



Inclusive ESG Framework and Scoring Methodology

April 2022

Master Deck





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ESG capital flows favor Developed Markets (DMs) over Emerging Markets (EMs)



THE ISSUE

According to a recent report issued by UNPRI, there is a significant gap in the amount of funding needed to meet the UN SDGs in EMs, estimated to be as much as US\$3.7trn¹ annually.

This slows the pace of progress against UN SDGs and the Paris Agreement.



How do we channel the ESG investment boom towards emerging economies?

THE SOLUTION

FII Institute asked EY to interview leading investors and identify the main barriers. There was unanimous agreement that biased and inaccurate ESG ratings for EM corporates hinder flows.

EY developed the Inclusive ESG Framework and Scoring Methodology under the guidance of a Steering Committee of leading investors validated with data from 40 EM corporates operating in 4 countries, across sectors.



What does good look like for EM firms?

THE WAY FORWARD

Investors are invited to integrate the Inclusive ESG Framework and Scoring Methodology into their decision-making.

The tool addresses the question of 'what good performance looks like in EMs' and provides an objective assessment without greenwashing.



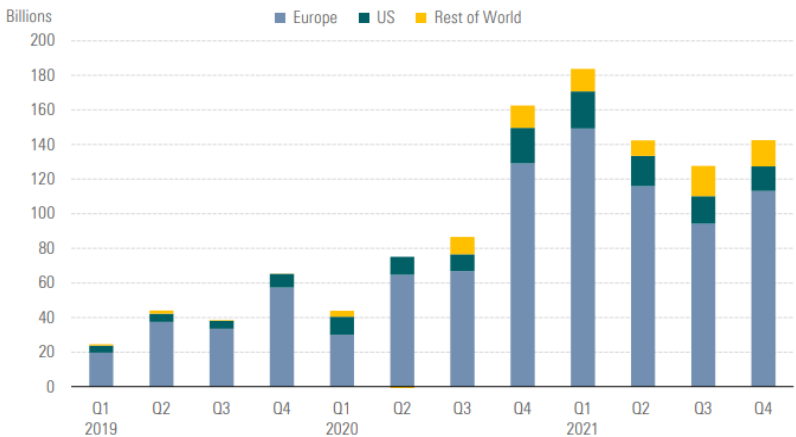
Leverage the inclusive methodology in the investment strategy to score EM firms for what they are



Emerging Markets receive only a fraction of the global sustainable funds



- The rise in sustainable finance is setting new records with every passing year.
- It is estimated that global ESG assets may hit \$53 trillion, a third of global AUM, by 2025¹.
- Sustainable fund flows is dominated by EU (~80%), followed by US (~12%) and rest of world.



Source: Morningstar Direct, Manager Research. Data as of December 2021.

The global sustainable finance flow focuses heavily on Developed Markets

Europe represents ~80% of global sustainable investing assets, even though the EU-28 was responsible for less than 10% of the world’s emissions in 2017.

Emerging economies are the future hotspot of developmental agenda.

Asia alone accounts for ~60% of the world’s population, 2/3rd of the world’s material use and energy demand, 50% of world’s biodiversity hotspots², yet represents less than 4% of global sustainable investing assets.

OECD estimated that by 2021, the Sustainable Development Goal (SDG) financing gap in low-middle income countries had risen from \$2.5 trillion to \$4.2 trillion³.

How do we direct ESG investment flow towards emerging economies?

1. Bloomberg, February 2021
2. GO4SDGs APAC 2021
3. OECD Global SDG outlook 2021



20+ Leading Investors were unanimous that existing ESG scoring prevents a fair assessment of EM corporates



What we heard from conversations with investors and thought leaders



Disclosure, not performance drives ratings

Current ESG scoring under weights ESG activities by firms in emerging markets and does not recognize YOY performance improvements



EM companies **lack a robust ESG disclosure framework**. Therefore, there is high potential that EM companies inherently receive relatively lower scores.

ESG rating firms focus on a host of issues **not specifically tailored** to EM context.



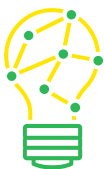
Home country risk bias adds to poor performance

Current ESG scoring techniques adjust for country risk and arbitrarily lowers the score without regard to strength of company performance



Emerging economies have **different structural challenges and lack developed frameworks** for social and governance. ESG mandates have not evolved to the same level as DMs.

There are multiple examples of EM companies with leading ESG performance being **unduly penalized** due to country risk bias.



Lack of / limited forward looking assessment

Existing scoring techniques focus more on current and past performance and do not reward YOY improvement or forward commitments



EM corporates have a later starting point in their ESG journey, which results in less favorable ratings due to the **backward-looking** focus of the rating KPIs.

Forward-looking commitments should be recognized and taken into consideration, particularly in rapidly evolving markets.



Investor feedback drives the design of the Inclusive ESG Framework and Scoring Methodology



Building on what exists, not re-inventing the wheel

- **Aligned with global ESG** taxonomy
- **Aligned with** ESG priorities of investors
- Drawing on **EM country-specific national priorities**

Design principles are a reflection of continuous investor feedback

- Companies' track records and **management intent** should be credited
- ESG scoring should reflect the **actual operating conditions** for EMs

Design parameters reflecting EM conditions and maturity

- Themes and KPIs that **matter the most to EMs**
- Weighting of scores based on **"what good looks like for EMs"**

Identification
of ESG topics
that matter
most for EMs

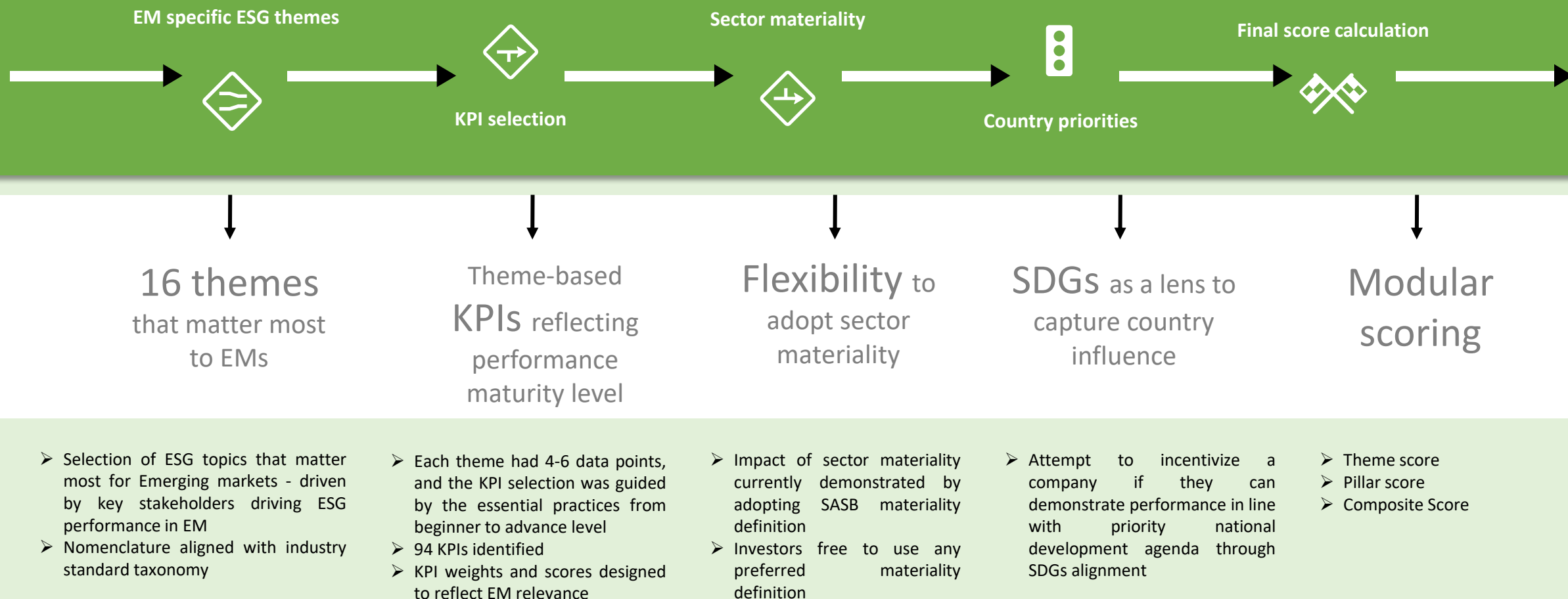
What good
looks like for
EM Companies

Applicability:

Inclusive ESG
Framework and Scoring
Methodology can be
applied by active
investors across
different stages of the
investment lifecycle

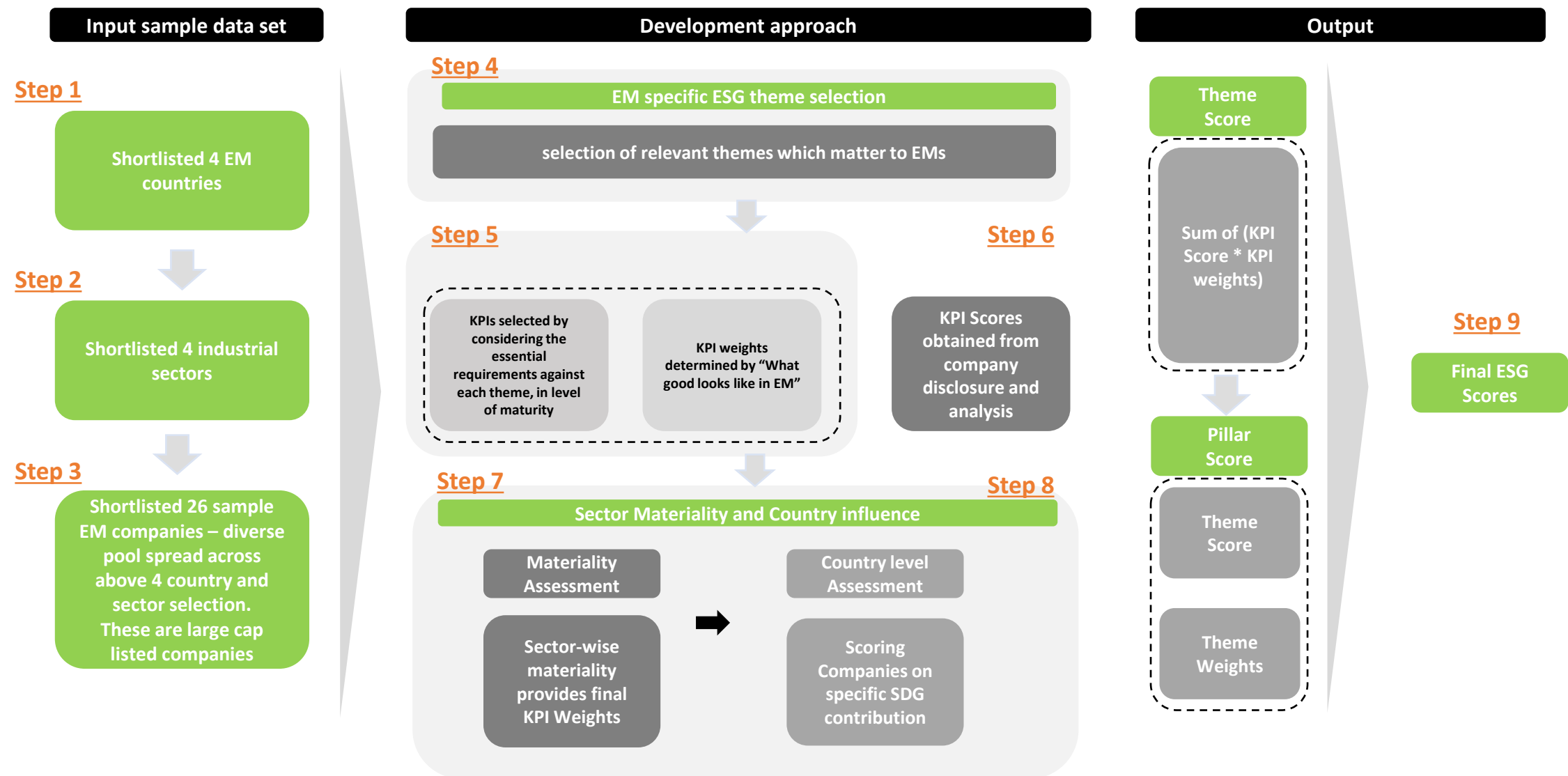


The method analyses what good looks like for EM firms against material ESG themes



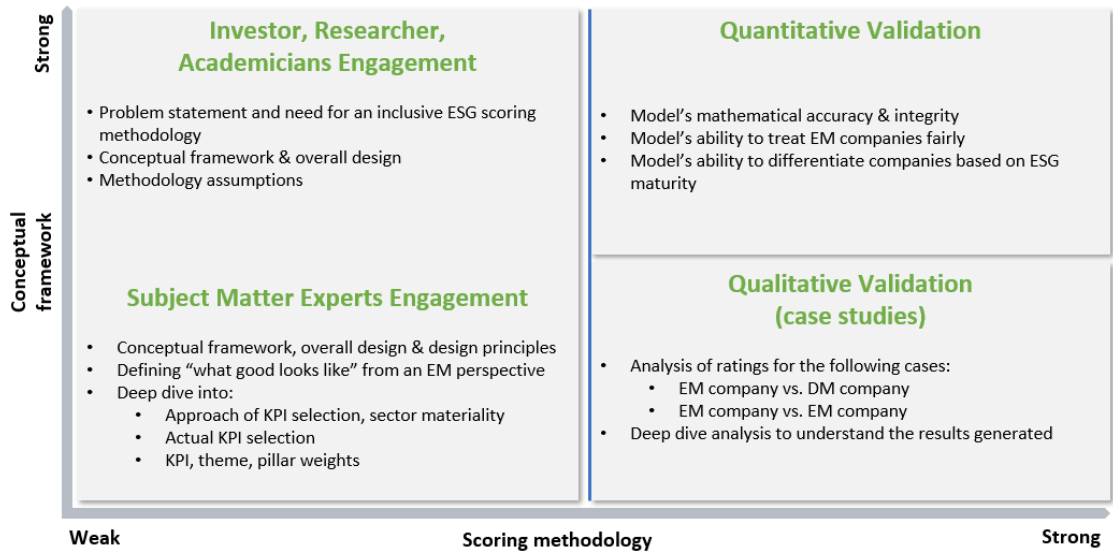


The Inclusive ESG scoring methodology is modular and can be adapted to each investor's strategy





To ensure robustness of the methodology, we have performed different validation tests...



1

Inclusive ESG framework and scoring methodology is a performance-driven approach that corrects for the bias in the existing scoring systems

2

When companies meet benchmarks for “what good looks like” they are scored appropriately and this score flows through to final ratings. Companies that do not meet these benchmarks receive lower scores. In validation testing, only 34% of EM corporates saw an increase in rating

3

This objective rating method provides depth in judging relative performance among EM peers AND allows high performing EM corporates to outrank less effective DM peers



... and created a case study to demonstrate the value of the inclusive ESG scoring methodology: a tale of two companies



Company A

- Leading French construction company
- Founded in 1899
- Operates in more than 120 countries



Company B

- Indian multinational conglomerate
- Among world's top five construction companies
- In operation since 1938
- operates in more than 50 countries

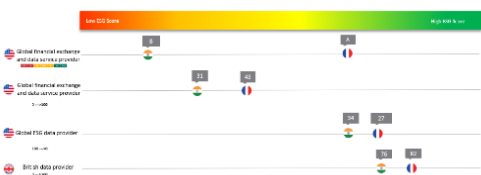
Company A and Company B are two similar companies in the construction and engineering field. What is their ESG scoring journey based on existing methodologies vs. the inclusive ESG Methodology? Should there be a large score gap between them?

Similar companies based in different countries

- Multinational operations
- Engineering and construction
- Largest in terms of market cap within their countries
- Net-zero targets
- Similar ESG ambitions



However, there is a gap between their scores across different ratings

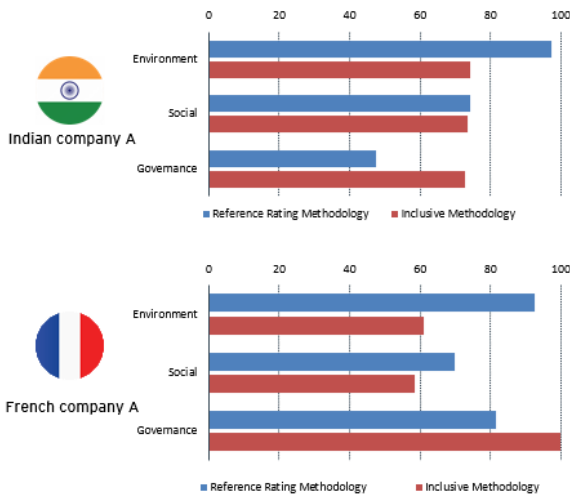


Key reasons for the gap are:

- Scoring on KPIs where required information is not fully relevant for EM
- Scoring on KPIs where disclosure in a specific format is expected
- General inaccuracy in capturing information, maybe due to a delayed refresh search



Once biases are removed and EM relevant aspects considered...



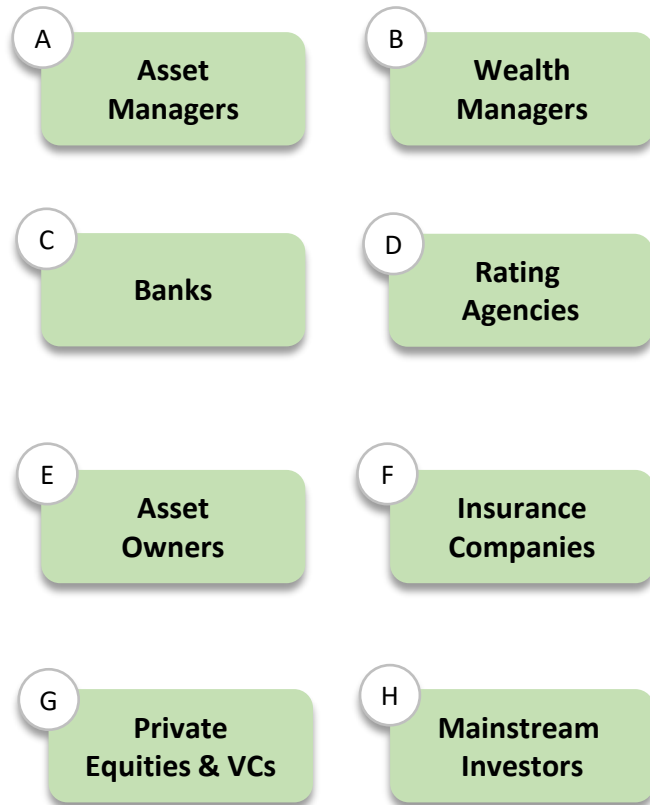
... the companies' scores are closer and comparable.



