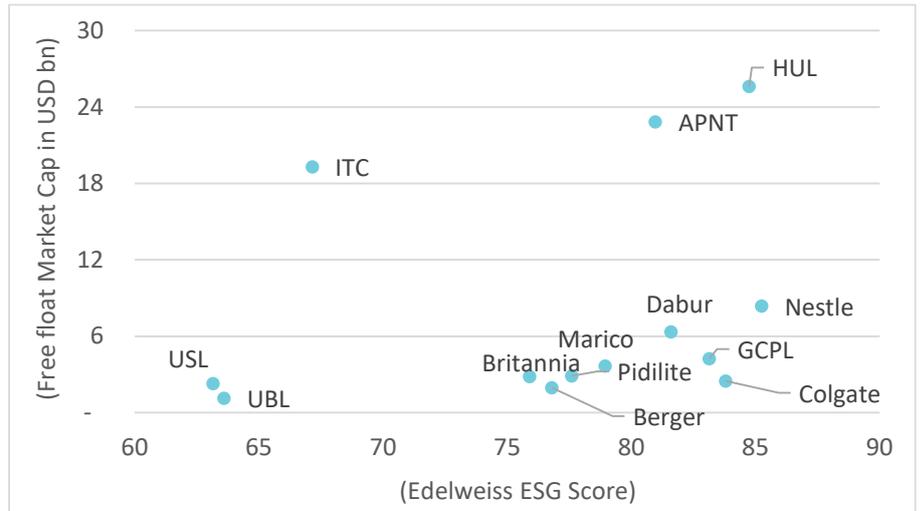


Source: Company filings, Edelweiss Research

Note:

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- 'Governance' metrics displayed in the chart collectively reflect 28% of the 34% weight for Governance

Exhibit 36: Consumer – Stocks mapped against FF Market Cap and ESG Scores



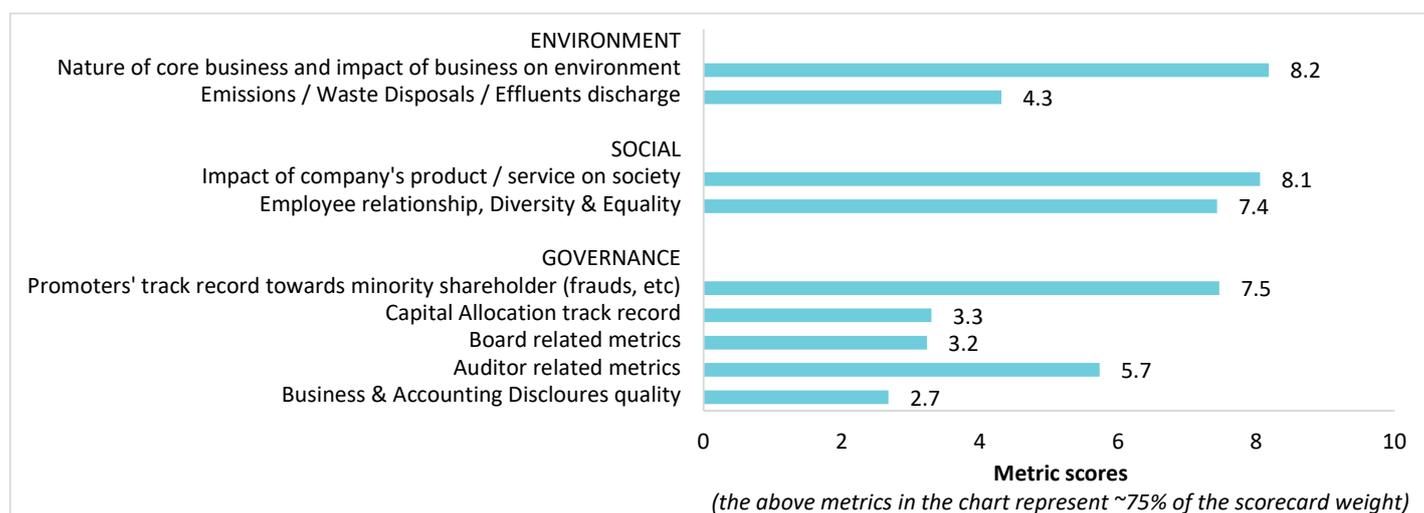
Source: Company filings, Edelweiss Research

Oil & Gas

Exhibit 37: Oil & Gas - Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Quartile within NSE100	Quartile within the sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
Indraprastha Gas	2	1	79.4	21.0	27.0	31.4
Petronet LNG	3	1	73.6	20.1	24.3	29.3
Reliance Industries	3	2	72.3	20.9	25.8	25.7
BPCL	3	2	71.5	17.8	25.6	28.1
Indian Oil Corporation	4	3	67.4	16.8	23.1	27.6
HPCL	4	3	67.2	15.5	24.6	27.2
GAIL (India) Ltd.	4	4	66.8	16.7	22.1	28.0
Oil & Natural Gas Corp	4	4	60.1	9.0	24.6	26.5

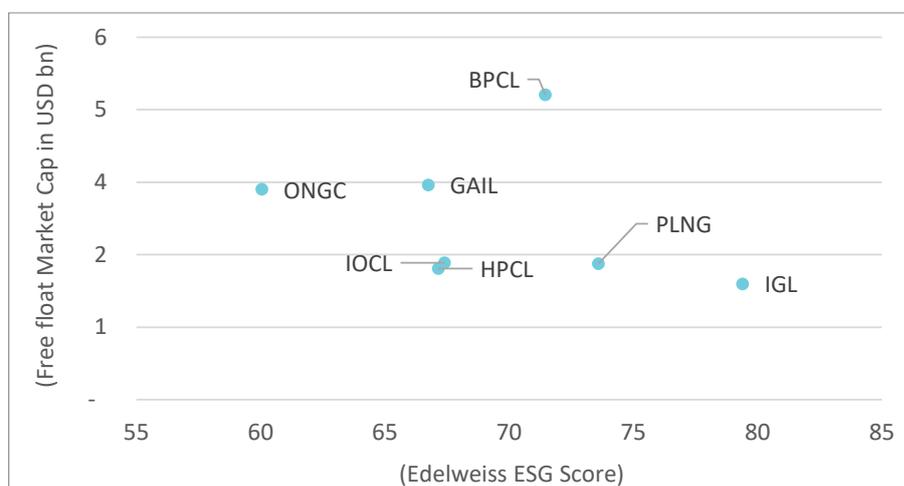
Exhibit 38: Oil & Gas – Sector average scores on higher weighted metrics in our ESG framework



Note:

- 'Environment' metrics displayed in the chart collectively reflect 26% of the 33% weight for Environment
- 'Social' metrics displayed in the chart collectively reflect 22% of the 33% weight for Social
- 'Governance' metrics displayed in the chart collectively reflect 28% of the 34% weight for Governance