Investors can leverage the Inclusive ESG framework and scoring methodology across the investment lifecycle

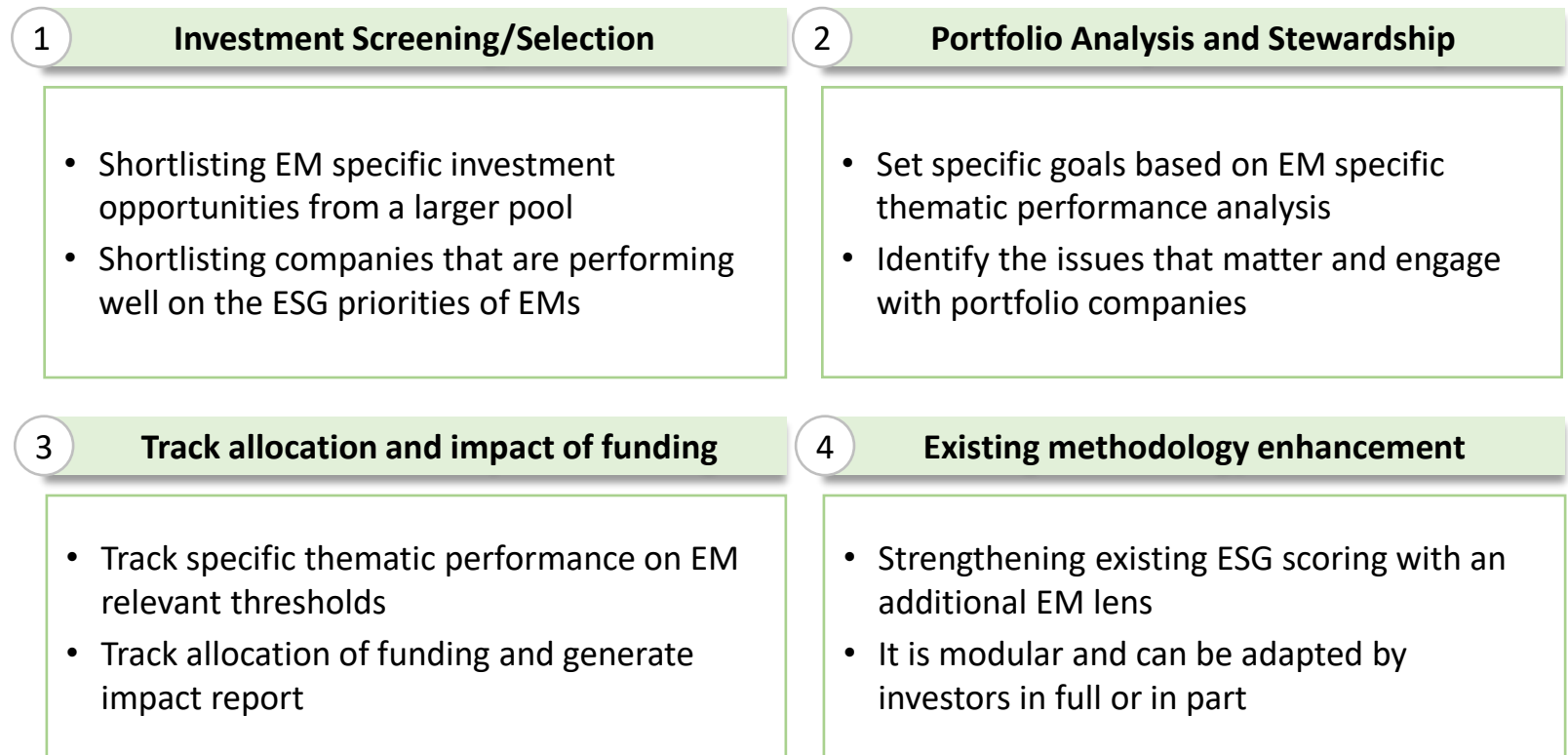


Target Stakeholders



Potential Use Case

The methodology finds relevance in:

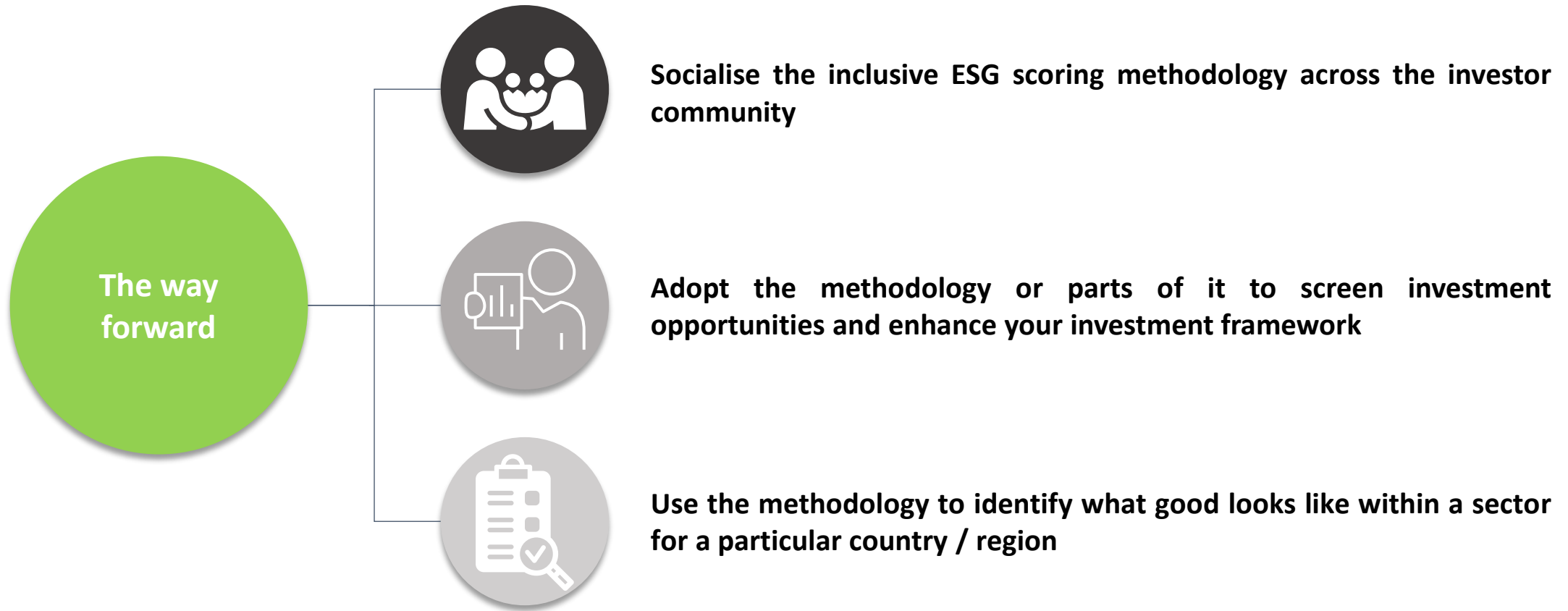




Positive ESG performance contributes to EM sustainable development



The Inclusive ESG Framework and Scoring Methodology showcases an alternative and inclusive assessment based upon what good looks like for EM firms





1. Introduction

Executive Summary

The overall objective of this document is to showcase the following aspects:

Problem Statement

A targeted assessment and description of the gaps and biases most relevant to EMs in existing ESG standards and frameworks

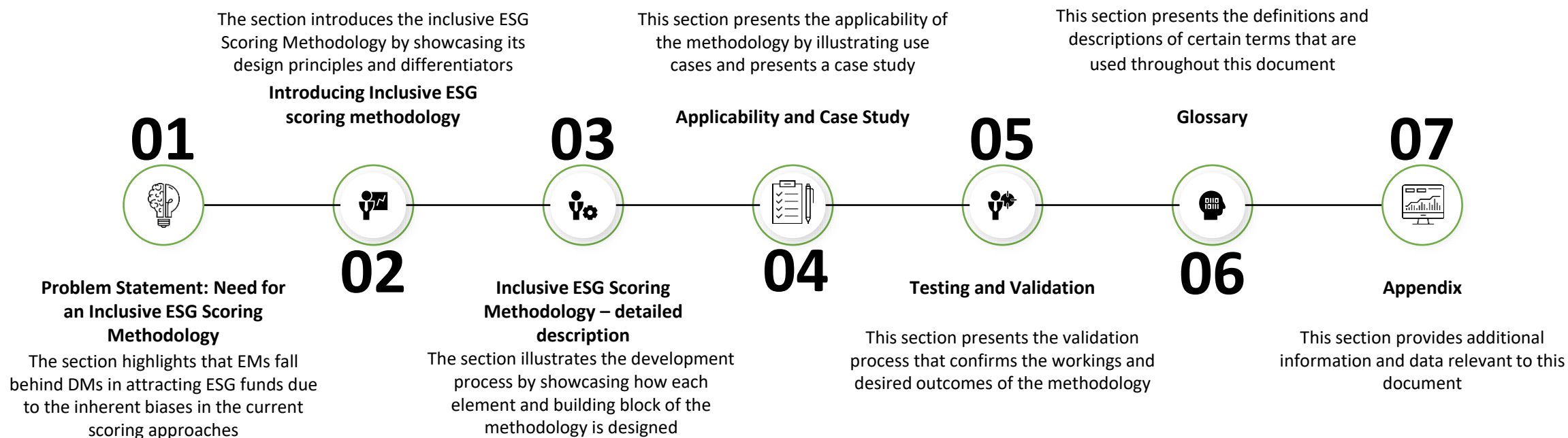
The Solution

Description of proposed inclusive ESG Scoring Methodology and how it builds upon the existing approaches and fills the gaps to demonstrate an inclusive and less-biased approach aligned with EMs

Way Forward

Recommendations on how the inclusive ESG scoring methodology can be implemented by EM focused ESG investors, rating agencies, and other Market Participants

The document is further structured into different sections to fulfill the objectives above:





2. Problem Statement: Need for an Inclusive ESG Scoring Methodology

2. Problem Statement: Need for an Inclusive ESG Scoring Methodology



This section highlights the rising focus on ESG amongst global investors. It illustrates that amidst this rising interest, Emerging Markets (EMs) fail to attract ESG funding, wherein a significant portion is being allocated to Developed Markets (DMs). One of the reasons for the skewed allocation is the increase of investor reliance on existing ESG scoring approaches. However, the existing approaches are inherently biased towards DM conditions. **This raises a key question on how to facilitate ESG investments to EMs? Is it possible through a clear and unbiased ESG analysis of EM companies?**

Going further, this section captures views from our research and consultative investor feedback highlighting the challenges with existing ESG rating approaches and the challenges and expectations of investors to arrive at an unbiased view of ESG performance in EMs.

The following slides elaborate on the below points:

2A

Rising interest amongst global investors on ESG integration across investment

2B

Emerging Markets receive only a fraction of the global sustainable funds

2C

Investors dependence on ESG ratings is gaining prominence, yet inherent challenges exist

2D

There is a strong need for a clear and unbiased ESG analysis that reflects EM realities without greenwashing

2A: Rising interest amongst global investors on ESG integration across investment



Investors are looking for consistent and high-quality information that outlines a strategic plan for long-term value creation.

89%

of investors say their firm has changed its voting and/or engagement policy to be more attentive to ESG risks

2/3

of institutional investors believe ESG will become “industry standard” within 5 years

\$20t

BoA estimate of ESG market demand by investors in the next two decades

20%

of all Exchange Traded Funds will be tied to ESG ratings by 2028, according to world’s largest asset manager forecasts

[Is your ESG data unlocking long-term value?](#)
[ESG will be industry standard within five years](#)
[Your complete guide to investing with conscious](#)
[2020 Global Sustainable Investing Survey](#)



01

Investors have made sustainability a priority on their investment agendas



02

Investors believe ESG governance is essential to manage risk and execute strategy



03

Investors believe ESG is important in understanding a company’s full risk profile



04

Investors believe that ESG governance leads to long-term shareholder value



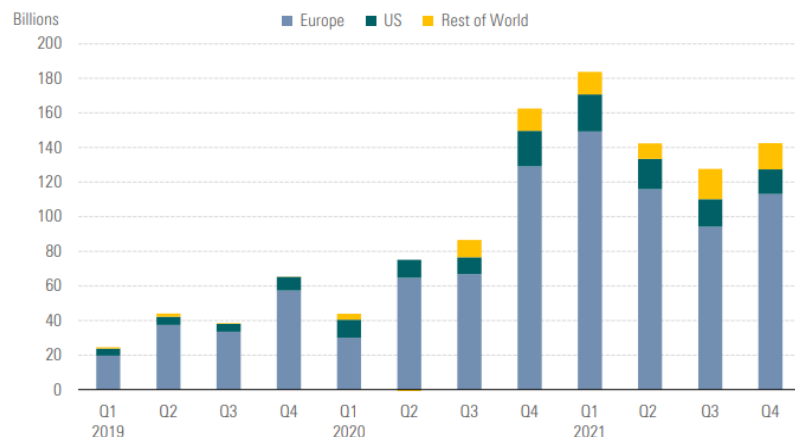
05

Investors want disclosures and metrics alignment with frameworks such as GRI, TCFD etc.

2B: Emerging Markets receive only a fraction of the global sustainable funds



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2C: Investors dependence on ESG ratings is gaining prominence, yet inherent challenges exist

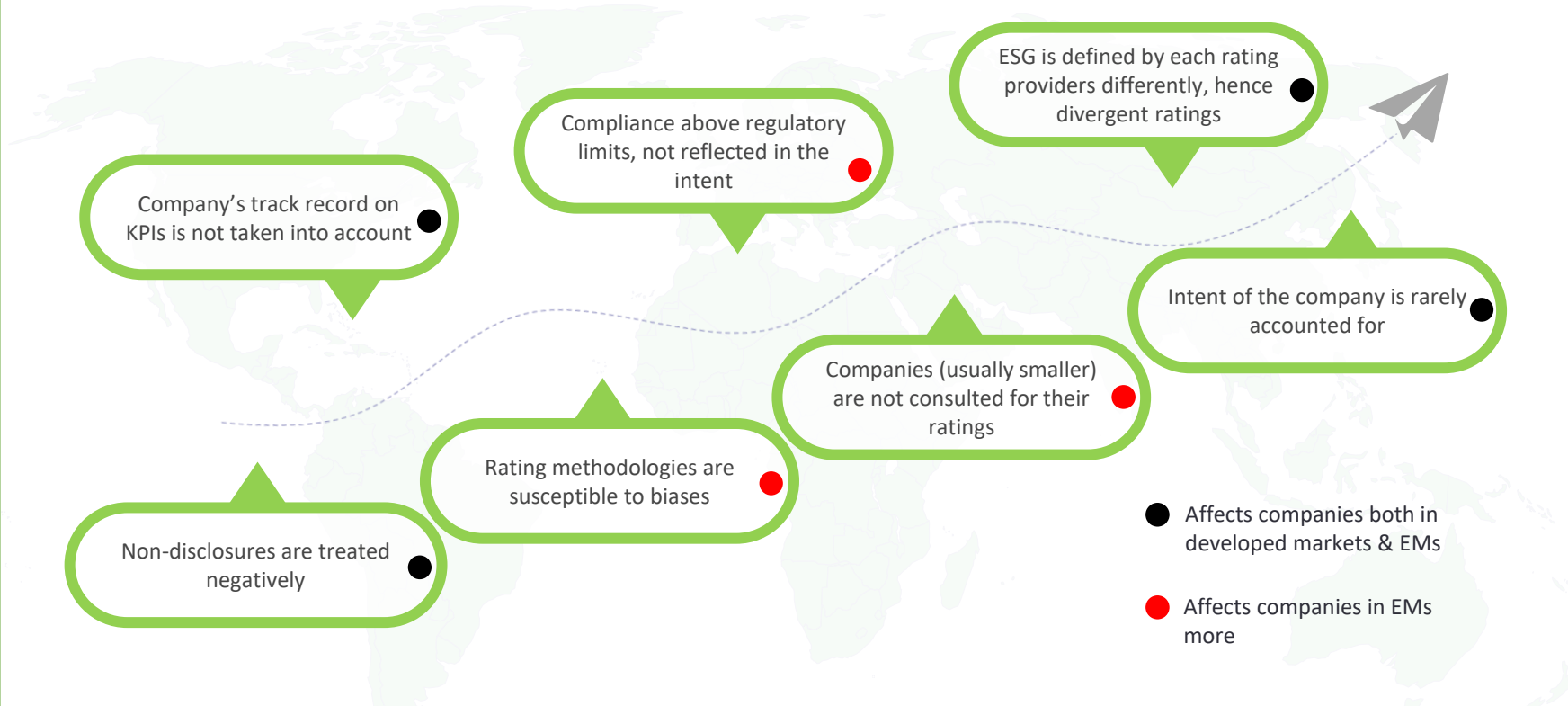


Investors combine a range of sources for their ESG assessments, ESG ratings are becoming a preferred choice



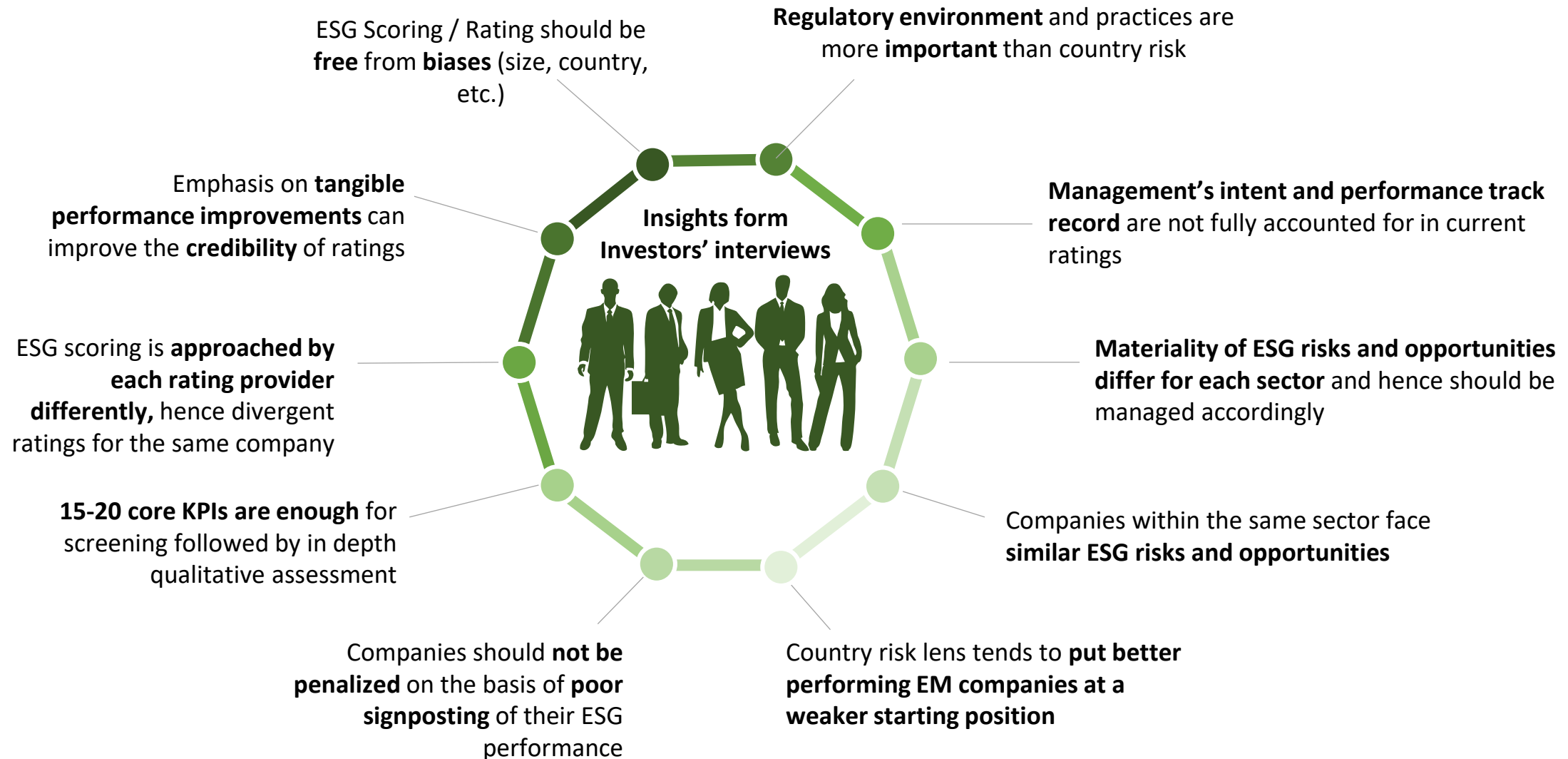
Source: SustainAbility (2020), Rate the Raters 2020: Investor Survey and Interview Results

Inherent challenges in existing rating approaches, as highlighted by investors



The above mentioned challenges are based on EY's research and ongoing discussion with investors and representatives from standard setting organisations

2D: Investors agree - there is a strong need for a clear and unbiased ESG analysis that reflects EM realities without greenwashing





3. Introducing Inclusive ESG Scoring Methodology

3. Introducing Inclusive ESG Scoring Methodology



This section introduces the inclusive ESG Scoring Methodology to the reader. It describes the key challenges in which this methodology aims to address and acknowledges the contribution from the investor community to steer and guide the development process. It further describes the key design principles underpinning the methodology and key differentiators that structure the methodology's unique design and EM relevance. The final slides present a high level overview of the methodology's design.

The following slides elaborate on the below points:

3A

What are the key challenges that the Inclusive ESG Scoring Methodology is aiming to solve?

3B

Contribution from investor community towards building the methodology

3C

Design principles for Inclusive ESG Scoring Methodology

3D

Key differentiators which make this methodology unique and fit for EMs

3E

Design overview of the Inclusive ESG Scoring Methodology

3A: 20+ Leading Investors were unanimous that existing ESG scoring prevents a fair assessment of EM corporates



What we heard from conversations with investors and thought leaders



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Lack of / limited forward looking assessment

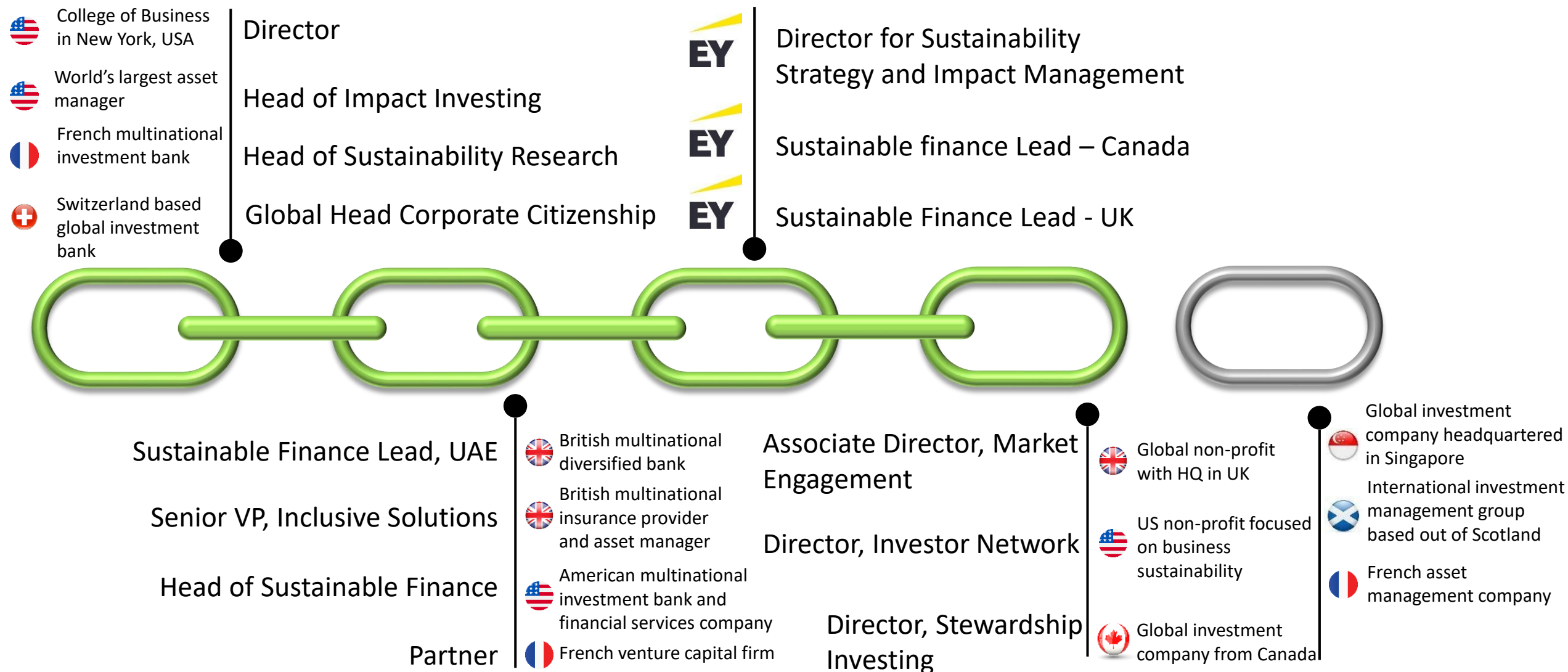
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Forward-looking commitments should be recognized and taken into consideration, particularly in rapidly evolving markets.