Exhibit 39: Oil & Gas – Stocks mapped against FF Market Cap and ESG Scores



Source: Company filings, Edelweiss Research

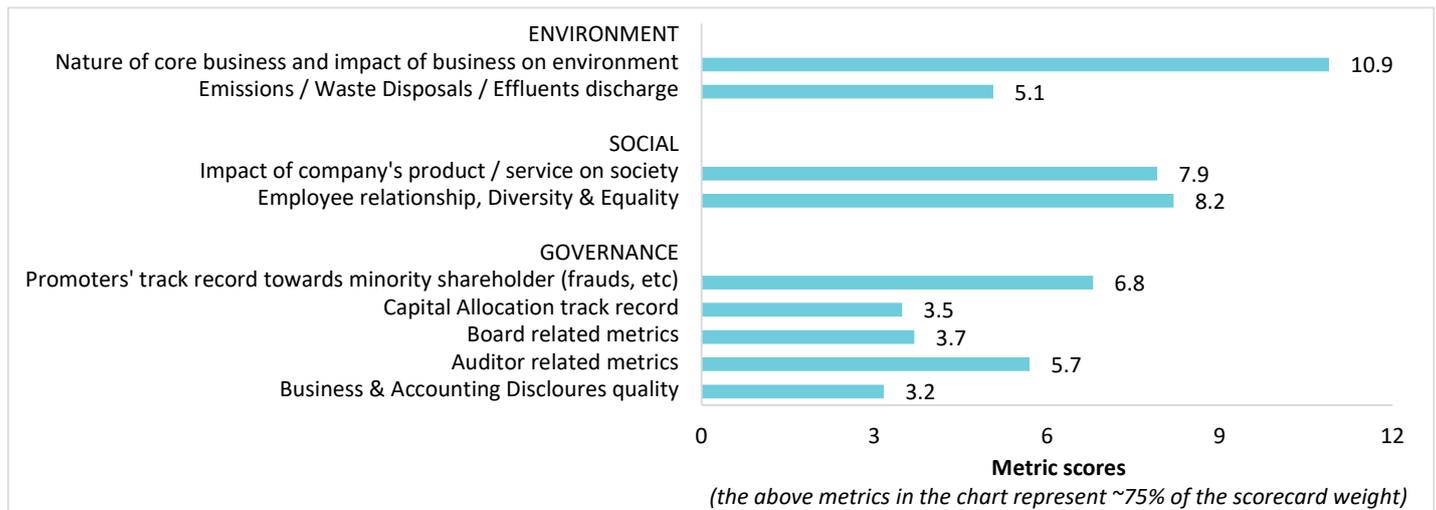
Industrials/Cap Goods/ Durables

Exhibit 40: Industrials / Cap Goods / Durables - Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Quartile within NSE100	Quartile within the sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
Havells India	2	1	78.3	24.0	27.5	26.9
Siemens	2	2	77.4	21.7	26.2	29.5
Larsen & Toubro	3	3	68.2	18.2	22.9	27.1

Source: Company filings, Edelweiss Research

Exhibit 41: Industrials / Cap Goods / Durables – Sector average scores on higher weighted metrics in our ESG framework



Source: Company filings, Edelweiss Research

Note:

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- 'Social' metrics displayed in the chart collectively reflect 22% of the 33% weight for Social
- 'Governance' metrics displayed in the chart collectively reflect 28% of the 34% weight for Governance

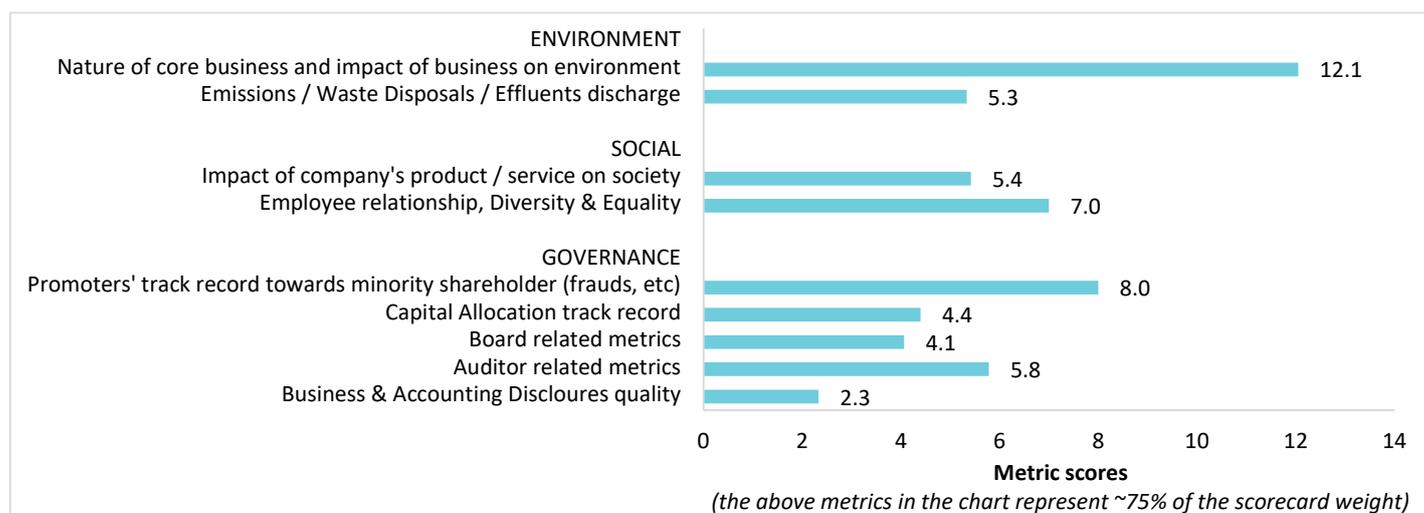
Retail

Exhibit 42: Retail - Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Quartile within NSE100	Quartile within the sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
Titan Company	2	1	75.4	21.9	23.5	30.0
Avenue Supermarts	3	2	73.9	23.8	21.4	28.8
Jubilant Foodworks	3	3	70.9	24.5	17.3	29.1

Source: Company filings, Edelweiss Research

Exhibit 43: Retail – Sector average scores on higher weighted metrics in our ESG framework



Source: Company filings, Edelweiss Research

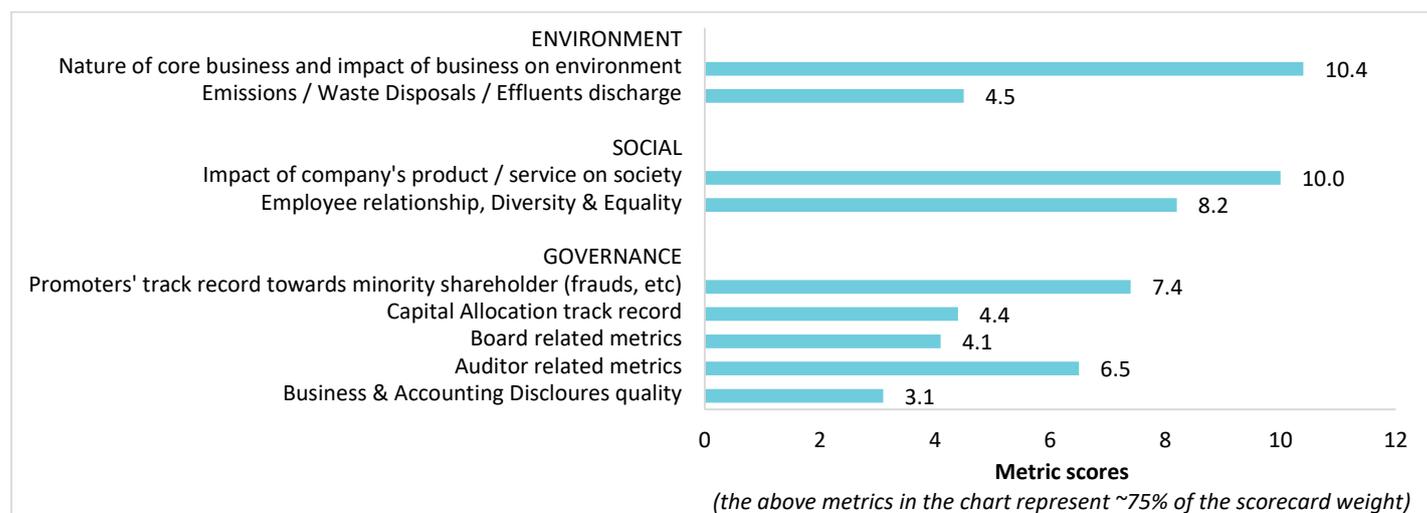
Telecom

Exhibit 44: Telecom - Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Quartile within NSE100	Quartile within the sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
Indus Towers Ltd.	2	1	78.1	20.7	26.4	31.0
Bharti Airtel Ltd.	2	2	77.7	21.3	25.7	30.7

Source: Company filings, Edelweiss Research

Exhibit 45: Telecom – Sector average scores on higher weighted metrics in our ESG framework



Source: Company filings, Edelweiss Research

Other sectors (within NSE100)