3B: Top asset managers and investors across the globe are contributing to this inclusive ESG methodology



3C: Investor feedback drives the design of the Inclusive ESG Framework and Scoring Methodology



Building on what exists, not re-inventing the wheel

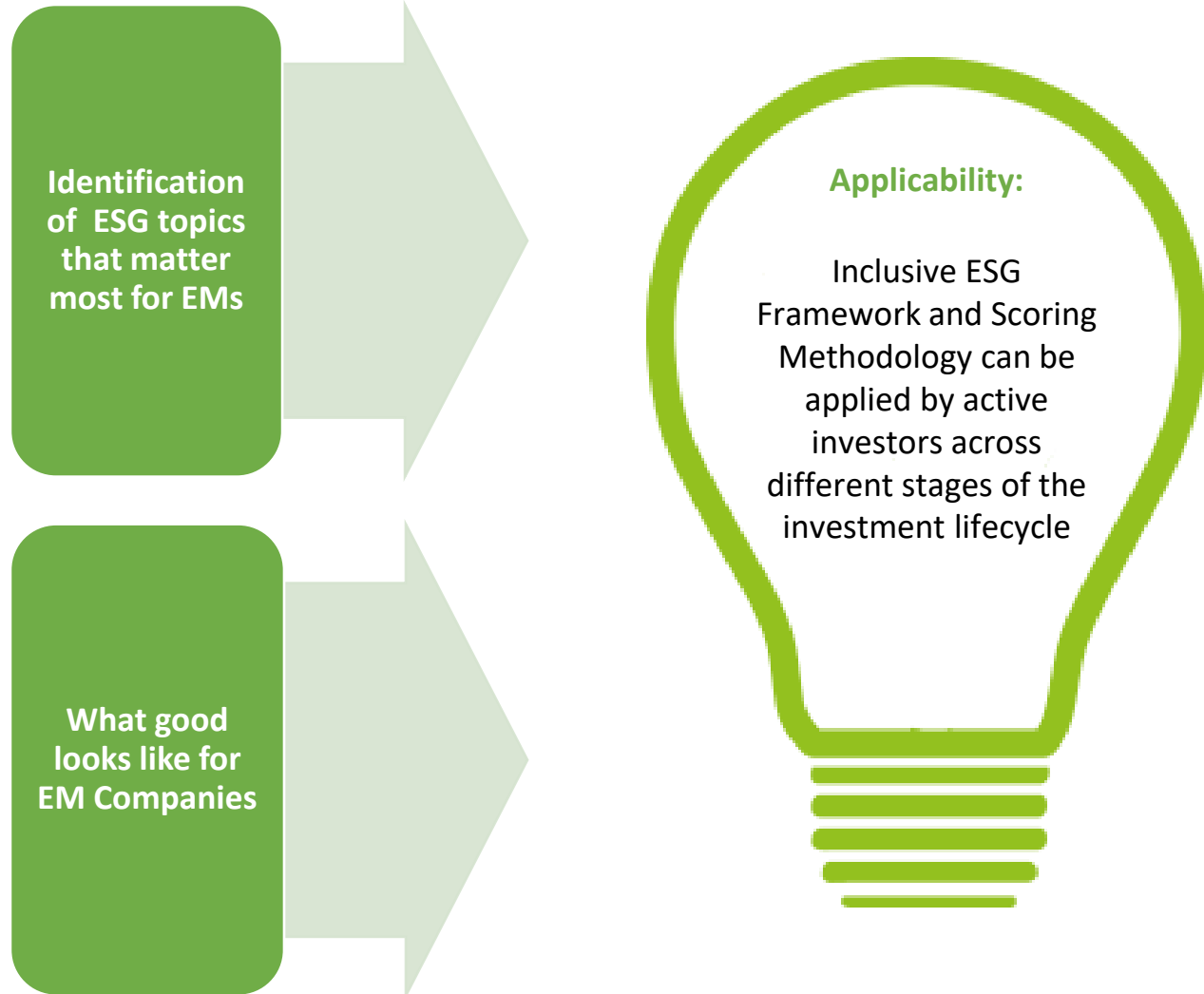
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- ESG scoring should reflect the **actual operating conditions** for EMs

Design parameters reflecting EM conditions and maturity

- Themes and KPIs that **matter the most to EMs**
- Weighting of scores based on **“what good looks like for EMs”**



3D: Key differentiators which make this methodology unique and fit for EM



1. Objective ESG analysis based on “what good looks like for EMs”

KPIs are designed considering raw data medians for leading EM companies, drawing on prevalent performance thresholds

2. Focus on most material KPIs for EM

Inclusive ESG Scoring deploys 16 themes and 96 KPIs that regulators, companies and experts judge as most material

3. Emphasis on delivering change, instead of volume of data disclosed

Across KPIs, strong consideration is given to YoY performance improvements, rather than disclosure on various policy and systems

4. Higher emphasis on sectoral challenges rather than country risk

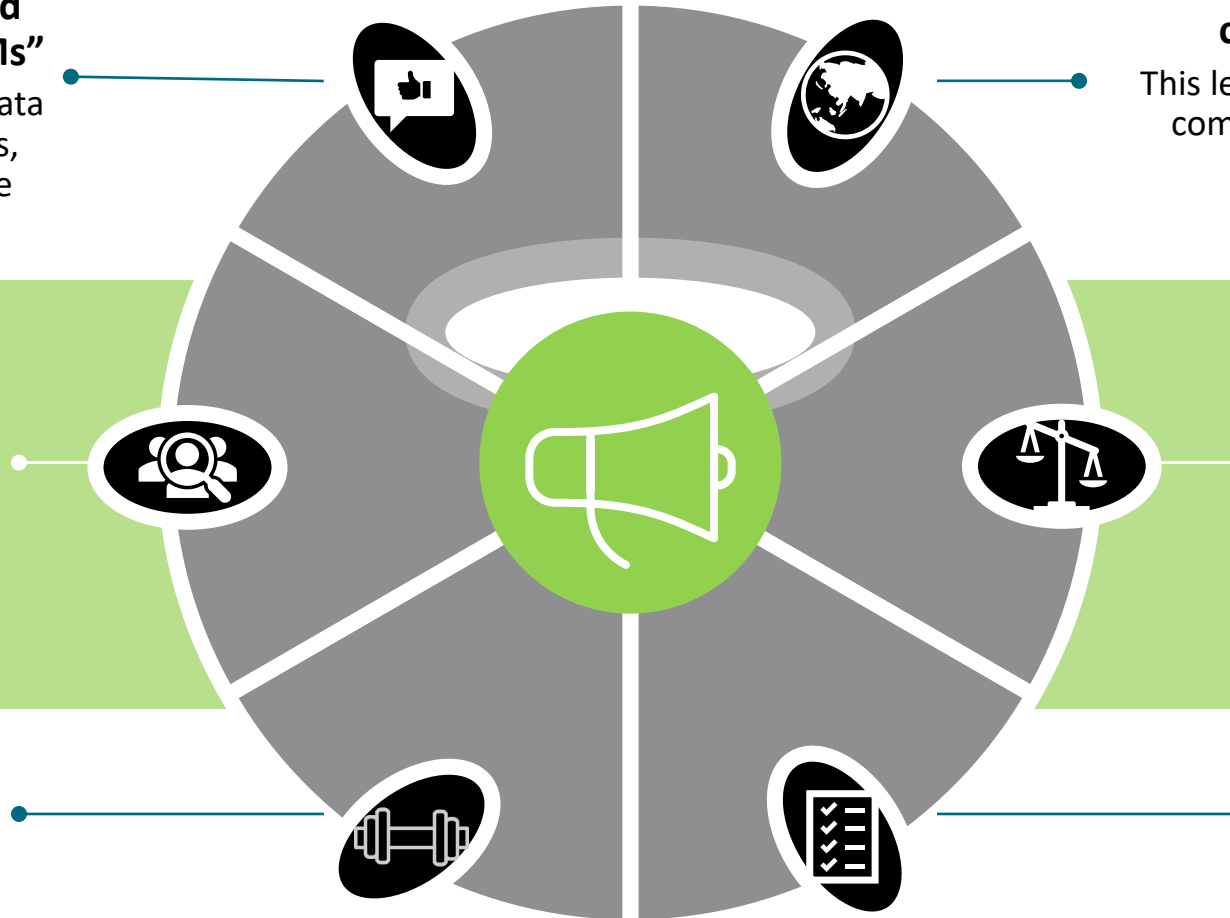
This levels the playing field for high performing companies in each sector to fairly compete against their DM counterparts

5. Inclusion of country influence

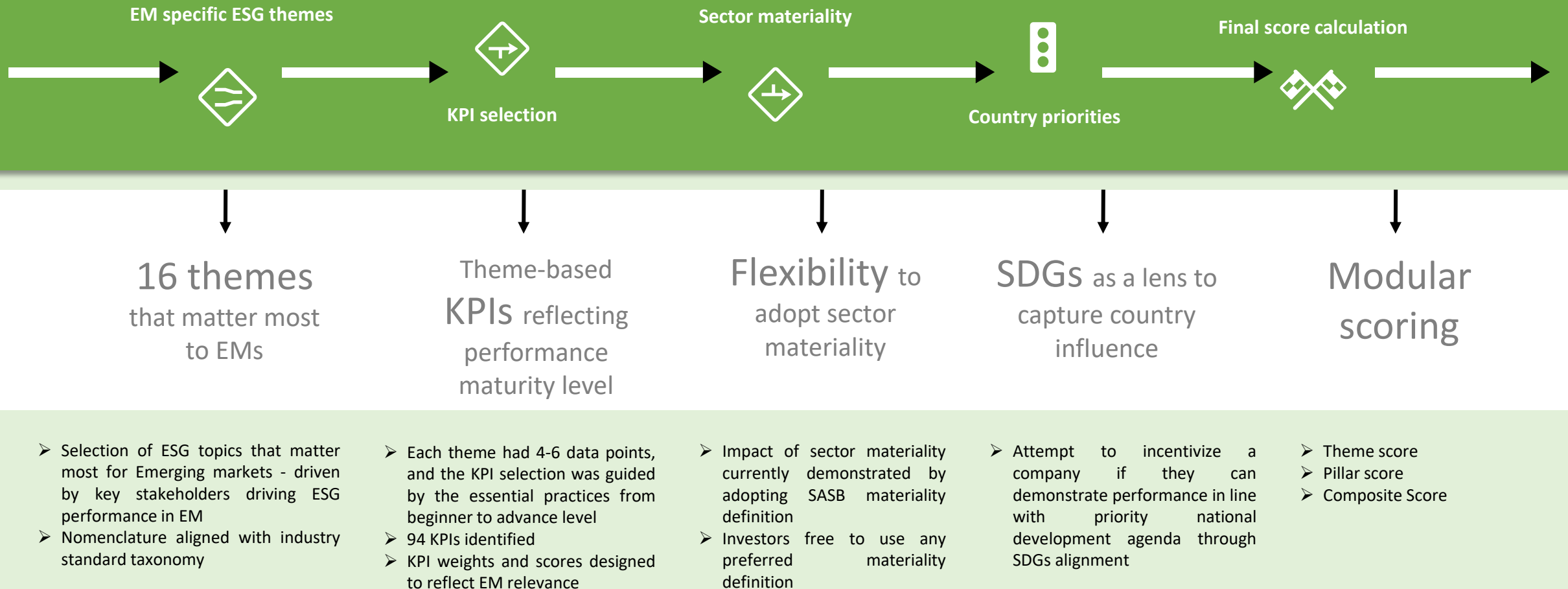
By assessing the UNSDGs, the model incorporates a materiality element to showcase themes deemed important to countries

6. Acknowledges company intent and progress

The model acknowledges companies’ intent and progress by appropriately weighting whether targets and commitments are in place



3E: Design overview of the Inclusive ESG Scoring Methodology (1/2)



3E: Design overview of the inclusive ESG Scoring Methodology (2/2)



INTRODUCING INCLUSIVE ESG SCORING METHODOLOGY



Builds on

ESG issues that “matter the most for Emerging Markets”



KPI weights calibrated to “what good looks like for EMs”

Shortlisted KPI weights, calibrated and validated against the appropriate level of performance demonstrated by EM companies



Aligned with investor expectations

KPI design incorporates emphasis on output and impact related indicators, to incentivize performance improvement by EM companies

Design considerations

1

Selection of EM-Specific ESG Themes

- Built on ESG aspects considered important by DFI, EM regulators and EM companies

2

KPI Selection based on EM operating thresholds

- KPI thresholds are calibrated with EM companies across different sectors based on “what good looks like for EMs”

3

Adjustment for Sectoral Materiality

- Ability to incorporate investor specific bespoke materiality definitions and weighting

4

Adjustment for Country Influence

- Rewards EM company efforts to contribute to the National Developmental Agenda (SDGs)

Composite Inclusive ESG Score

Provides individual scores and a final composite ESG score on a scale of 0- 100

Scoring process

Level 1 Scoring

How does an EM company perform on selected KPIs?

Level 2 Scoring

How does an EM company perform on topics material to its sector and country's priority topics?

Level 3 Scoring

Final score on a scale of 0-100



4. Inclusive ESG Scoring Methodology – Detailed Description

4. Inclusive ESG Scoring Methodology – detailed description



This section describes the Inclusive ESG Scoring Methodology in detail. It illustrates the development process flow and then delves deeper on how each element and building block of the methodology is designed, including assumptions made. This is the first generation model and multiple possibilities exist to improve its functionality, wherever relevant, these possibilities are also captured as potential future work areas.

The following slides elaborate on the below points:

4A

Overview of input (sample) data set and building blocks

4B

Selection of sample EM countries to aid methodology development

4C

Shortlisting sample companies for collection of ESG data to aid methodology development

4D

Determining ESG themes that matter the most for EMs

4E

Determining essential KPIs against each shortlisted theme

4F

Determining KPI weights and translating “what good looks like for EMs” across KPI weights

4G

Incorporating Sector Materiality

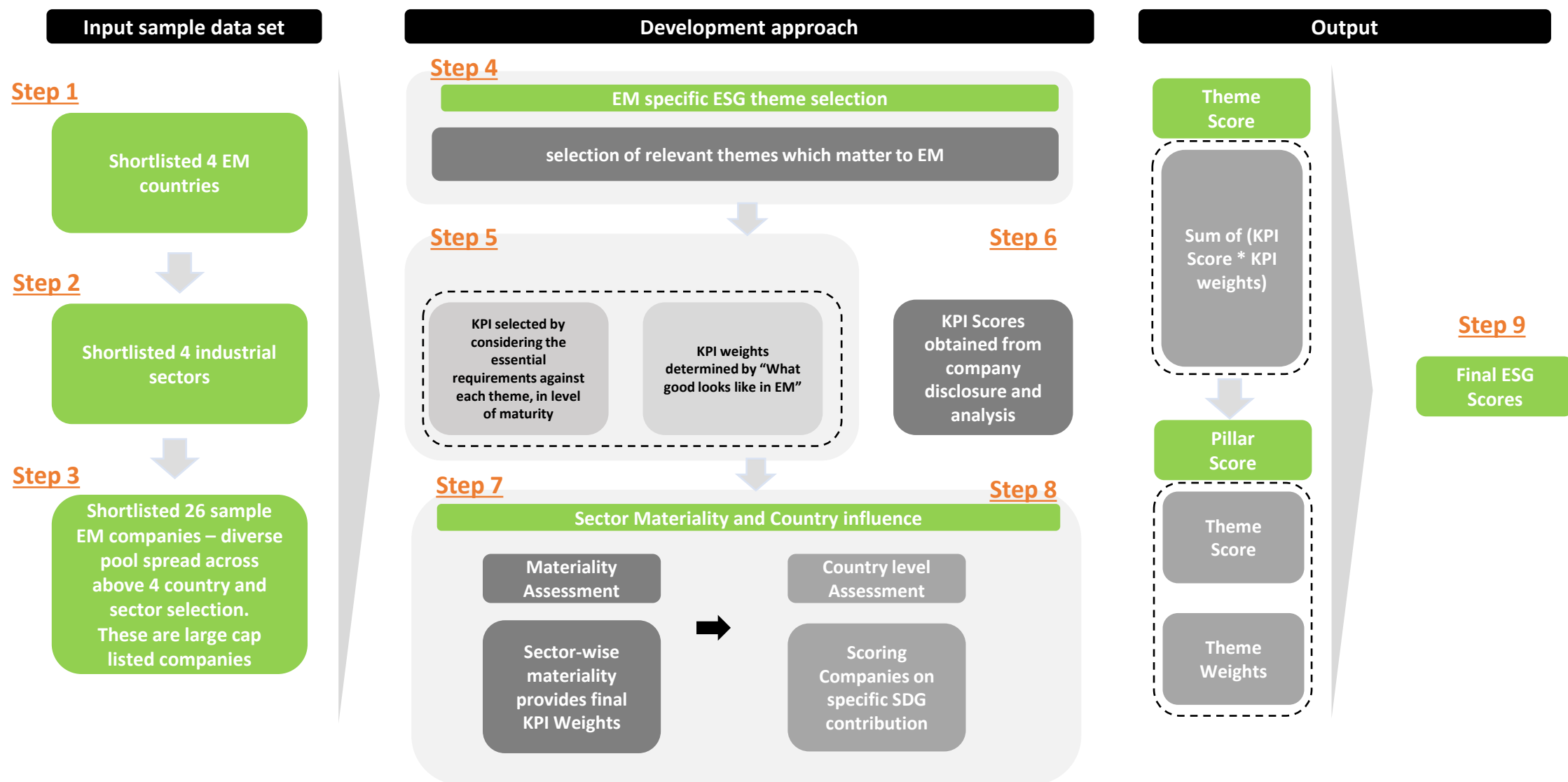
4H

Designing how to reward contribution against national developmental priorities

4I

Illustration of how the scoring works across different blocks of the methodology

4A: Overview of input sample data set and building blocks for methodology development



4B: Selection of sample EM countries to aid methodology development



For this exercise, countries were shortlisted as a sample representation of EMs. To perform the exercise, certain factors were selected for their ESG relevancy. Countries were selected from each region and were assessed against 5 factors. Countries were then ranked from top to bottom, and the ones that showcase the highest potential for impact were selected.

Country with highest potential for impact* across 5 key ESG development issues drive selection process

Region	*Countries with the lowest ranking within the region have been selected	Overall Rank	Progress to combat global Climate Change ¹	Current performance & trends on SDGs ²	State of human freedom across 12 categories ³	Perception of corruption free public sector ⁴	Mandatory ESG disclosures for listed companies ⁵
	Brazil ✓	5	<div></div>	<div></div>	<div></div>	<div></div>	No
	Chile	1	<div></div>	<div></div>	<div></div>	<div></div>	Yes
	Colombia	4	<div></div>	<div></div>	<div></div>	<div></div>	No
	China	6	<div></div>	<div></div>	<div></div>	<div></div>	Yes
	India ✓	7	<div></div>	<div></div>	<div></div>	<div></div>	Yes
	Kenya ✓	9	<div></div>	<div></div>	<div></div>	<div></div>	Yes
	S. Africa	2	<div></div>	<div></div>	<div></div>	<div></div>	No
	KSA ✓	8	<div></div>	<div></div>	<div></div>	<div></div>	No
	UAE	3	<div></div>	<div></div>	<div></div>	<div></div>	Yes

Brazil, India, Kenya and KSA were chosen to reflect regional diversity, whereas they also showcase high ESG potential in their respective regions

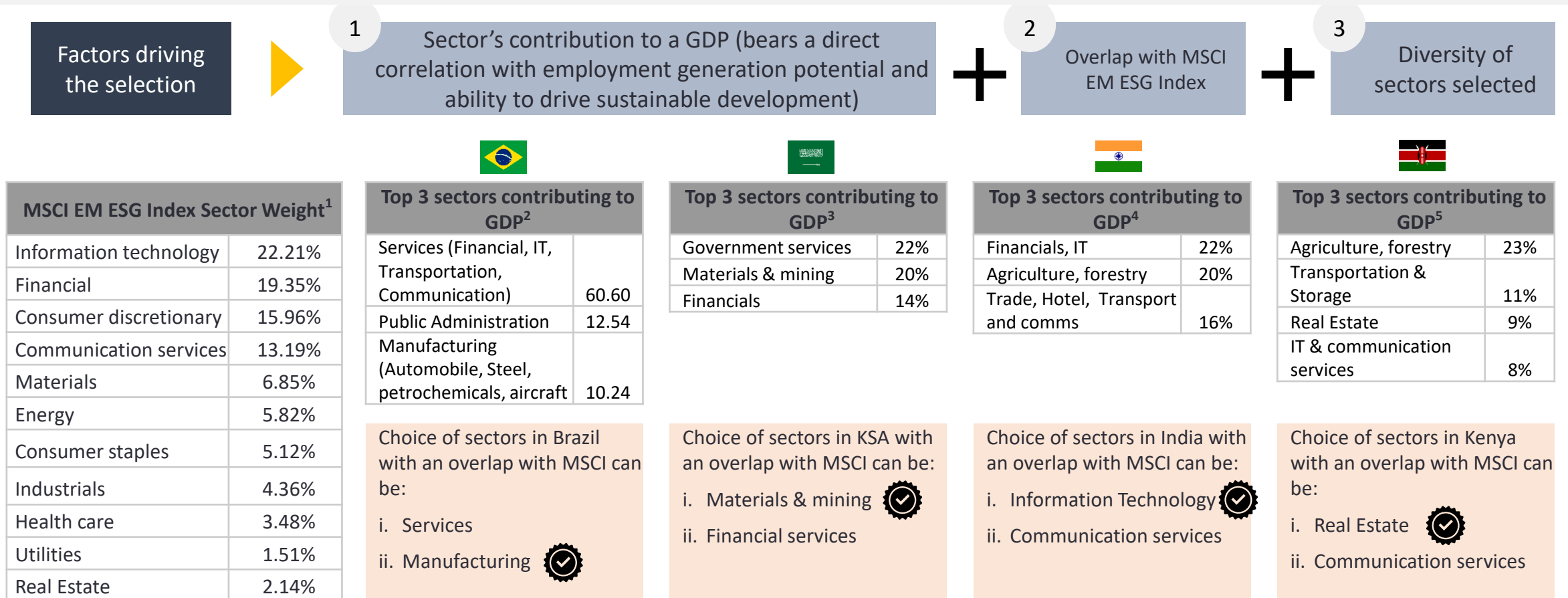
Sector selection illustrated on next slide

¹ Environmental Performance Index, ² SDG Index, ³ Human Freedom Index, ⁴ Corruption Perception Index, ⁵ Local ESG disclosure requirements

4C: Selection of sample sectors to aid methodology development



For each of the selected countries, sectors with diverse ESG impact were assessed to be included. The selection process took into consideration the sector's GDP contribution and its overlap with MSCI EM ESG Index, whilst also ensuring sectoral diversity.