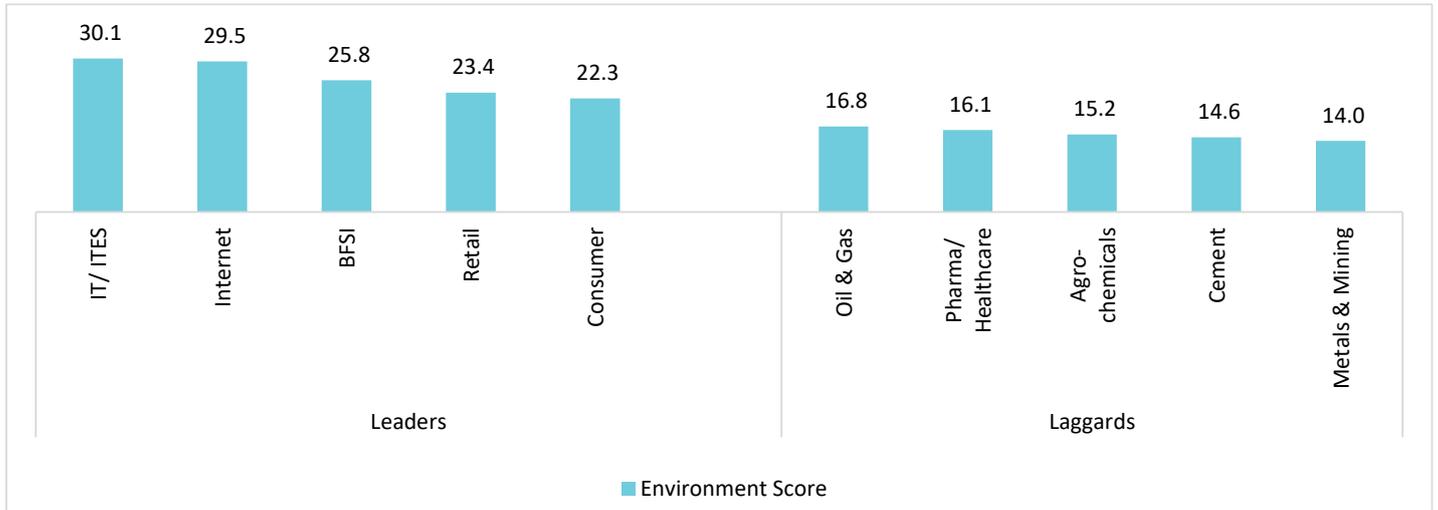
Exhibit 46: Detailed ESG scores along with quartiles within the sector and NSE 100

Company	Industry	Quartile within NSE100	Quartile within the sector	Edelweiss ESG score (out of 100)	E' score (out of 33)	S' score (out of 33)	G' score (out of 34)
PI Industries	Agchem	3	1	74.8	16.6	26.5	31.7
UPL	Agchem	4	2	59.3	13.8	26.2	19.3
Info Edge	Internet	1	1	87.8	29.5	25.7	32.6
Concor	Logistics	4	1	67.8	18.1	23.2	26.5
DLF	Real Estate	4	1	60.2	18.0	23.3	18.9

Source: Company filings, Edelweiss Research

Environment: Leaders and Laggards

Exhibit 47: Sectors that lead and lag on our ESG Environment Scores (score out of 33)



Source: Company filings, Edelweiss Research

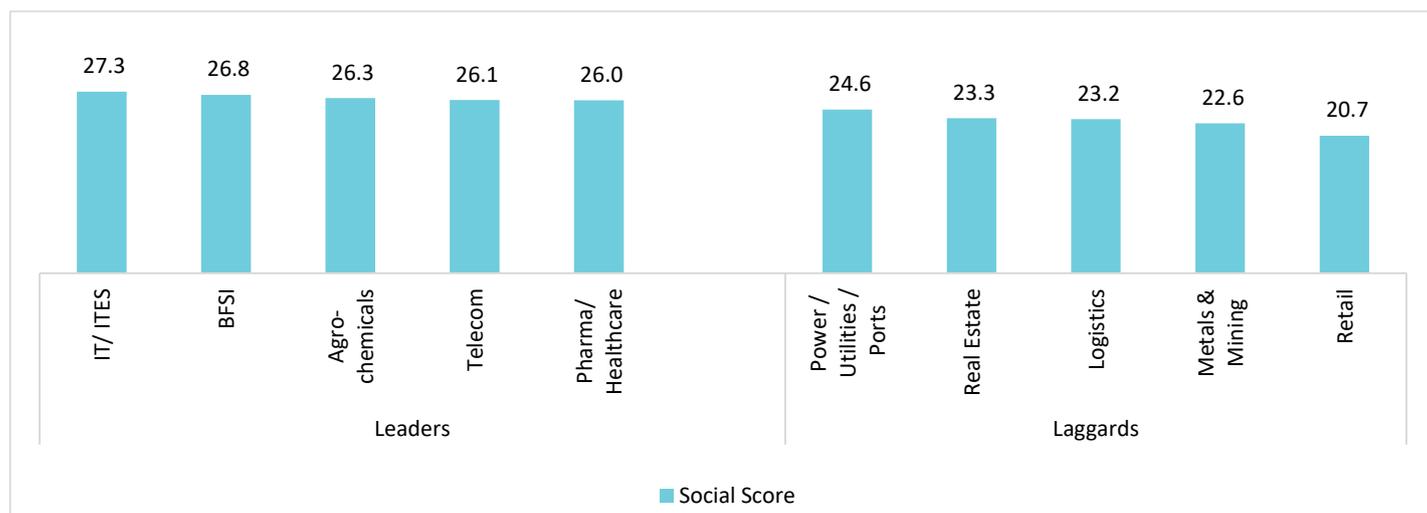
Exhibit 48: Companies that lead and lag on our ESG Environment Scores (score out of 33)



Source: Company filings, Edelweiss Research

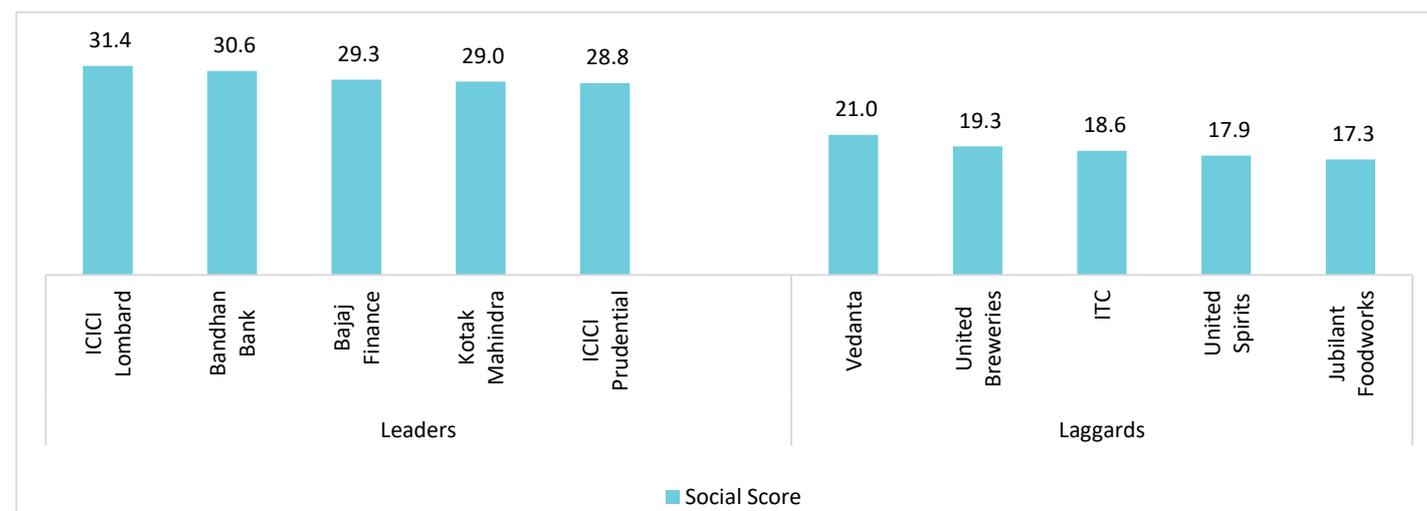
Social: Leaders and Laggards

Exhibit 49: Sectors that lead and lag on our ESG Social Scores (score out of 33)