4C: Shortlisted sample of companies covering a diverse universe



1

- 26 EM companies
- Out of which, 6 chosen for validation

Criteria:

- 1- listed on local stock exchange
- 2- Focus on large Cap unless not available

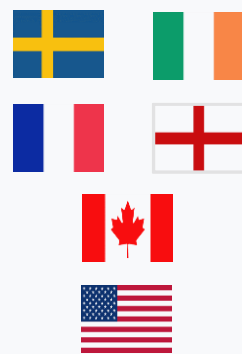
Sector				
Companies count				
IT	2	2	4	1
M	3	2	2	2
M&M	1	3	0	1
RE	1	0	1	1

2

- For validation to counterpart the 6 chosen EM companies
- 6 DM peer companies

Criteria:

- 1- listed on local stock exchange
- 2- Focus on large Cap unless not available



Sector	Companies count
IT	2
M	2
M&M	1
RE	1

IT	Information technology
M	Manufacturing
M&M	Materials and Mining
RE	Real Estate

*The 12 companies chosen for validation are limited to a bare minimum of 2 external ratings

Inclusive ESG Framework and Scoring Methodology

4D: Determining ESG themes that matter the most for EM

Objective: to identify ESG topics that matter most for EMs

1 Theme selection driven by key stakeholders driving ESG performance in EM

1. EM focused investors

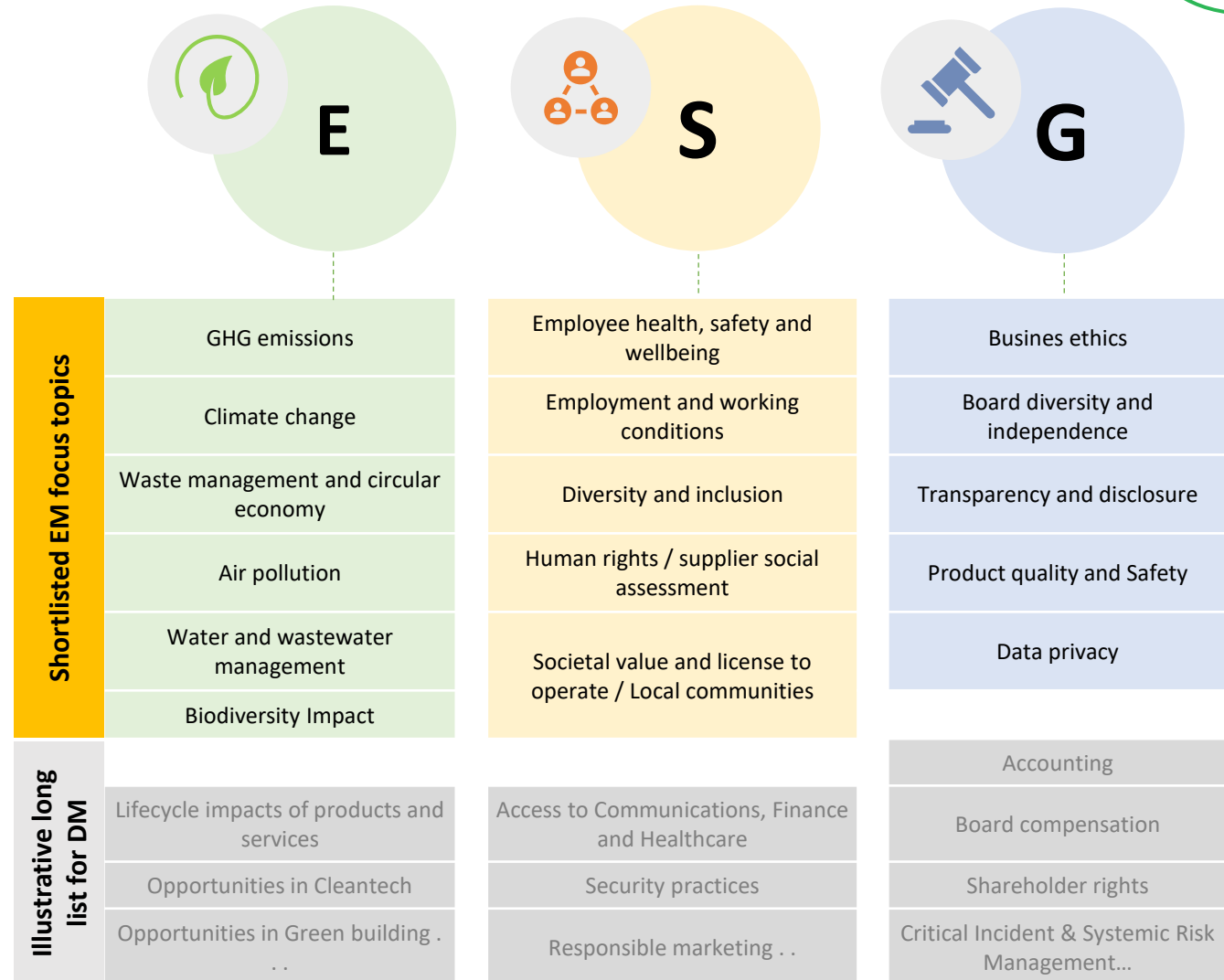
- DFIs have been central in driving sustainable finance agenda in EM and other low-income countries for over a decade
- Current theme selection influenced by IFC and CDC ESG principles

2. EM regulators

- Assessment of mandatory and voluntary ESG disclosure requirements issued by governments and stock exchanges in shortlisted EM countries to understand their priorities

2 Nomenclature aligned with industry standard taxonomy

Aligned with industry standard taxonomy (SASB and GRI disclosure frameworks)



Illustrative long list of themes includes other aspects usually covered by rating agencies and disclosure frameworks that are considered more suitable for DM companies than EM companies.

4E: Determining essential KPIs against each shortlisted theme



1

KPI Selection Principles

- Guiding principles for KPI selection ensure a company has:
 - Adequate resources and infrastructure to address key ESG issues
 - Developed strategy, action plans and/or targets
 - Disclosed performance against set aspirations
 - Demonstrated performance improvement or gains
- A core set of KPIs, meeting the above principles, have been shortlisted for each ESG theme. These KPI can be categorised as:
 - Input indicators** – Describing policy, management systems, targets, and commitments
 - Activity indicators** – Describing initiatives or core implementation activities
 - Output indicators** - Relating to performance disclosures
 - Impact indicators** – Evidence that the company has achieved or exceeded its intended activity

Future Improvement Potential

- Updating existing KPIs and selecting additional KPIs based on feedback and evolving future trends

2

KPI selection (illustration for 2 themes)

Pillar	Theme	Indicator type	KPIs
Environmental	GHG Emission	Input	The company has set GHG reduction targets and SBTi's (science-based initiative) aligned with the national climate action commitments or the global 1.5 degree pathway
		Activity	There are initiatives for emission reduction (including RE and EE)
		Activity	The company has engaged with its value chain or participate in external initiatives to demonstrate a higher commitment
		Output	The company reports on scope 1 and 2 emissions
		Output	The company reports on scope 3 emissions
		Output	The company's GHG emission disclosures were validated/assured by a third party
		Impact	Evidence of improvement in GHG reduction against the set targets, as per company's plan
		Impact	Evidence of improvement in GHG reduction exceeding the set target
		Impact	Evidence of improvement in GHG reduction across scope 3
Social	Employee health, safety and wellbeing	Input	There is standalone HSE policy and/or management system
		Input	The policy/system includes and applies to contractual workers
		Input	The company has set HSE targets/KPIs
		Activity	The company has undertaken HSE/ OSH risk assessment
		Activity	There are company initiatives that promote culture of safety / train employees on HSE aspects
		Activity	There are company initiatives that promote the employees' mental health and emotional wellbeing
		Output	The company reports on incidents and fatalities for permanent and contractual
		Output	There are no news/ reports of regulatory non-compliance or controversy related to OSH/ HSE
		Impact	Evidence of company meeting its HSE targets

4F: Determining KPI weights and translating “what good looks like for EM” across KPI weights



1

Approach - KPI Weight Building Blocks

Objective

- The purpose of this step is to identify how to weight shortlisted KPIs.
- There are two key design principles, that translate into the design of KPI weights:
 - Output and Outcome indicators are more important and essential to demonstrate performance than Input and Activity indicators
 - KPI weights should ultimately reflect what good looks like in EM markets in selected sectors

Assumptions/ Parametric Limitations

- In the current version of the methodology, the KPI weight ratios have been decided on the basis of subjective analysis and discussions with Subject Matter Experts on “what should be the right way to weigh performance” against shortlisted themes.

- Firstly, a higher emphasis is given to the Output and Outcome indicators as compared to Input and Activity indicators (e.g. in each theme, an Impact type KPI has a 70% weight ratio and correspondingly Input type KPI has a 40% weight ratio” – block A in below figure.
- Subsequently, in order to translate the baseline ESG conditions in select countries to KPI weights (what good looks like), we have first labelled all the KPI’s in ESG themes as those representing beginner attributes, conformance attributes and leader attributes.
- After concluding “what good looks like “ for EMs, the KPI s were mapped against the country’s level of maturity, as shown in block B below.
- If a leadership attribute is largely practiced, it is considered as medium priority and medium weightage , whereas if the leadership attribute is least practiced, it is given a high priority or a high weightage.
- Finally these high medium and low priority are given weightages in descending order. Block C below.

A

Indicator Type-wise Weight Ratios

Indicator Type	Type Wise Weight Ratio
Input	40
Activity	50
Output	60
Impact	70

C

Priority Bucket-wise Weight Ratios

Priority Bucket	Priority Wise Weight Ratio
High Priority	50
Medium Priority	30
Low Priority	20

B

Determination of each KPI weight given below Matrix

	Highly practiced	Moderately practiced	Least practiced
Leader	Medium Priority	High Priority	High Priority
Conformance	Low Priority	Medium Priority	High Priority
Beginner	Low Priority	Low Priority	Medium Priority

Future Improvement Potential

- While designing an approach to translate what good looks like to weigh ESG KPIs, we have developed a unique model.
- However, going forward, few KPIs (such as GHG reduction target, child labour prevention etc.) should be kept as non-negotiable, high priority, and irrespective of the level of practice in EM countries. This modification can be attempted in future versions of this methodology.
- The assessment of “what good looks like” is currently based on raw data of 26 large cap listed companies. Enhancing the sample size of assessment can further finetune the weight distribution across the KPIs.

4G: Incorporating Sector Materiality



Objective

- Identify sector specific material themes and derive theme weights

Assumptions/ Parametric Limitations

- In the current version of the methodology, SASB has been used to define sector wise materiality
- SASB's materiality map is binary - leading to equal weightage across all material themes since gradience is unavailable

Scoring
process

As of now, materiality weights, within a sector, **across** ESG are calculated by equally proportionating the number of material themes on a scale of 100%

1 Defining Materiality

- ESG challenges and opportunities faced by companies are relatively common for similar sectors. Therefore, we adopted a sectoral materiality view.
- Materiality represents factors that are relevant to short, medium and long-term value for an enterprise and is key to identify areas that a company considers either as opportunities or risks

2 Defining Sector-Wise Materiality weights

- For the inclusive ESG scoring methodology, the Materiality Matrix is built on SASB industry materiality map.
- We have a flexibility to override any other source framework to define materiality instead of SASB.
- The table below demonstrates the material topics and corresponding materiality weights for Information Technology sector derived from SASB

3 Illustrative Materiality Weights for Information Technology Sector

Pillar	Theme	Materiality	Materiality Weight
Environmental	Air Quality		0.0%
	Nature Impacts		0.0%
	Climate Change		0.0%
	GHG emission	Is Material	20.0%
	Waste Management and Circular Economy		0.0%
	Water and Wastewater Management		0.0%
Social	Diversity and Inclusion	Is Material	20.0%
	Employee health, safety and wellbeing		0.0%
	Employment and working conditions		0.0%
	Human rights in supply chain (Ethical sourcing / Supplier Social Assessment)		0.0%
	Societal value and license to operate / Local Communities		0.0%
Governance	Board Diversity and Independence	Is Material	20.0%
	Business ethics (Anti-Corruption, Anti-Bribery, Whistle-blower Protection)	Is Material	20.0%
	Data privacy	Is Material	20.0%
	Product quality and safety		0.0%
	Transparency and Disclosure		0.0%

Future Improvement Potential

- The future version of this methodology can incorporate gradient sector-theme materiality weights similar to the likes of British data provider and American investment research firm, rather than binary level of "SASB" materiality weights

Future Improvement – Limitations

- The arrival to gradient materiality weights requires assessment of large sample of high quality ESG data

4H: Designing how to reward contribution against national developmental priorities



Objective

- Identify country level adjustment to weights or scores

Assumptions/ Parametric Limitations

- The choice of priority SDGs for each country is based on national development strategy, UN strategy and Subject matter Expert inputs.
- KPI weights selection is driven by the selected countries pool with preference limitations.

Scoring
process

For a given country, the material themes across E,S and G are identified through correlation with national SDG priorities, and they are weighed proportionally

A

Determining Theme weights through inputs from country priorities

- A country's **environmental ecosystem** (given its natural resource endowment, management of risk or resilience to climate change & regulatory system) or **social landscape** (ability to meet the basic needs of its population & reducing poverty, management of social & equity issues & investment in human capital & productivity) has strong influence on a company's ESG performance
- The inclusive ESG approach views this as an opportunity for a company to contribute to the national development agenda and to align with the priority SDGs
- The model is developed to overlay weights on themes which have a relatively stronger correlation with the top priority SDGs for an EM country (as evidenced through UN resource allocation)
- Those themes are allocated an additional positive weight

B

Illustrative Country Overlay for India

Pillar	Theme	Materiality Overlay*
Environmental	GHG emission	
	Climate Change	
	Waste Management and Circular Economy	
	Air Quality	
	Water and Wastewater Management	++
Social	Nature Impacts	
	Employee health, safety and wellbeing	++
	Employment and working conditions	++
	Diversity and Inclusion	++
	Human rights in supply chain (Ethical sourcing / Supplier Social Assessment)	++
	Societal value and license to operate / Local Communities	++
Governance	Busines ethics (Anti-Corruption, Anti-Bribery, Whistle-blower Protection)	
	Board Diversity and Independence	
	Transparency and Disclosure	
	Product quality and safety	
	Data privacy	

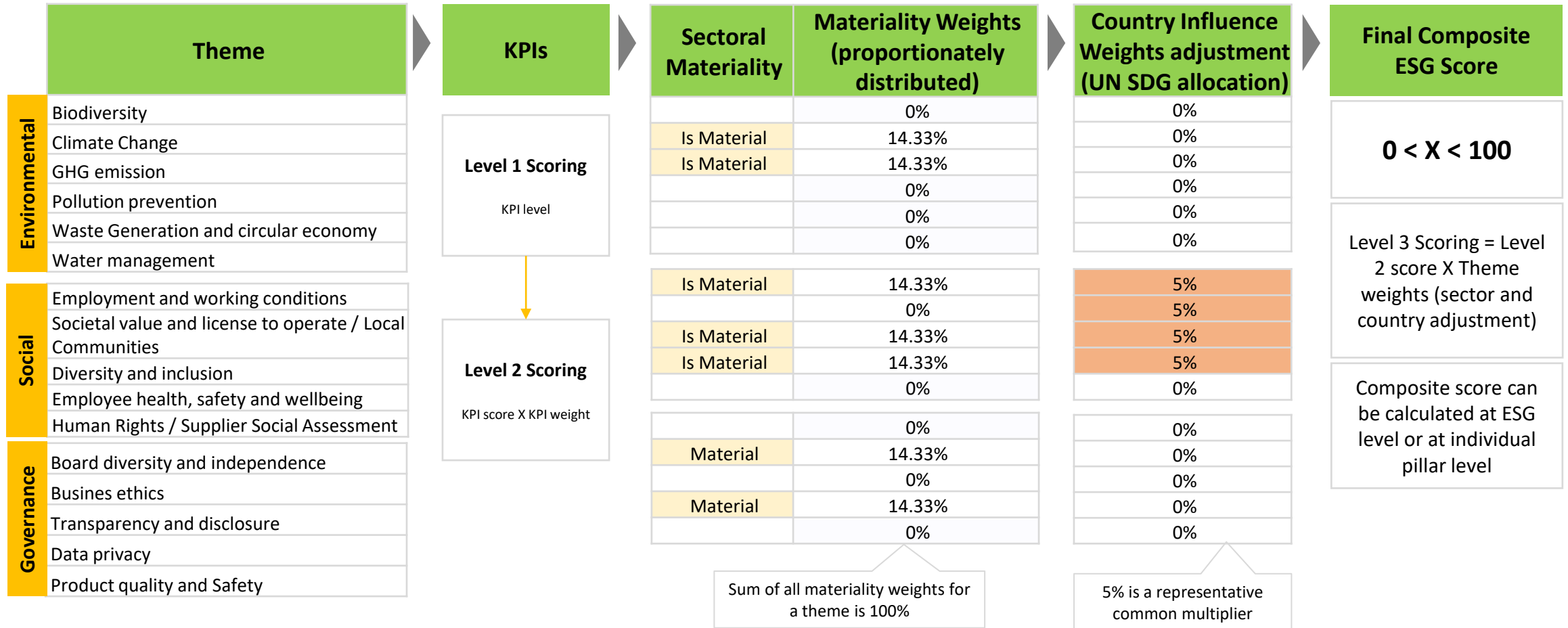
* Selection of more than 5 Themes possible because of many-to-one Theme to SDG mapping

Future Improvement Potential

- The mapping of KPIs with target SDGs can be improved with extensive company and country wide consultation

4I: Illustration of score calculation at each level

Illustration for a EM company in Information Technology Sector in India





5. Applicability and Case Study

5. Applicability and Case Study



This section shows the applicability of the inclusive ESG scoring methodology by presenting the use cases. Use cases provide a description on ways the methodology can be applied and used by target users. This section also presents case studies to highlight the differences in ESG scorings by global rating methodologies for EM companies, and to showcase the improvement of ESG scorings by the inclusive ESG scoring methodology.