Source: Company filings, Edelweiss Research

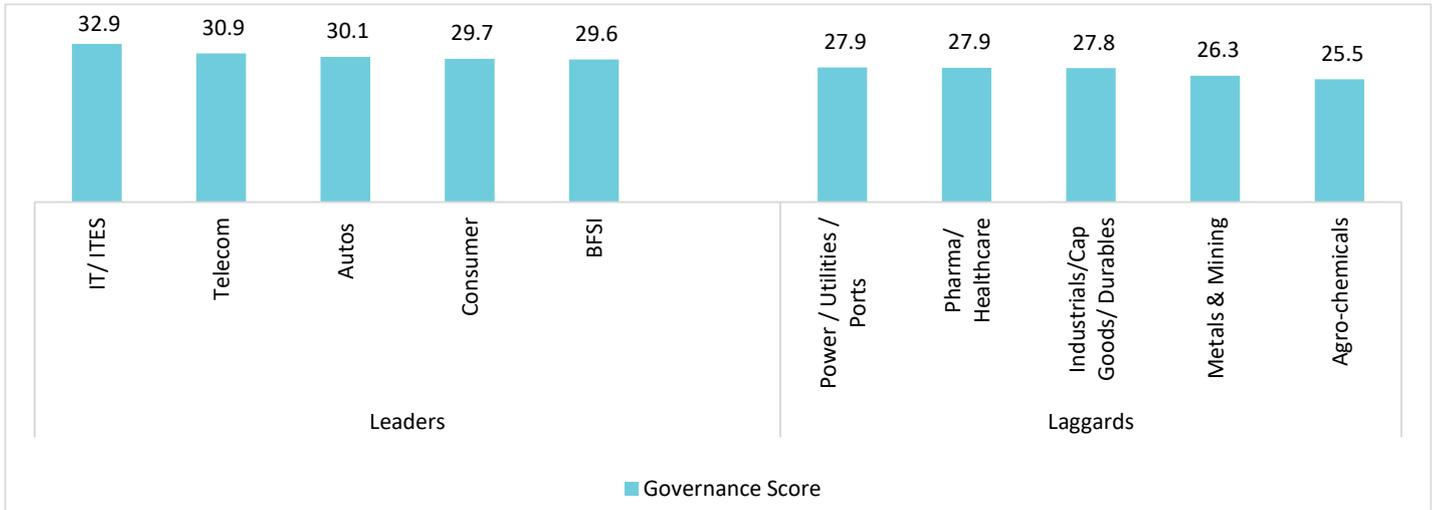
Exhibit 50: Companies that lead and lag on our ESG Social Scores (score out of 33)