The following slides elaborate on the above points:

5A

Methodology relevance across multiple use cases

5B

First Case Study, shortlisting of 2 companies from EM and DM, comparing actual and rated ESG performance

5C

Second Case Study, shortlisting of 2 companies from EM, comparing actual and rated ESG performance

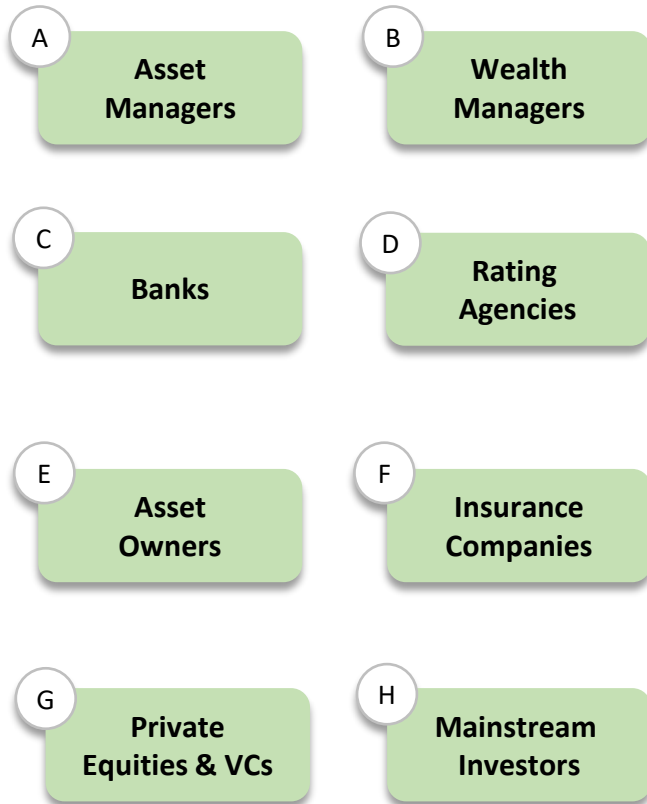


Use Cases

5A: Inclusive ESG scoring methodology can be leveraged by investors across investment cycle

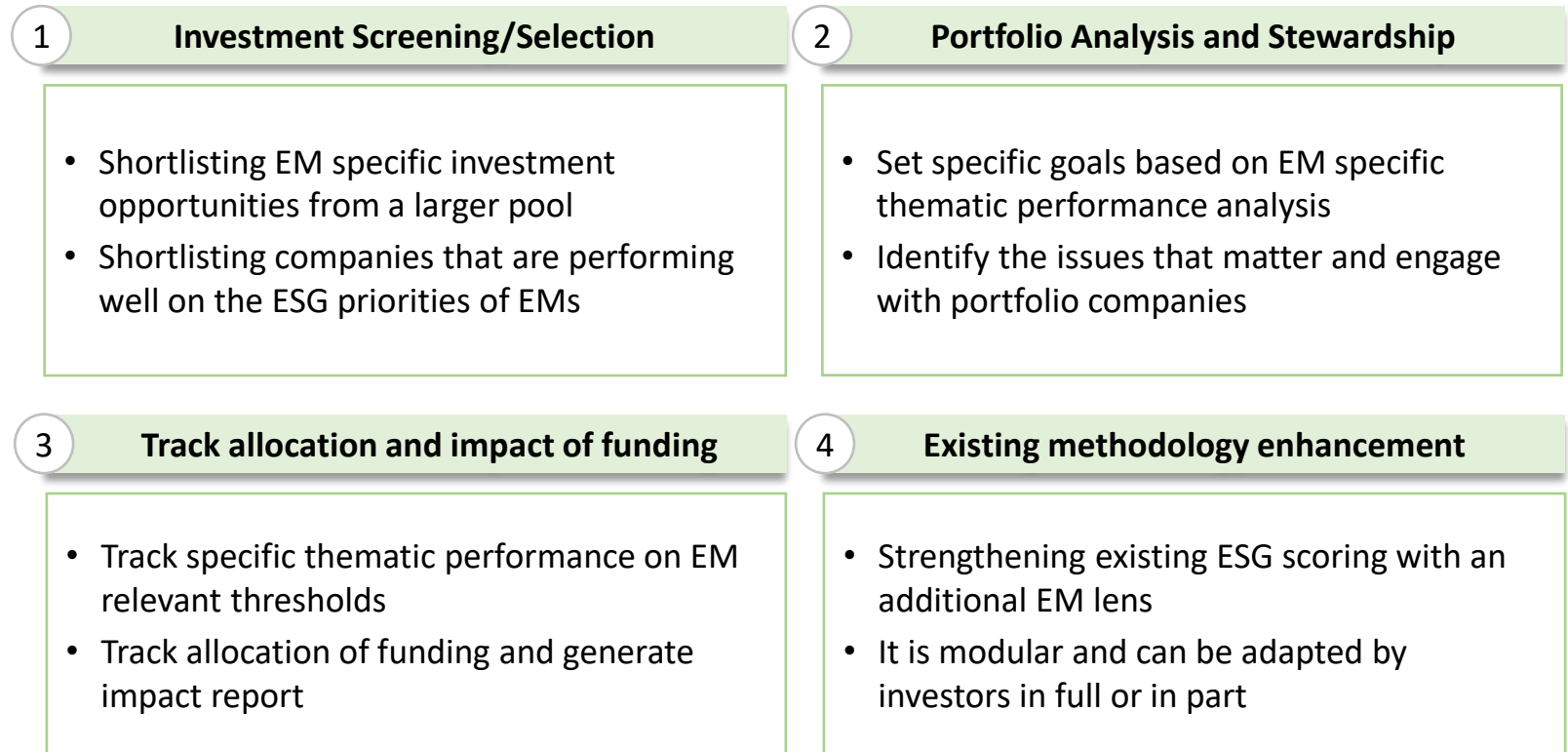


Target Stakeholders



Potential Use Case

The methodology finds relevance in:



5A: Use Case 1 - Investment Screening/Selection



Dimensions

1

Screening performed
using external industry
standard rating agency
ESG score



Vs

2

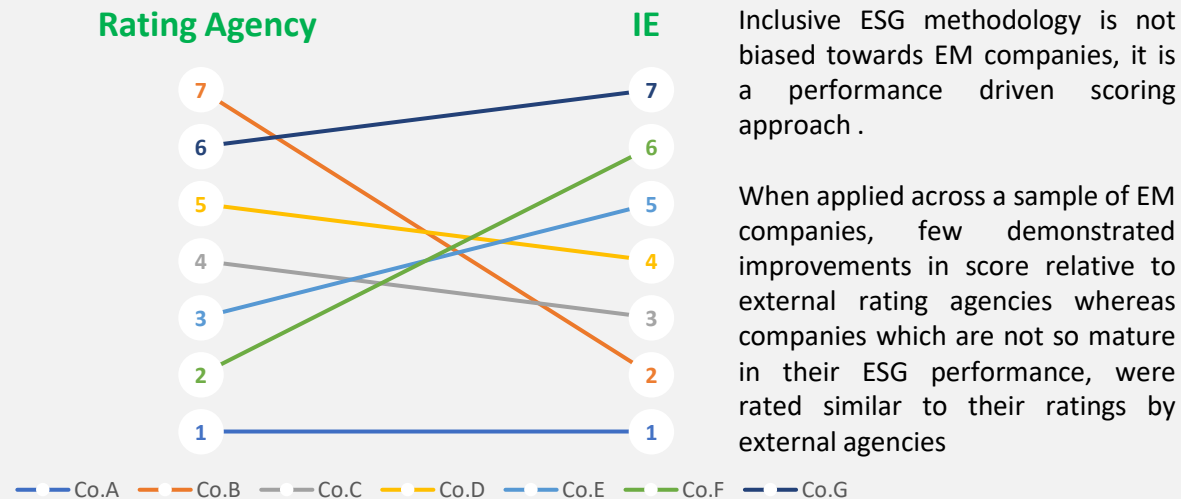
Screening performed
using Inclusive ESG
Scoring approach



Illustration from design and validation data

- We have analyzed raw data from real-world large cap companies in EMs
- Investment thresholds derived from external rating agency score may potentially overlook few high performing gems in EMs
- The design of Inclusive ESG scoring provides confidence for an unbiased EM specific opportunity selection

Illustration of ranking by external rating agency Vs IE



Value added

- Focus on ESG topics that matter
- Identify high performing ESG Companies in EMs with confidence
- Rating agencies and stock exchanges can adopt the approach to develop a more inclusive performance index
- Bringing EMs and DMs closer

5A: Use Case 2 - Portfolio analysis and stewardship (1/2)



Dimensions

1

Using an EM agnostic standardized approach



Vs

2

Inclusive ESG score adapts for what good looks like for specific EM



Illustration from design and validation data

- Inclusive ESG score weight ability of a company to drive material transformation against EM priorities.
- This is reflected in the output and outcome KPIs (an example of 2 themes)

Theme	KPI	Indicator Type	Maturity Bucket	Disclosure Bucket
GHG emission	KPI1	Input	High Maturity	Medium Disclosure
	KPI2	Activity	Medium Maturity	High Disclosure
	KPI3	Activity	High Maturity	High Disclosure
	KPI4	Output	Low Maturity	High Disclosure
	KPI5	Output	Medium Maturity	Medium Disclosure
	KPI6	Output	High Maturity	Medium Disclosure
	KPI7	Outcome	Low Maturity	Medium Disclosure
	KPI8	Outcome	High Maturity	Low Disclosure
	KPI9	Outcome	Medium Maturity	Low Disclosure
Nature Impacts	KPI10	Output	Medium Maturity	Medium Disclosure
	KPI11	Activity	Low Maturity	Low Disclosure
	KPI12	Input	Medium Maturity	Low Disclosure
	KPI13	Activity	Medium Maturity	Medium Disclosure
	KPI14	Output	High Maturity	Medium Disclosure

- Focusing on these KPIs can facilitate portfolio stewardship efforts

Value added

- A systematic approach which builds on EM relevance and can be used to steward portfolio during holding phase
- Fair presentation of EM realities

5A: Use Case 2 - Portfolio analysis and stewardship (2/2)



Dimensions

1

Using an EM agnostic standardized approach



Vs

2

Inclusive ESG score adaptive for what good looks like for specific EM

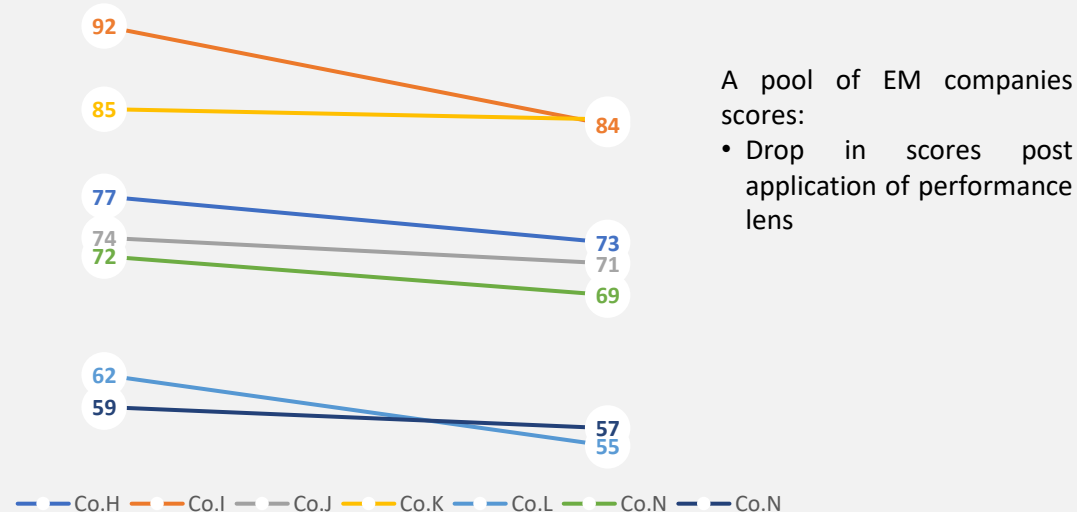


Illustration from design and validation data

- Inclusive ESG scoring emphasizes actual change in performance over input indicators such as having a policy or management system in place
- This feature is especially useful to analyze a portfolio and identify themes where specific stewardship is required to improve performance

How a score with no emphasis on performance looks like

How a score with emphasis on performance looks like



Value added

- A transparent approach that takes into account EM specific nuances.
- Provides additional lever for investors to adapt their current approach to EM country relevance
- Draw thresholds for EM

5A: Use Case 4 - Leveraging parts of the methodology to enhance your own scoring framework



Dimensions	As an example, there are three areas that could be leveraged	Value added
1 Country influence by applying the UN SDGs	<ul style="list-style-type: none">• We used UN SDGs to consider country influence, they are a core component of making a fair scoring across EMs• The approach used to consider the country influence can be embedded into any the investment framework.	<ul style="list-style-type: none">• Bringing a country influence score to EM by applying SDG matters• Understanding the potential of companies under study
2 Selection of inclusive KPIs	<ul style="list-style-type: none">• We have used KPIs based on what good looks like for EM in a way to reflect a fair assessment across EMs and DMs. Some of the KPIs could be used to make your framework more inclusive	
3 KPI weights	<ul style="list-style-type: none">• Approach to weights can be adopted by the existing framework• Gradient KPIs Weights tunability vis-à-vis materiality• Possibility of having a spectrum of inputs	



Case Study 1

5B: Comparing actual and rated ESG performance



We have shortlisted two companies from EM and DM

With a similar business strategy, market positioning and a commitment to create an impact

Both the companies are almost similar in everything they do



Company B

- Indian multinational conglomerate
- Among world's top five construction companies
- In operation since 1938
- operates in more than 50 countries

Majority revenue drawn from business interests in **engineering and construction** – Roads and highways, Power transmission, etc.

Largest in terms of **market capitalization** in the industry in their respective countries

Multinational operations and exposure to similar global risk trends



Company A

- Leading French construction company
- Founded in 1899
- Operates in more than 120 countries

Similar **ambitions** across ESG and a growing focus on green services and solutions

Clearly articulated **Net-Zero Targets**

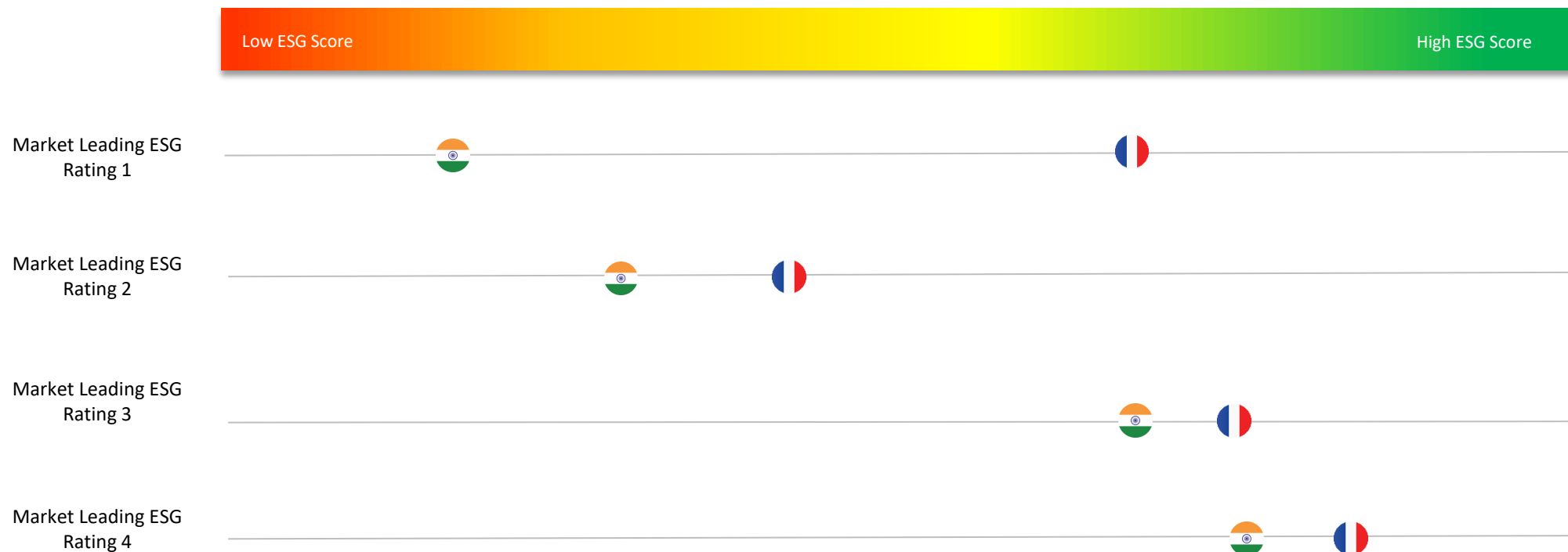
Commitments to **boost circular economy**

“It is natural to expect both of them to be placed quite close, on any external ESG rating scale”

5B: Comparing actual and rated ESG performance



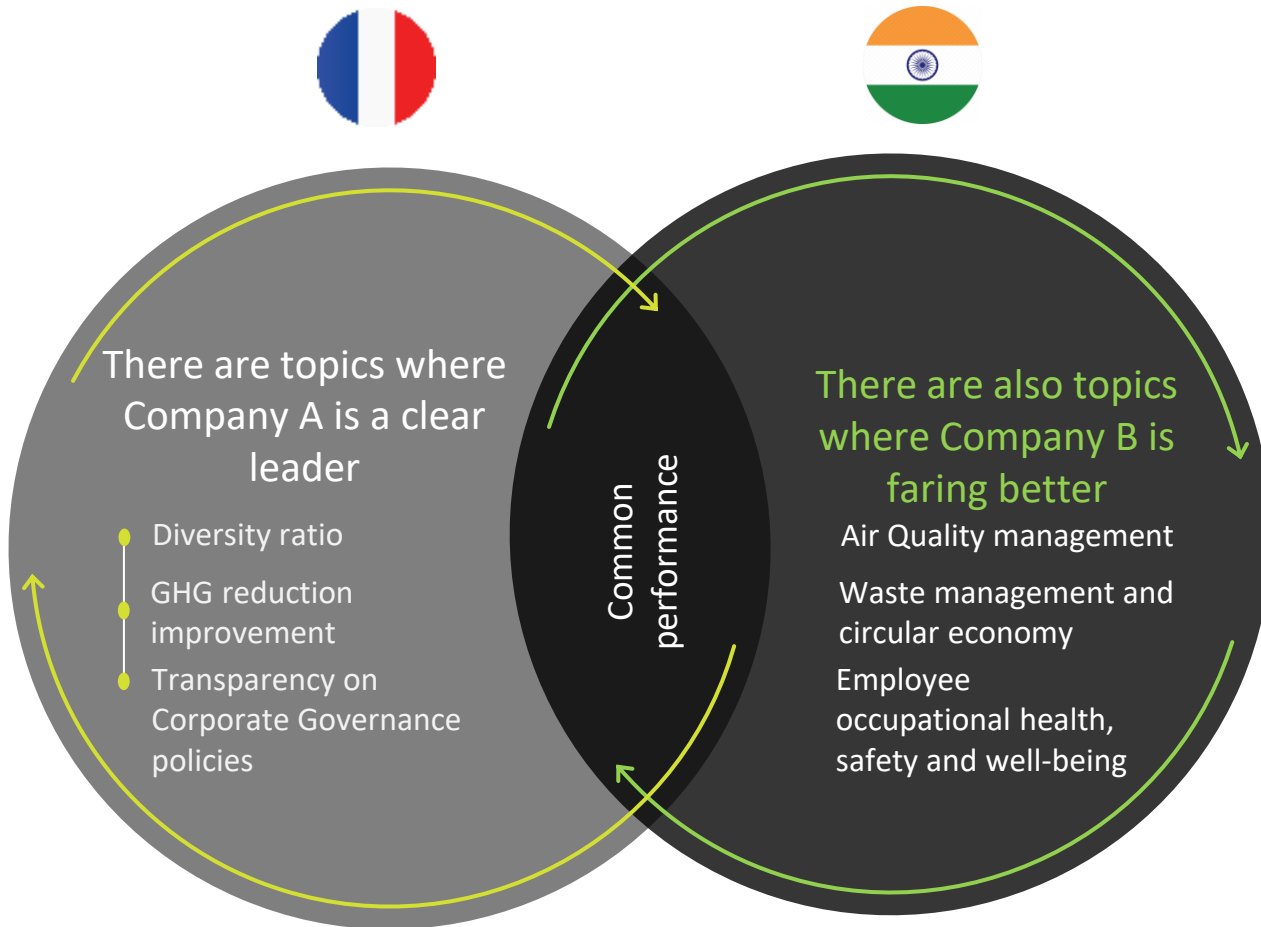
However, a significant gap exists between both, which varies as per different ESG rating agencies



5B: Comparing actual and rated ESG performance



We have assessed both the companies ESG performance on raw data obtained from public sources



However, the tailing difference in ESG rating is due to key inherent characteristics of external rating agencies:

1

Scoring on KPIs where required information is not fully relevant for EM

1. Renewable energy use ratio
2. Sustainability linked compensation Incentives
3. Gender Diversity Performance

2

Scoring on KPIs where disclosure in a specific format is expected

1. Standalone and public disclosure of few key S and G policies
2. Signatory ship to UNGC and following OECD guidelines on G

3

General inaccuracy in capturing information, maybe due to a delayed refresh search

1. Net Employment creation
2. Policy on Fair-competition and Anti-bribery and corruption.
3. Hotline, channels for whistleblowing etc.

5B: Comparing actual and rated ESG performance

Performance assessment through Inclusive ESG scoring methodology

Why Inclusive ESG scoring methodology is an unbiased and reliable approach:

1

The selection of KPIs for Inclusive ESG Scoring does not miss out on any critical performance aspect

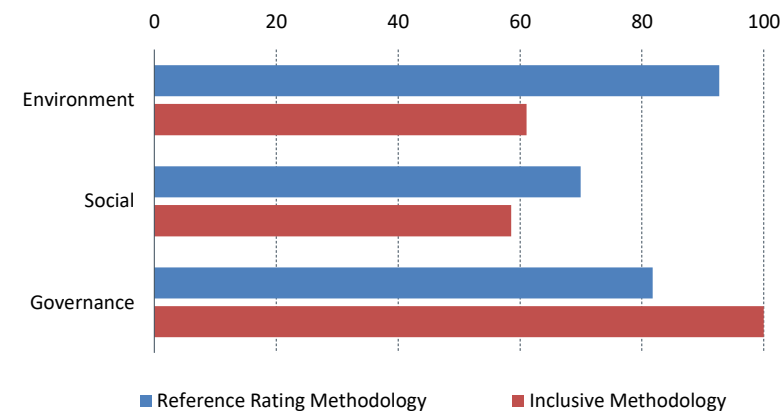
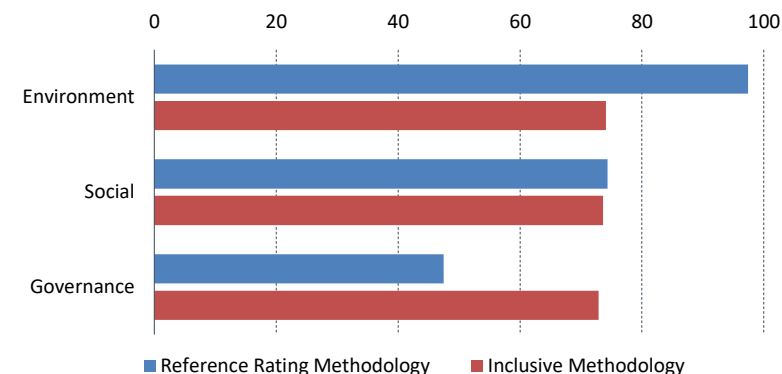
- Across each shortlist theme, there are KPIs which demonstrate current performance and intent which includes commitments and targets

2

The scoring on actual performance improvement is higher weighted than input and output parameters

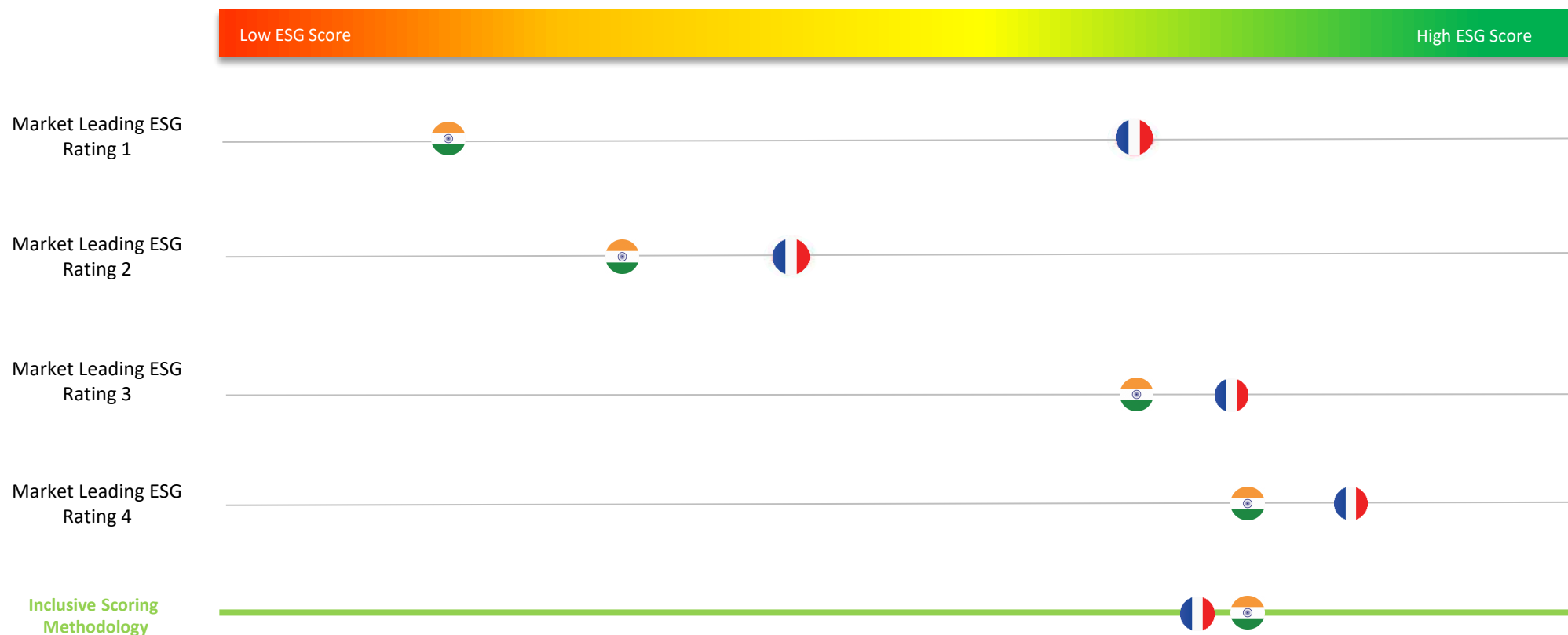
- ~85% of KPI's used by reference external Rating agency relate to input and output activities such as policy, systems, disclosure etc.
- Whereas ~39% of KPI's used by inclusive ESG scoring relate to actual performance improvement or ability of company to demonstrate change.

Comparative ESG scoring across pillars



5B: Comparing actual and rated ESG performance

 Performance assessment through Inclusive ESG scoring methodology



5B: Comparing actual and rated ESG performance



Similar results obtained from our validation exercise across 26 companies, spread across 4 EM countries and sectors



Choice of country and sectors



- Information Technology
- Manufacturing,
- Metals & Mining,
- Real Estate



- Inclusive ESG Scoring Methodology does not necessarily improve the scoring of all the EM companies.
- It gives them a fair chance to showcase their ESG performance.

# of Companies	% of total Companies	# of agencies in comparison with whom the Inclusive ESG score is higher
9	34.6%	4
6	23.1%	3
6	23.1%	2
1	3.8%	1
4	15.4%	0

~34% of the companies validated have got an ESG score which is higher than that of all of the reference rating agencies.



Case Study 2

5C: Comparing actual and rated ESG performance



We have shortlisted two companies from EM



Company C

- Leading Indian telecommunications company
- In operation since 1995



Company D

- Leading Kenyan telecommunications company
- Founded in 2000

With a similar business strategy, market positioning and a commitment to create an impact

Both the companies are almost similar in everything they do

Majority revenue drawn from business interests in **telecommunications**— Mobile Services, Telemedia, etc.

Largest in terms of **market capitalization** in the industry in their respective countries

Exposed to similar **business risk trends**

Similar **ambitions across ESG** and a growing focus on digitization and technology solutions

- Clearly articulated **Net-Zero Targets**
- Biodiversity conservation initiatives

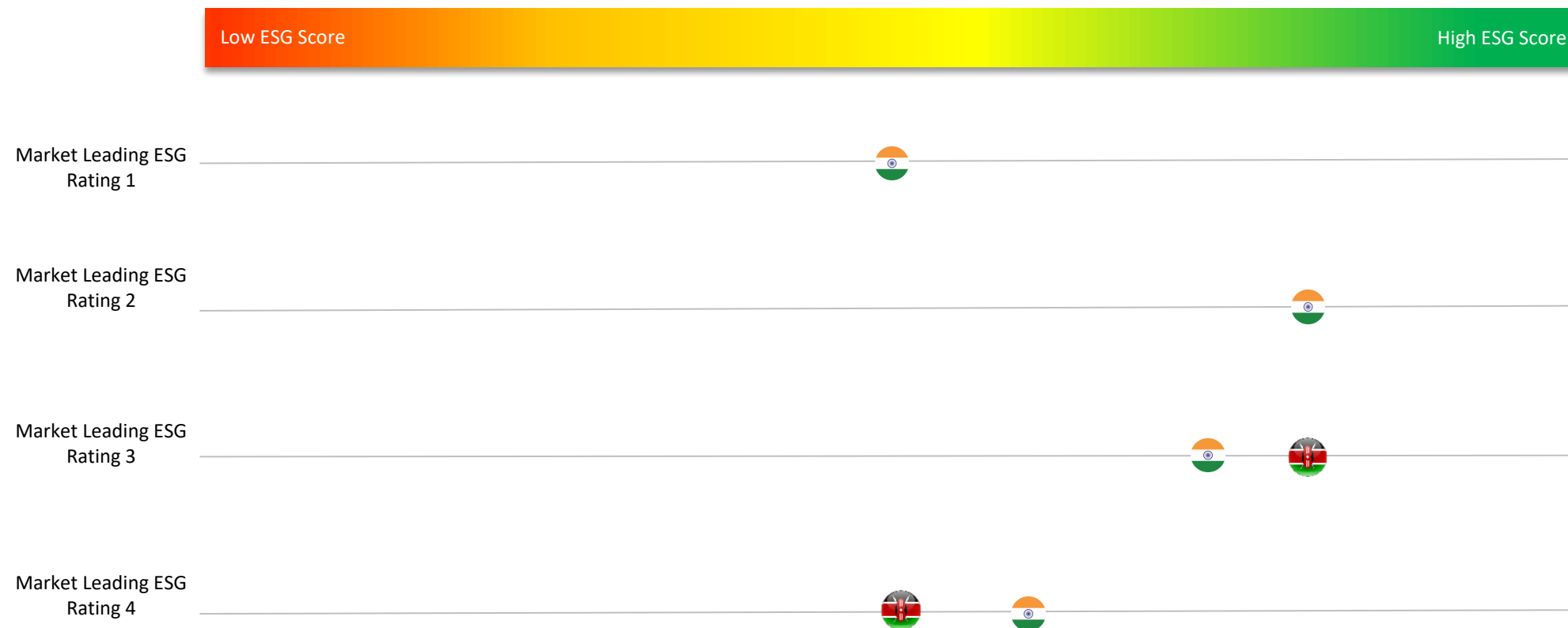
UN SDG aligned with common focus on SDGs 3, 4, 7, 8,9 and 12

“It is natural to expect both of them to be placed quite close, on any external ESG rating scale”

5C: Comparing actual and rated ESG performance



However, A significant gap exists between both, which varies as per different ESG rating agencies

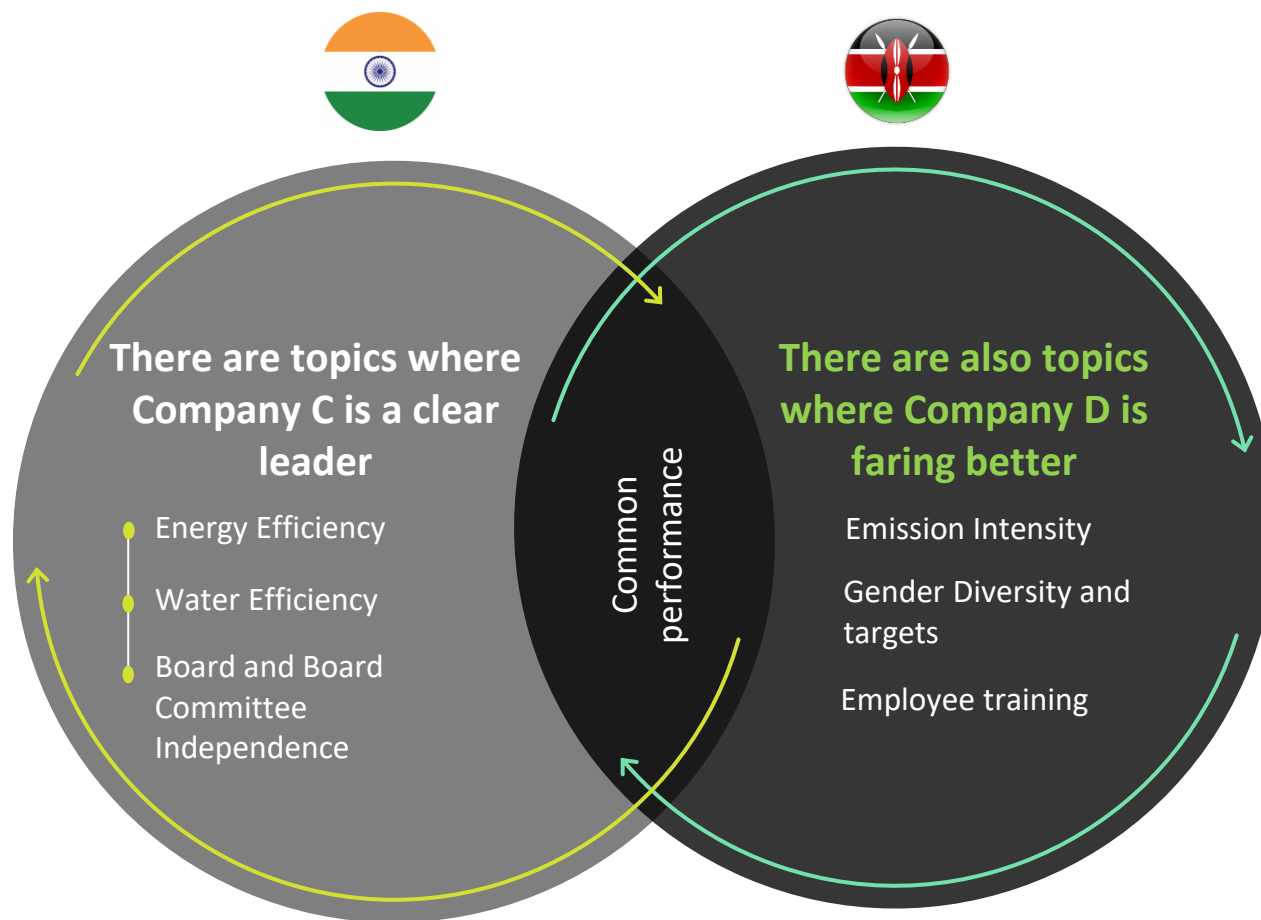


Company D has not been rated/ rating not available from two market leading ESG ratings providers

5C: Comparing actual and rated ESG performance



We have assessed both the companies ESG performance on raw data obtained from public sources



However, the tailing difference in ESG rating is due to key inherent characteristics of external rating agencies:

1

Scoring on KPIs where disclosure in a specific format is expected

1. Internal promotion, where company has to claim that they promote internal promotions
2. Standalone and public disclosure of few key S and G policies
3. Following OECD guidelines on G

2

General inaccuracy in capturing information, maybe due to a delayed refresh search

1. Hotline, channels for whistleblowing etc.
2. HIV-AIDS program etc.
3. Signatory ship to UNGC

5C: Comparing actual and rated ESG performance

Performance assessment through Inclusive ESG scoring methodology

Why Inclusive ESG scoring methodology is an unbiased and reliable approach:

1

The selection of KPIs for Inclusive ESG Scoring does not miss out on any critical performance aspect

- Across each shortlist theme, there are KPIs which demonstrate current performance and intent which includes commitments and targets

2

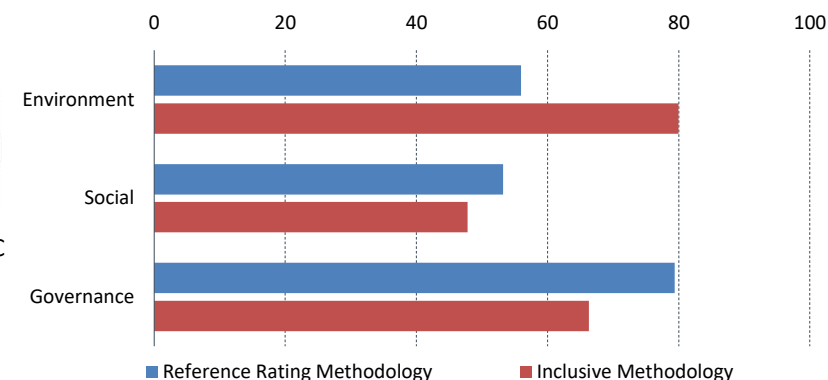
The scoring on actual performance improvement is higher weighted than input and output parameters

- ~85% of KPI's used by reference external Rating agency relate only to input and output conditions such as policy, systems, disclosure etc.
- Whereas ~39% of KPI's used by inclusive ESG scoring relate to actual performance improvement or ability of company to demonstrate change.

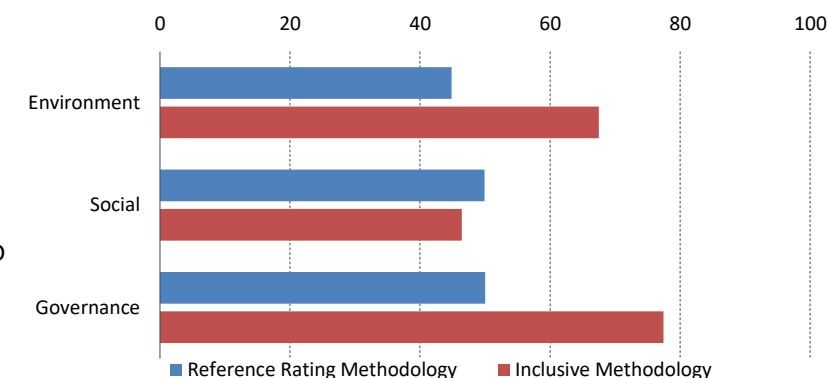
Comparative ESG scoring across pillars



Company C

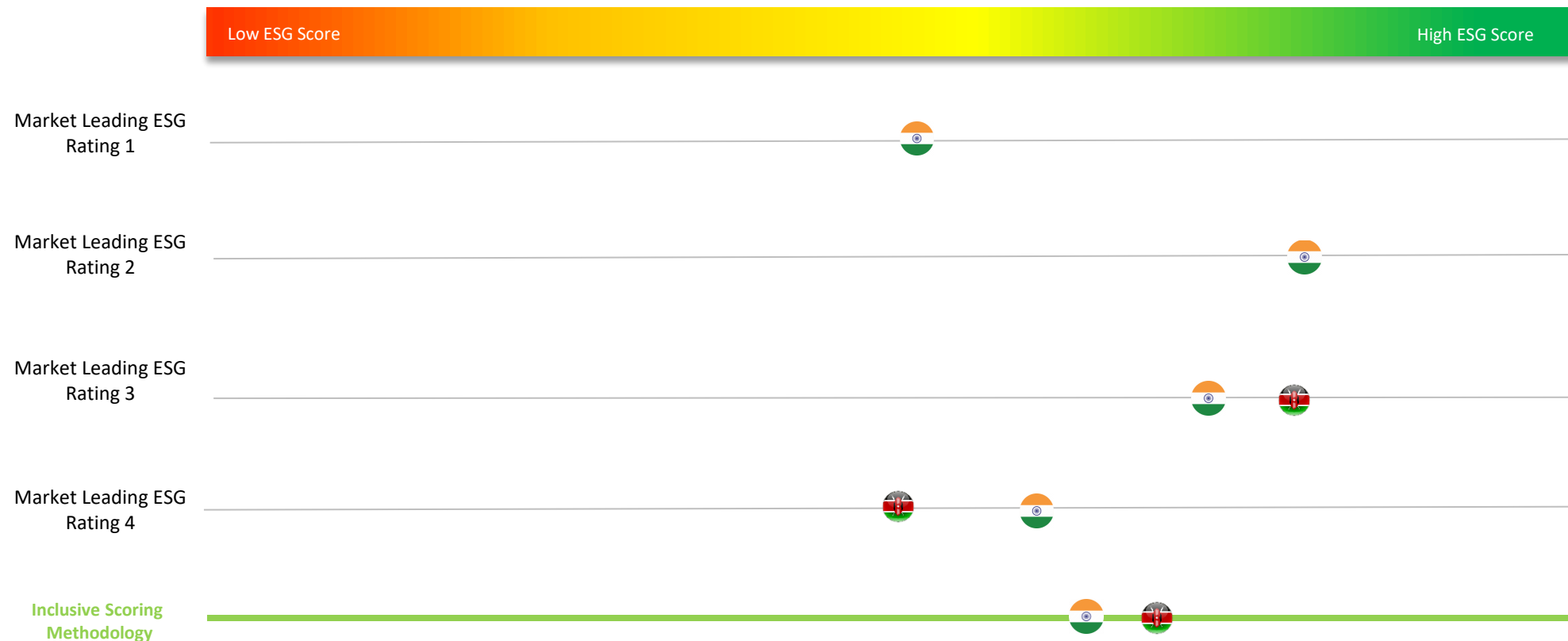


Company D



5C: Comparing actual and rated ESG performance

 Performance assessment through Inclusive ESG scoring methodology





6. Testing and Validation

6. Testing and validation– detailed description



This section describes the Inclusive ESG Scoring Methodology validation. It illustrates the testing process flow covering the information used for validation, tests taken into consideration, the inputs used, description of the tests and the tested design principles.

The following slides elaborate on the above points:

6A

Design of a validation approach

6B

Description of validation process

6C

Quantitative validation tests – approach and data used

6D

Model's ability to treat EM companies fairly – conclusion

6E

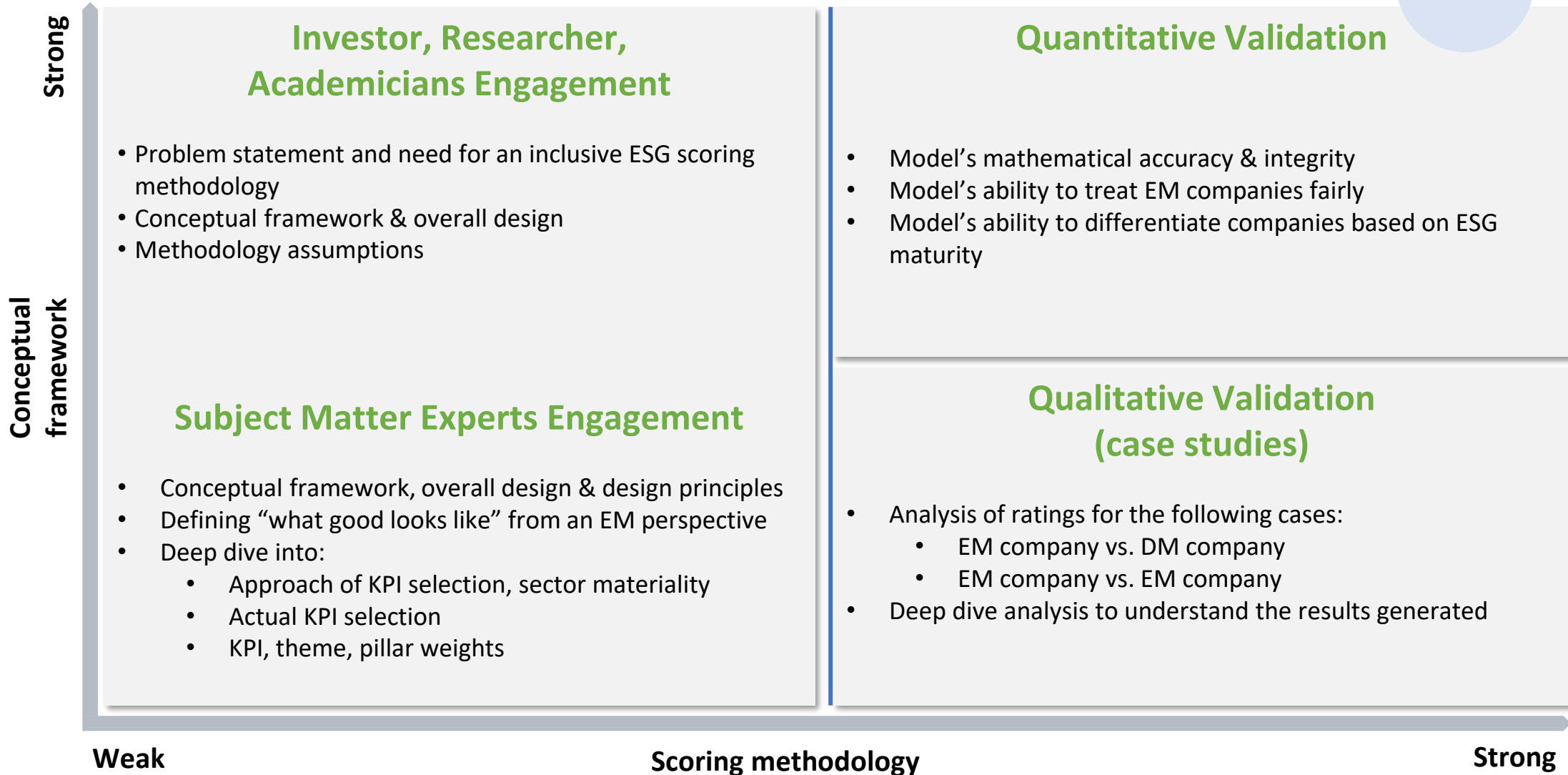
Models' ability to differentiate companies based on ESG maturity – conclusion