Source: Company filings, Edelweiss Research

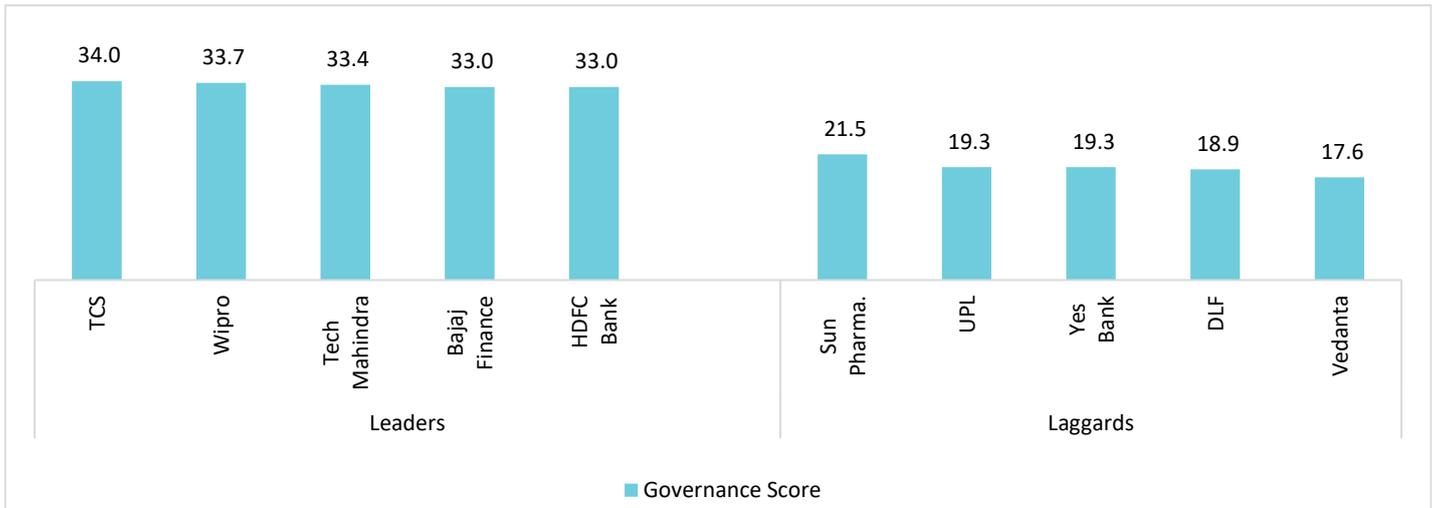
Governance: Leaders and Laggards

Exhibit 51: Sectors that lead and lag on our ESG Governance Scores (score out of 34)



Source: Company filings, Edelweiss Research

Exhibit 52: Companies that lead and lag on our ESG Governance Scores (score out of 34)



Source: Company filings, Edelweiss Research

Scores contradicting ESG rating agencies

The tables below highlight our ESG scores where we are particularly almost polar opposites of the MSCI ESG ratings for these companies. The difference in scores, in our view, is a function of the difference in methodology where we have especially rewarded some India-specific positive categories/sub-sectors. For instance, we see a business such as Indraprastha Gas as a net positive contributor to the Environment aspect (diesel vehicles switching to CNG) despite it being in the gas business. We believe that these India-specific perspectives are imperative as such sectors are likely to enjoy favourable regulatory policies for long durations, irrespective of political regimes.

Exhibit 53: Companies where our ESG Scores are high/average and MSCI ESG ratings are average/poor

Company	Industry	Edelweiss ESG score	MSCI ESG Rating
SBI Life Insurance	BFSI	85.6	BB
HDFC Asset Management	BFSI	85.5	BB
ICICI Prudential Life Insurance	BFSI	85.1	B
Godrej Consumer Products	Consumer	83.2	BB
Indraprastha Gas	Oil & Gas	79.4	B
Muthoot Finance	BFSI	79.3	B
Avenue Supermarts	Retail	73.9	B

Source: Company filings, Edelweiss Research

There are also companies where our ESG scores are poor, but the scores are good with ESG rating agencies. ITC particularly stands out here. In our scoring framework, the weight of it being a predominantly tobacco business is extremely high and that outweighs the high disclosures and other initiatives. Another example is SBI. While rated strongly by rating agencies for being a bank, our ESG score for it suffers on two counts. First, though a bank, we account for lending exposure to environmentally harmful sectors such as coal and other mining sectors, etc. Second, a history of NPAs affects our capital allocation score.

Exhibit 54: Companies where our ESG Scores are average/poor and MSCI ESG ratings high/average

Company	Industry	Edelweiss ESG score	MSCI ESG Rating
State Bank of India	BFSI	73.0	A
Bharat Petroleum Corporation Ltd.	Oil & Gas	71.5	BBB
Yes Bank	BFSI	71.4	BBB
Mahindra & Mahindra Ltd.	Autos	71.0	A
Hindalco Industries Ltd.	Metals & Mining	69.3	BBB
ITC Ltd.	Consumer	67.2	AA
Shree Cement Ltd.	Cement	67.1	BBB
UPL Ltd.	Agro-chemicals	59.3	BBB

Source: Company filings, Edelweiss Research

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