6F

Future considerations

6A: Design of a validation approach

Covered in
section 6



6B: Description of validation process



Information used for validation is a sample out of the total 32 companies scored (26 EM + 6 DM)

# of countries tested	Number of companies tested	Number of sectors tested	External ratings of the test sample	Range of market cap
EM: 4 DM: 4	EM companies: 6 DM companies: 6	4	All companies are rated by at least 2 other rating agencies	USD 1.6 Bn – 224 Bn

We have also created a dummy data set of 27,000 companies at various ESG maturity scales for sensitivity analysis



Test summary

Test Name	Inputs	Description and approach	Design principle tested
Rank ordering ability	<ul style="list-style-type: none"> KPI information for <ul style="list-style-type: none"> 6 companies from EM 6 companies from DM 	<ul style="list-style-type: none"> Rank the companies using the scores from inclusive ESG scoring methodology and other sample rating agencies Compare the ranking delta between EM & DM companies based on inclusive ESG scoring methodology and other sample rating agencies 	<ul style="list-style-type: none"> Mathematical accuracy and integrity of the scoring model Discrimination ability of scoring model for EM and DM companies, and comparison of results with that of other sample scoring agencies
Sensitivity analysis	Dummy KPIs for companies (in total 10,000 – 30,000) to support sensitivity analysis	<ul style="list-style-type: none"> Generate random inputs for fictitious companies Evaluate the evolution and the sensitivity of the scores for different ESG maturities Evaluate the sensitivity of the development weights in terms of KPIs, themes and pillars Identify and investigate outliers 	<ul style="list-style-type: none"> Rating methodologies should be sensitive to the ESG maturity of the company Degree of scoring sensitivity at different levels of maturity

*Results and process are subject to further enhancements and/or changes

6C: Quantitative validation tests – approach and data used



1

Model's ability to treat EM companies fairly

Description & approach

- Score all the selected companies using inclusive ESG scoring methodology
- Compare the ESG maturity based on the scores of:
 - Inclusive ESG scoring methodology
 - Global ESG rating provider
 - British data provider
- Perform analysis on the gap in the scores of EM companies and their peer companies in DM

Data used



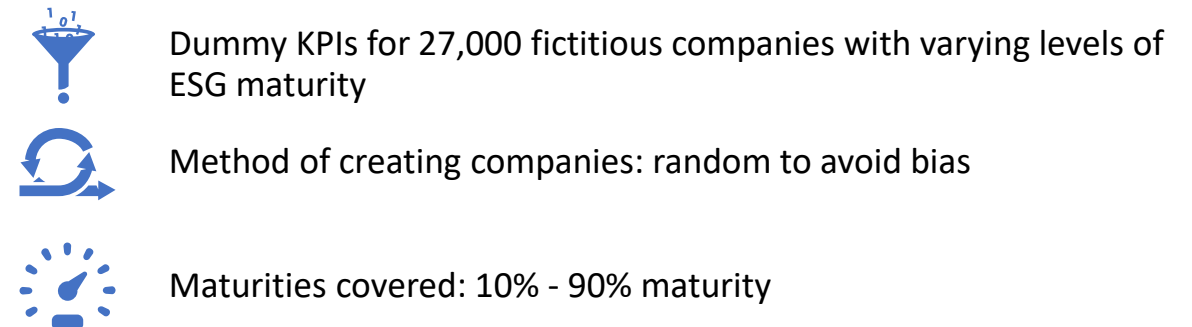
2

Model's ability to differentiate companies based on ESG maturity

Description & approach

- Score all the fictitious companies using inclusive ESG scoring methodology
- Evaluate the following based on above scores:
 - Evolution of scores as the companies become more mature in ESG
 - Sensitivity of scores for companies with varying level of ESG maturity
- Evaluate the sensitivity of the development weights in terms of KPIs, themes and pillars
- Identify and investigate any unexpected trend

Data used



6D: Model's ability to treat EM companies fairly – conclusion



1

Inclusive ESG scoring methodology is not biased towards EM companies, rather it is a performance driven scoring approach. When companies meet the essential criteria, they are able to secure a similar rank.



Company S (Largest meat processing company in the world based in Brazil) rank improved 2 notches, and both Company B (Indian multinational conglomerate with interests in Engineering & Construction, Manufacturing) and Company N (Brazilian Shopping Centre Management company) improved by 1 notch.

2

When companies do not meet the essential criteria, they are not able to secure a high rank.



Along with external rating agencies, Inclusive ESG scoring also gave a lower rating for Company X (a multinational EM mining Co.) with a less mature ESG program.

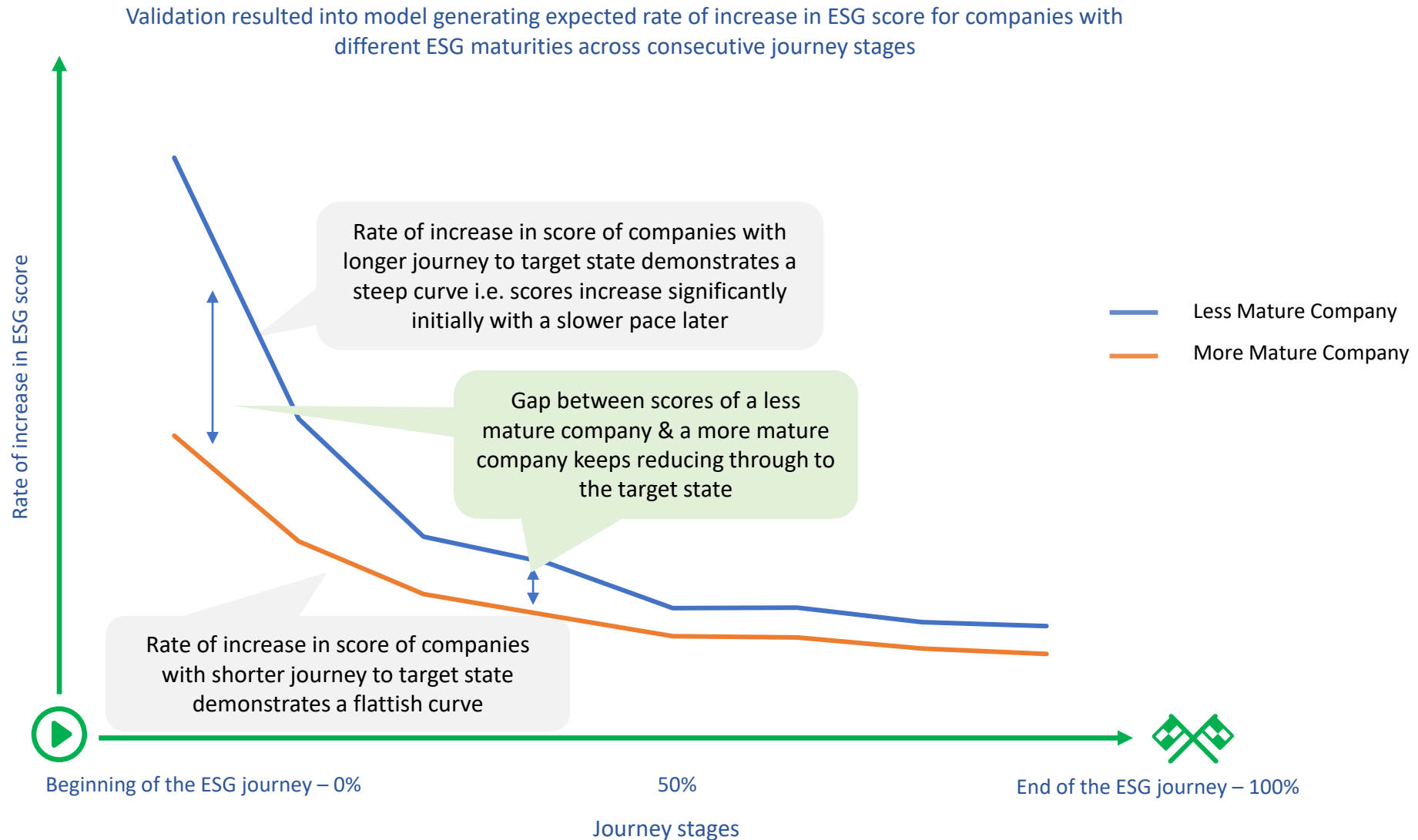
3

By evaluating the relative performance, the methodology scored a DM company higher than its EM peer demonstrating that there is no EM bias



Although both companies have a similar ESG profile, Swedish Telecommunication Operator, Company AA has an edge over Kenyan Listed Mobile Network Operator, Company D in certain areas.

6E: Model's ability to differentiate companies based on ESG maturity – conclusion



6F: Validation identified certain considerations for the future



- 1/ KPIs**
Annual review of KPIs to ensure that they commensurate with ESG maturity of EM companies
- 2/ KPI values**
Consider gradient maturity for KPIs rather than binary maturity
- 3/ Subjectivity of KPIs**
Annual review of KPIs to make them more objective with time
- 4/ Theme weights**
Gradient weights for sectors rather than using SASB materiality to assign weights
- 5/ Country influence**
Base country adjustment factor on some factor other than SDGs



7. Glossary

Glossary of key terms used across the document



	Term	Description
1	Emerging Markets	<ul style="list-style-type: none"> Based on MSCI definition: <ul style="list-style-type: none"> MSCI classifies Emerging markets on three dimensions: economic development, size and liquidity of equity market & market accessibility for foreign investors As of today, there are 5 countries in Americas, 12 countries in EMIA and 8 countries in Asia, as part of MSCI Emerging Market Classification <p>Note: For the purpose of testing and validation, we have shortlisted 4 Emerging markets countries – India, Saudi Arabia, Kenya and Brazil. Out of these 4 countries, Kenya is an outlier and is classified as a frontier country – about to become emerging market country. Kenya has been selected to bring diversity in the sample.</p>
2	Inclusive ESG scoring methodology	<ul style="list-style-type: none"> Inclusive ESG scoring methodology is defined as a technique which incorporates the realities, priorities and limitations of all markets under consideration (EMs & DMs) An inclusive ESG scoring methodology considers drawback/feedbacks of a country (i.e. advancement of policies, disclosure regulations and infrastructure) and addresses the potential gaps to produce a fairer score
3	Materiality	<ul style="list-style-type: none"> The definition is linked with SASB - financial materiality stemming from investor point of view A material risk for a company in a given industry will incur substantial costs in connection with it
4	Country influence	<ul style="list-style-type: none"> Degree to which country mandates, regulations and general infrastructure affect ESG performance of companies, such as labor policies, company laws, health and safety codes and etc.
5	ESG themes	<ul style="list-style-type: none"> Themes are broad subjects within ESG pillars (for e.g. Carbon Footprint, Waste Management, Human Capital and etc.) The current nomenclature of themes is aligned with SASB framework
6	ESG KPIs	<ul style="list-style-type: none"> Breakdown of measurable components for each theme within respective ESG pillars, such as scope1/2/3 emissions, amount of waste recycled, number of trainings conducted and etc.
7	ESG Weights	<ul style="list-style-type: none"> Weights determine each theme's or KPI's contribution to overall rating
8	Standard setters	<ul style="list-style-type: none"> Agencies that establish a global set of standards for companies to report on their environmental, social, and governance



8. Appendix

Appendix 1. Overview of ESG Key Performance Indicators



All information required to answer the KPIs shall be gathered from the following publicly available sources:

- | | |
|-----------------------------|---|
| 1. Sustainability Report | 5. Corporate Governance report |
| 2. CSR Report | 6. Code of Conduct (including all the policies) |
| 3. Integrated Annual Report | 7. Rating Agency reports |
| 4. Company's CDP report | 8. Any other company document on ESG |

In case information on any KPI is not available, the user might approach the company for such information. Alternatively, the answer for the KPIs for which the information was not available should be “no”.

The **Inclusive Scoring Methodology** has been built upon a total of 16 themes related to each ESG pillar, and 94 KPIs.

Key Framework Definitions:

- **Theme:** Groupings of the benchmark framework. There are 16 themes in total.
- **KPI:** A question, supporting a theme, against which each focus company will be assessed. There is at least one KPI for each theme with 94 KPIs in total.

	Theme	# KPI
Environmental	Biodiversity	5
	Climate Change	5
	GHG emission	9
	Pollution prevention	3
	Waste Generation and circular economy	7
	Water management	6
Social	Employment and working conditions	10
	Societal value and license to operate / Local Communities	7
	Diversity and inclusion	7
	Employee health, safety and wellbeing	9
	Human Rights / Supplier Social Assessment	6
Governance	Board diversity and independence	5
	Business ethics	6
	Transparency and disclosure	3
	Data privacy	4
	Product quality and Safety	2
	16	94

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	Theme	Brief Description
A	GHG Emission	<p>The purpose of the KPIs under this theme is to assess the following in relation to the management of Green House Gas (“GHG”) emissions for the company under assessment:</p> <ul style="list-style-type: none"> • Whether the company has identified GHG emissions reduction targets (i.e. Scope 1, 2, and 3), and has demonstrated improvements against set targets • Whether there are reasonable steps or initiative undertaken by the company with respect to GHG emissions reduction targets • Whether the company undertakes independent verification of GHG emissions footprint across the value chain of its products & services
	List of KPIs	KPI Assessment Criterion
1	The company has set GHG reduction targets and SBTi's (science-based targets initiative) aligned with the national climate action commitments or the global 1.5 degree pathway	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must answer the first question and if the second is also answered then the company meets the full criterion:</p> <ul style="list-style-type: none"> • The Company must have set any GHG reduction targets (such as reduction in emission intensity or reduction in total GHG produced) • Whether such reduction targets are science based or set in accordance with SBTi
2	There are initiatives for emission reduction (including RE & EE)	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company must have implemented policies and strategies related to emission reduction to meet emissions targets • Whether there are initiative undertaken to reduce emissions, and adopted renewable energy and other climate-friendly energy resources
3	The company has engaged with its value chain or participate in external initiatives to demonstrate a higher commitment	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company must have undertaken initiatives to reduce emission in its value chain (e.g. efficient transport, shipping and packaging)
4	The company reports on scope 1 and 2 emissions	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company reported scope 1 emissions • The Company reported scope 2 emissions

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	List of KPIs	KPI Assessment Criterion
5	The company reports on scope 3 emissions	KPI Type: OUTPUT To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> • The Company reported scope 3 emissions
6	The company's GHG emission disclosures were validated/assured by a third party	KPI Type: OUTPUT To gain a score for this indicator, the company must answer the following criteria: <ul style="list-style-type: none"> • The Company's GHG emission disclosures were validated/assured by a third party. • These disclosures indicate Company's status in achieving emission reduction targets.
7	Evidence of improvement in GHG reduction against the set targets, as per companies plan	KPI Type: OUTCOME To gain a score for this indicator, the company must answer the first criteria and if targets were not available, it should at least meet the second criteria: <ul style="list-style-type: none"> • The Company improved GHG emission reduction against the set targets • The Company improved GHG emission reduction relative to the previous year
8	Evidence of improvement in GHG reduction exceeding the set target	KPI Type: OUTCOME To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> • The Company exceeded the emission targets
9	Evidence of improvement in GHG reduction across scope 3	KPI Type: OUTCOME To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> • The Company reduced scope 3 emissions relative to previous year.

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	Theme	Brief Description
B	Climate Change	<p>The purpose of the KPIs under this theme is to assess the risks arising from climate change and captures the following for the company under assessment:</p> <ul style="list-style-type: none"> • Whether the company has assessed the risks arising from climate change • Whether the company has policy, strategy and oversight in relation to climate action, and related disclosures
	List of KPIs	KPI Assessment Criterion
10	The company has identified climate-related risks and opportunities over the short, medium and long term	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company disclosed climate-related risks and opportunities over the short, medium and long term, and how these are impacting company's businesses, strategy and financial planning.
11	The company has developed a policy / strategy on climate action	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has developed policies and/or strategies on climate risk.
12	The board oversees the management of climate-related risks and impacts	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company's board of directors oversee the position on climate change and related strategic planning and risk management policies and procedures, including those for managing climate-related risks and opportunities.
13	Climate disclosures are made in line with global frameworks such as TCFD, CDP or any sector specific climate disclosure requirements	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company's climate disclosures are in line with global frameworks (e.g. TCFD, CDP, etc).
14	The company discloses its performance improvement against identified physical and transition risk	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has disclosed their performance improvement against identified physical and transition risk.

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	Theme	Brief Description
C	Waste Generation & Circular Economy	<p>The purpose of the KPIs under this theme is to assess how mature the company is in waste management in the following areas:</p> <ul style="list-style-type: none"> Whether the company has identified waste generation streams and had initiatives in waste management and reduction Whether the company has a strategy for being circular from a waste management perspective and regulatory compliance
	List of KPIs	KPI Assessment Criterion
15	The company reports on inventory of waste streams	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> The Company has disclosed an inventory of waste streams that may involve waste treatments and plans for future waste facilities.
16	The company has a formal approach (i.e. policies, systems, processes and procedures) to effectively manage generated waste	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> The Company has a formal waste management approach such as policies, procedures, systems and processes.
17	The company has targets on waste reduction	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> The Company has targets on waste reduction.
18	The company has a strategy to minimize resource use, enhance the product's lifecycle, and apply circular economy principles.	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> The Company rejects the the linear take-make-waste economy and adopts a regenerative model: using processes that restore, renew or revitalize their own sources of energy and materials and wasting as little as possible.

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	List of KPIs	KPI Assessment Criterion
19	There were no news/ reports of regulatory non-compliance or a controversy related to waste management	KPI Type: OUTPUT To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> There were no controversial news and/or reports of regulatory non-compliance in the past related to Company's waste management.
20	Evidence of reduction in the generated different types of waste across the different streams.	KPI Type: OUTCOME To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company has disclosed reduction in the generated wastes across different streams.
21	Evidence of the increase in the materials recycled and repurposed against stated targets, and the reduction of diversion to landfills.	KPI Type: OUTCOME To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company has achieved increased recycled and repurposed materials against the stated targets The Company has reduced the amount of wastes diverted to landfills

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	Theme	Brief Description
D	Air Quality	<p>The purpose of the KPIs under this theme is to assess how mature the company is in managing (internal as well as regulatory compliance) pollution in terms of the following:</p> <ul style="list-style-type: none"> • Whether the company has a formal approach in managing pollution produced from its products and services • Whether the company reduced the amount of air pollutants and VOCs generated
	List of KPIs	KPI Assessment Criterion
22	The company has a formal approach (i.e. policies, systems, processes and procedures) to effectively manage air pollution	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has a formal air pollution management approach (e.g. policies, systems, processes and procedures)
23	There are no news/ reports of regulatory non-compliance or controversy related to air emissions	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • There were no controversial news and/or reports of regulatory non-compliance in the past related to air pollutions/emissions
24	Evidence of reduction in Air pollutants and VOCs generation	<p>KPI Type: OUTCOME</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has reported reduction in Air pollutants and Volatile Organic Compound generation (VOCs) relative to previous year.

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	Theme	Brief Description
E	Water and Waste Water Management	<p>The purpose of the KPIs under this theme is to assess how mature the company is in managing water usage in its production process in terms of the following:</p> <ul style="list-style-type: none"> • Whether the company has identified water consumption footprint • Whether the company has undertaken a strategy for water conservation in its process as well as in its value chain • Whether the company has complied with the regulatory requirements of water usage
	List of KPIs	KPI Assessment Criterion
25	The company reports on water consumption footprint	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has reported water consumption footprint.
26	There are company initiatives on water conservation and recycling	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company had initiatives on water conservation and recycling.
27	The company engages with its value chain to enhance water conservation	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has engaged with its value chain to enhance water conservation and reduce water intake.
28	Evidence of performance improvement in utilization of water	<p>KPI Type: OUTCOME</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has achieved improvements in the utilization of water which led to reduction in water intake relative to the previous year.
29	Evidence of performance improvement in recycling of water	<p>KPI Type: OUTCOME</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has achieved improvements in the recycling of water which led to reduction in water intake relative to the previous year.
30	There were no news/ reports of regulatory non-compliance or controversy related to impact on water usage	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • There were no controversial news and/or reports of regulatory non-compliance in the past related to the Company's water usage

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	Theme	Brief Description
F	Nature Impact	<p>The purpose of the KPIs under this theme is to assess how mature the company is in managing its impact on biodiversity and land use in terms of the following:</p> <ul style="list-style-type: none"> • Whether the company has assessed its own and supply chain's impact on biodiversity and land use change • Whether the company has a strategy for biodiversity and land use change management, and related regulatory compliance
	List of KPIs	KPI Assessment Criterion
31	The company reports on impact on biodiversity and land use	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has reported its impact on biodiversity and land use.
32	The company has assessed the impact of its supply chain on nature, including biodiversity and land use	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has assessed and measured the impact on biodiversity from their sourcing of agricultural materials in global supply chains.
33	The company has a formal position statement (policy, code or statement) on its impact on nature and biodiversity management	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has a formal corporate biodiversity management approach (policies, systems, processes and procedures).
34	The company has initiatives to minimize its impact on biodiversity	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has undertaken initiatives to minimize its impact on biodiversity.
35	There are no news/ reports of regulatory non-compliance or controversy related to impact on nature	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • There were no controversial news and/or reports of regulatory non-compliance in the past related to the Company's impact on nature.

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	Theme	Brief Description
G	Employee health, safety and wellbeing	<p>The purpose of the KPIs under this theme is to assess the maturity of a company in relation to the following:</p> <ul style="list-style-type: none"> • Whether the company has identified, assessed and had senior management oversight of Health, Safety and Environment risks (“HSE”) and Occupational health and safety risks (“OSH”) for its employees including contractor employees • Whether the company had initiatives for culture of safety, employee trainings on HSE aspects, employees' mental health and emotional wellbeing • Whether the company achieved HSE targets
	List of KPIs	KPI Assessment Criterion
36	There are no news/ reports of regulatory non-compliance or controversy related to OHS/ HSE	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • There were no controversial news and/or reports of regulatory non-compliance in the past related to the company’s employees’ safety and health
37	There is standalone HSE policy and/or management system	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has a formal health management approach (e.g. policies, systems, processes and procedures).
38	There are company initiatives that promote culture of safety / train employees on HSE aspects	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has undertaken initiatives that promote the health and safety of its employees.
39	There are company initiatives that promote the employees' mental health and emotional wellbeing	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has undertaken initiatives that promote the mental health and emotional wellbeing of its employees.
40	The policy/system includes and applies to contractual workers	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company’s employee health and safety policies also apply to contractual workers.

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	List of KPIs	KPI Assessment Criterion
41	The company has set HSE targets/KPIs	KPI Type: INPUT To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company has set and identified targets for employees' health and safety.
42	The company has undertaken HSE/ OHS risk assessment	KPI Type: ACTIVITY To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company has performed risk assessment of HSE/OHS for its employees in the past.
43	The company reports on incidents and fatalities for permanent and contractual	KPI Type: OUTPUT To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company has reported incidents and fatalities of its permanent and contractual employees.
44	Evidence of company meeting its HSE targets	KPI Type: OUTCOME To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company has reported its past HSE targets and whether it was able to achieve them.

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	Theme	Brief Description
H	Employment and Working Conditions	<p>The purpose of the KPIs under this theme is to assess the maturity of a company with respect to following issues of its human capital:</p> <ul style="list-style-type: none"> • Whether the Company has a policy and a strategy on labor working conditions and management of grievances • Whether the Company has an approach and strategy for employee training, capacity building, skill development and talent retention
	List of KPIs	KPI Assessment Criterion
45	The management has a strong position or commitment to respect human rights aspects such as child labor, forced labor, gender discrimination and harassment.	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has reported its commitments to respecting human rights and creating an equal playing field.
46	The company has a formal code or policy on labor and working conditions (i.e. working hours, wages, social benefits and other HR and human right aspects) that covers contract workers.	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has a formal code of conduct or labour laws for employees working hours, wages, social benefits and other HR and human right aspects.
47	The company has a formal grievance mechanism to address concerns labor and working conditions for contract workers	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has a formal mechanism to address grievances of its employees and contract workers.
48	The company has identified strategic areas for employee training, capacity building and skill development	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has provided trainings to its employees. • The Company's trainings, capacity building and skill development have an identified strategic areas.

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	List of KPIs	KPI Assessment Criterion
49	There are company initiatives that promote talent retention	KPI Type: ACTIVITY To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company has undertaken initiatives that promote employee retention.
50	Company reports on spending on training, L&D activities	KPI Type: OUTPUT To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company reported details on expenditure on employees training, learning and development programs.
51	Company reports on local employment generation	KPI Type: OUTPUT To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company disclosed its local employment generation and how it is supporting the local communities.
52	The company reports on number of employee grievances and resolved	KPI Type: OUTPUT To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company disclosed the number of employee grievances and those that have been resolved.
53	Evidence of improvement in NPS Score or best place to work rankings	KPI Type: OUTCOME To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company has achieved improvements in NPS score or best place to work rankings.
54	Evidence of improvement in employee turnover	KPI Type: OUTCOME To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company has achieved improvements in the reduction of employee turnover.

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	Theme	Brief Description
I	Diversity and Inclusion	<p>The purpose of the KPIs under this theme is to assess the maturity of a company with respect to following areas of Diversity, Equity and Inclusion (DE&I):</p> <ul style="list-style-type: none"> Whether the Company has initiatives, strategies and targets for DE&I across the organization including both senior management & general workforce Whether the company has a position on DE&I and specific oversight mechanisms from a DE&I perspective
	List of KPIs	KPI Assessment Criterion
55	There are company initiatives that promote DE&I across organization	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> The Company has undertaken initiatives to develop or promote diversity, equity and inclusion.
56	The company has set diversity-related targets for general workforce	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> The Company has set diversity related targets (i.e. cultural, racial, gender, physical diversity etc.) for the general workforce.
57	The company has set diversity-related targets for leadership	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> The Company has set diversity related targets (i.e. cultural, racial, gender, physical diversity etc.) for its leadership.
58	The company has position statement on DE&I	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> The Company has a diversity and inclusion statement that demonstrates a company's commitment to building an inclusive, varied workplace welcoming to people of all backgrounds.
59	The company has a dedicated officer to monitor and promote DE&I agenda	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> The Company has assigned a dedicated officer or committee to monitor and promote company's DE&I agenda.
60	Evidence of improvement in diversity and inclusion ratio for general workforce	<p>KPI Type: OUTCOME</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> The Company has reported an improvement in diversity and inclusion ratio for its general workforce.
61	Evidence of improvement in diversity and inclusion ratio for leadership	<p>KPI Type: OUTCOME</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> The Company has reported an improvement in diversity and inclusion ratio for its leadership.

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	Theme	Brief Description
J	Human rights in supply chain (Ethical sourcing / Supplier Social Assessment)	The purpose of the KPIs under this theme is to assess the maturity of a company with respect to following areas of Human Rights: <ul style="list-style-type: none"> Whether the Company has a policy and conducts assessments of human rights issues for its supply chain Whether the Company has a policy for managing human rights grievances and related regulatory compliance
	List of KPIs	KPI Assessment Criterion
62	The company has a formal code or policy on human rights for supply chain in line with ILO principles	KPI Type: ACTIVITY To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company has a formal policy for employees' human rights which ensures that workplaces comply with labour laws and protect workers' rights.
63	The company has undertaken a risk assessment of human rights (especially child labor and modern slavery) across its supply chain	KPI Type: ACTIVITY To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company performs risk assessment for employees' human rights across its supply chain.
64	Evidence of companies action resulting from supplier audits	KPI Type: ACTIVITY To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company reported actions resulting from supplier audits.
65	The company has implemented grievance redressal for complaints against human rights violation	KPI Type: ACTIVITY To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The Company has implemented a complaint / grievance redressal procedure to address consistent patterns of gross and reliably attested violations of all human rights.
66	There is no news/ report of regulatory non-compliance or controversy related to human rights violation	KPI Type: OUTPUT To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> There were no controversial news and/or reports of regulatory non-compliance in the past related to the company's human rights violation.
67	The company undertakes supplier audits of critical suppliers	KPI Type: OUTPUT To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none"> The company undertakes supplier audits of critical suppliers.

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	Theme	Brief Description
K	Societal value and license to operate / Local Communities	<p>The purpose of the KPIs under this theme is to assess the maturity of a company with respect to following areas of Corporate Social Responsibility (CSR):</p> <ul style="list-style-type: none"> • Whether the Company has coverage of CSR strategy from national and international (UN SDGs) perspective • Whether the Company performs measurements of impact of its SCR activities
	List of KPIs	KPI Assessment Criterion
68	The company has a social investment/community engagement strategy in line with National development priorities	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has an investment/community engagement strategy which is in line with national development priorities and enables communities to independently shape their own destiny.
69	The company has assessed any adverse impact on local communities	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has assessed adverse impacts on local communities.
70	The company has a strategy on local sourcing	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has a strategy to promote local sourcing (e.g. Agri-sourcing practices).
71	The company's CSR strategy aligns with UNSDG	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company's CSR strategy/policy aligns with UN sustainable development goals.
72	The company reports on impact of its CSR activities	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company reports the impact that has been created on the society due to its CSR activities.
73	There is no report or news regarding controversy on community engagement and relations	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • There were no controversial news and/or reports of regulatory non-compliance in the past related to the company's community engagement and relations.
74	The company demonstrates performance improvement in intended social Impacts	<p>KPI Type: OUTCOME</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has demonstrated performance improvements in intended social impact.

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	Theme	Brief Description
L	Business ethics (Anti-Corruption, Anti-Bribery, Whistle blower Protection)	<p>The purpose of the KPIs under this theme is to assess the maturity of a company with respect to following areas of business ethics:</p> <ul style="list-style-type: none"> • Whether the Company has policies on AML, ABC and whistleblowing, along with code of conduct • Whether the Company was involved in any regulatory non-compliance or controversy on corporate governance and business ethics • Whether the company has specific oversight mechanisms such as compliance officer for code of conduct and business ethics, independent verification of compliance, and formal procedures for recording and addressing complaints for managing corporate disputes
	List of KPIs	KPI Assessment Criterion
75	There are no reports or news on regulatory non-compliance or controversy on corporate governance and business ethics	<p>KPI Type: OUTCOME</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • There were no controversial news and/or reports of regulatory non-compliance in the past related to the company's corporate governance and business ethics.
76	The company has a documented code of conduct, approved by the Board of Directors	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has a documented code of conduct approved by the Board of Directors.
77	The company has disclosed policies on AML, ABC and whistleblowing	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has disclosed policies on anti-bribery, corruption & anti-money laundering, and whistle blowing policies.
78	The company has a compliance officer who ensures overall compliance with the code of conduct and business ethics	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has a compliance officer who ensures overall compliance with the code of conduct and business ethics.

Appendix 1. Governance - Taxonomy and detailed guidance for answering KPIs



	List of KPIs	KPI Assessment Criterion
79	The internal audit function is an independent function that reports directly to and is overseen by the Audit Committee	KPI Type: ACTIVITY To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none">• The Company’s internal audit is an independent department and reports directly to the Audit committee.
80	The company has formal procedures to record and register complaints and to effectively regulate corporate disputes	KPI Type: INPUT To gain a score for this indicator, the company must meet the following criteria: <ul style="list-style-type: none">• The Company has a formal procedure in place to register any corporate disputes/complaints.

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	Theme	Brief Description
M	Board Diversity and Independence	<p>The purpose of the KPIs under this theme is to assess the maturity of a company with respect to following areas of board composition:</p> <ul style="list-style-type: none"> • Whether the Company has adequate composition of the board members in terms of skills (e.g. ESG), independence, and diversity • Whether the Company has performed performance assessment of the Board members
	List of KPIs	KPI Assessment Criterion
81	The company's Board composition (i.e. competency / skill) is majorly adequate for its strategic oversight duties	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company's board composition has an optimum combination of executive and non-executive directors who are adequate for their oversight duties.
82	Has the company set any targets to increase gender diversity in board members	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company has set targets to increase gender diversity in its board members.
83	The Board includes members who are neither executives of the company and its affiliates nor controlling shareholders	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company's board composition include independent directors.
84	The performance of the Board and individual directors is reviewed annually	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company annual reviews the performance of the Board and its individual directors.
85	The Board's competencies are relevant and compatible to economic, environmental and social topics	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • The Company Board member's competencies are compatible and aligned with the economic, environmental and social topics.

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	Theme	Brief Description
N	Transparency and disclosure	<p>The purpose of the KPIs under this theme is to assess the maturity of a company with respect to following areas of transparency and disclosure:</p> <ul style="list-style-type: none"> Whether the Company has an involvement in any tax related non-compliance or controversies. Whether the Company makes adequate disclosure related to Board composition, committees, roles and responsibilities, tenure, etc.
	List of KPIs	KPI Assessment Criterion
86	Absence of regulatory non-compliance or controversy on tax transparency	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> There were no controversial news and/or reports of regulatory non-compliance in the past related to the company's tax transparency.
87	The company discloses the composition of its Board and committees (includes tenure on the governance body, description and number of each individual's other significant positions and roles, and the nature of their commitments)	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> Whether the Company discloses the composition of its Board and committees including their tenure, roles and commitments.
88	The company either fully complies to or explains any deviation/nonconformity to all relevant national provisions and requirements in a comprehensive annual report, which includes a corporate governance section	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> Whether the Company fully complies with all the relevant national provisions and requirements in a comprehensive annual report, which also includes a section on corporate governance.

Appendix 1. Governance - Taxonomy and detailed guidance for answering KPIs



	Theme	Brief Description
O	Product quality and Safety	<p>The purpose of the KPIs under this theme is to assess the maturity of a company in relation to the following issues of quality and safety of its products:</p> <ul style="list-style-type: none"> • Whether the Company adheres or implements product quality and safety standards • Whether the Company is involved in product quality non-compliance instances
	List of KPIs	KPI Assessment Criterion
89	The company has implemented product quality and safety certifications and/or management system	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • Whether the Company has implemented a product quality and safety certifications for management system for superior, consistent and improved product quality.
90	There is no report or news regarding product recall instances and/or product quality non-compliance	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • There were no controversial news and/or reports of regulatory non-compliance in the past related to the company's product quality or product recall instances.





Appendix 1. Governance - Taxonomy and detailed guidance for answering KPIs



	Theme	Brief Description
P	Data Privacy	<p>The purpose of the KPIs under this theme is to assess the maturity of a company in relation to management of data privacy:</p> <ul style="list-style-type: none"> • Whether the Company has a policy and strategy on data privacy covering all the data manage by the company • Whether the Company assesses data breach risks and reviews the culture of data privacy in the organization
	List of KPIs	KPI Assessment Criterion
91	The company has a data privacy policy for protection of customer and employee data	<p>KPI Type: INPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • Whether the company has in place a data privacy policy to protect customer and employee data.
92	The company has assessed its risk related to data security breach	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • Whether the company has assessed the risk related to data security breach.
93	There are company initiatives that promote data privacy	<p>KPI Type: ACTIVITY</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • Whether the company has reported initiatives on promoting data privacy.
94	There are no reports of data breaches	<p>KPI Type: OUTPUT</p> <p>To gain a score for this indicator, the company must meet the following criteria:</p> <ul style="list-style-type: none"> • There were no controversial news and/or reports of regulatory non-compliance in the past related to the company's data breach.

Appendix 2. Assessing the requirements of the regulators “ESG disclosure mandates”
















ESG disclosure mandates (identified below) from India, Brazil, Kenya and Saudi Arabia have been studied to identify themes and sub-themes (detailed in slides 4, 5 and 6) on which the disclosure regulations are stipulated.

Country	Regulation/ Guidance	Details
India 	BRR - Business Responsibility Reporting (SEBI)	Mandatory for top 1,000 companies by market cap and voluntary for others. Will be replaced with BRSR from FY 2022-23
	BRSR - Business Responsibility and Sustainability Report (SEBI)	Mandatory for top 1,000 companies by market cap and voluntary for others. To come into effect from FY 2022-23
KSA 	ESG disclosure guidelines (Saudi Stock Exchange – Tadawul)	The Saudi Exchange has benchmarked several leading information providers based on their ESG assessment capabilities, and has compiled the most common material themes and key issues. The purpose of doing so is to support listed companies in their disclosure journey
Kenya 	Mandatory ESG disclosures (Nairobi Securities Exchange – NSE)	The disclosures help achieve comparability and facilitate compliance with the CMA Code, relevant international treaties, ESG standards, and local regulations.
Brazil 	Voluntary Disclosure Guidelines (The Brazilian Securities Commission – CVM)	Issuers shall describe the main aspects related to the fulfilment of legal obligations and regulatory issues related to environmental and social issues. RCVM 59 takes effect on January 2, 2023

Appendix 3. Topics and themes covered in “ESG disclosure mandates”

Voluntary Mandatory Conditional



Country	Regulation/ Guidance	Topics/Themes
India 	Business Responsibility Reporting (SEBI) 	<ul style="list-style-type: none"> • Environment restoration efforts • Wellbeing of employees • Responsive towards disadvantaged, vulnerable and marginalised stakeholders • Human rights • Inclusive growth support
	Business Responsibility and Sustainability Report (SEBI) 	<ul style="list-style-type: none"> • Value to customers in responsible manner • Provision of goods and services that are safe and contribute to sustainability throughout their life-cycle • Where engaged in influencing public/policy, should do so in responsible manner • Business ethics, transparency and accountability
KSA 	ESG disclosure guidelines (Saudi Stock Exchange – Tadawul) 	<ul style="list-style-type: none"> • Resource usage • Air emissions • Waste management • Compliance with Extended Producer Responsibility Plan
Kenya 	Mandatory ESG disclosures (Nairobi Securities Exchange – NSE) 	<ul style="list-style-type: none"> • Climate Change • Natural resources • Pollution and waste • Environmental opportunities • Human capital
Kenya 	Mandatory ESG disclosures (Nairobi Securities Exchange – NSE) 	<ul style="list-style-type: none"> • Product liability • Stakeholder opposition • Social opportunities • Corporate governance
		<ul style="list-style-type: none"> • Taxes • Anti-corruption • Human Rights • Labour and working conditions • Occupational health and safety
Brazil 	Voluntary Disclosure Guidelines (The Brazilian Securities Commission – CVM) 	<ul style="list-style-type: none"> • Governance • Environmental and social risk management • Stakeholder engagement • Regulatory compliance • Supply chain screening • Economic performance
Brazil 	Voluntary Disclosure Guidelines (The Brazilian Securities Commission – CVM) 	<ul style="list-style-type: none"> • Greenhouse gas emission inventories • Diversity
		<ul style="list-style-type: none"> • Training and education • Diversity and equal opportunity • Consumer protection • Data privacy • Environmental compliance • Emissions
Brazil 	Voluntary Disclosure Guidelines (The Brazilian Securities Commission – CVM) 	<ul style="list-style-type: none"> • Board of directors

Appendix 4. Mapping priorities to arrive at EM focused ESG theme selection



Environment

ESG Themes	ESG sub-themes / Topics	DFIs	Standard	Regulators
1 Climate Change	GHG emission footprint/intensity	IFC CDC	WORLD ECONOMIC FORUM	India, Brazil
	Climate risk and impacts	IFC CDC	WORLD ECONOMIC FORUM	India, Brazil
2 Resource efficiency and pollution prevention	Energy, water and other sources of material inputs	IFC CDC	WORLD ECONOMIC FORUM	India, Brazil
	Waste generation and pollution prevention	IFC CDC	WORLD ECONOMIC FORUM	India, Brazil
	Process design and circular economy	CDC	WORLD ECONOMIC FORUM	India
3 Biodiversity, land use and ecological impact	Impact on natural habitats and vulnerable species	IFC CDC	WORLD ECONOMIC FORUM	India, Brazil
	Impact on ecosystem (legal action/public controversy against the impact)	IFC	WORLD ECONOMIC FORUM	India
4 Company level Environmental Management System	Environmental Management System	IFC CDC		

Social

ESG Themes	ESG sub-themes / Topics	DFIs	Standard	Regulators
1 Human Capital and Supply Chain	Health, Safety and Well-being	IFC CDC	WORLD ECONOMIC FORUM	India, Brazil
	Diversity and Inclusion	IFC CDC	WORLD ECONOMIC FORUM	India, Brazil
	Labor and Working conditions	IFC CDC	WORLD ECONOMIC FORUM	India, Brazil
	Human rights	IFC CDC	WORLD ECONOMIC FORUM	India, Brazil
	Training and skills development		WORLD ECONOMIC FORUM	India, Brazil
2 Customer Relations and Consumer Protection	Customer value & satisfaction			India
	Data privacy			India, Brazil
	Product quality and safety			India, Brazil
3 Community Relations and Social Impact	Community Health, Safety and Security	IFC CDC	WORLD ECONOMIC FORUM	
	Cultural heritage	IFC CDC		
	CSR		WORLD ECONOMIC FORUM	India
4 Innovation, R&D Green Products	Innovation of better products and services		WORLD ECONOMIC FORUM	

Governance

ESG Themes	ESG sub-themes / Topics	DFIs	Standard	Regulators
1 Business Ethics	Business ethics (Anti-Corruption, Anti-Bribery, Whistleblower Protection)	IFC CDC		India
	Code of Conduct	IFC		India
2 ESG Governance and Stakeholder Engagement	Stakeholder engagement and grievance management	IFC CDC	WORLD ECONOMIC FORUM	India
	ESG management systems	IFC CDC		
	Board diversity and independence	IFC CDC	WORLD ECONOMIC FORUM	India
3 Board Structure and Remuneration	Board committees and oversight	IFC		
	Remuneration			India
4 Risk Management and Disclosure	Auditor Independence	IFC		
	Tax Transparency		WORLD ECONOMIC FORUM	India, Brazil
	Enterprise Risk Management System		WORLD ECONOMIC FORUM	

Primary Focus (themes and sub-themes with maximum overlap)

These are shortlisted for current assessment

Secondary Focus

Appendix 5. KPI List and Weights

Environmental Pillar (1/3)



Pillar	Theme	KPI	Indicator Type	Maturity Bucket	Disclosure Bucket	KPI Priority Bucket	KPI Weighting Ratio	KPI Weights
Environmental	GHG emission	The company has set GHG reduction targets and SBTi's (science-based initiative) aligned with the national climate action commitments or the global 1.5 degree pathway	Input	High Maturity	Medium Disclosure	High Priority	40	10.5%
		There are initiatives for emission reduction (including RE and EE)	Activity	Medium Maturity	High Disclosure	Low Priority	20	5.3%
		The company has engaged with its value chain or participate in external initiatives to demonstrate a higher commitment	Activity	High Maturity	High Disclosure	Medium Priority	30	7.9%
		The company reports on scope 1 and 2 emissions	Output	Low Maturity	High Disclosure	Low Priority	25	6.6%
		The company reports on scope 3 emissions	Output	Medium Maturity	Medium Disclosure	Medium Priority	35	9.2%
		The company's GHG emission disclosures were validated/assured by a third party	Output	High Maturity	Medium Disclosure	High Priority	60	15.8%
		Evidence of improvement in GHG reduction against the set targets, as per companies plan	Outcome	Low Maturity	Medium Disclosure	Low Priority	30	7.9%
		Evidence of improvement in GHG reduction exceeding the set target	Outcome	High Maturity	Low Disclosure	High Priority	70	18.4%
		Evidence of improvement in GHG reduction across scope 3	Outcome	Medium Maturity	Low Disclosure	High Priority	70	18.4%
	Climate Change	The company has identified climate-related risks and opportunities over the short, medium and long term	Input	Medium Maturity	Medium Disclosure	Medium Priority	25	16.7%
		The company has developed a policy / strategy on climate action	Input	Low Maturity	High Disclosure	Low Priority	15	10.0%
		The board oversees the management of climate-related risks and impacts	Activity	Medium Maturity	Medium Disclosure	Medium Priority	30	20.0%
		Climate disclosures are made in line with global frameworks such as TCFD, CDP or any sector specific climate disclosure requirements	Activity	Medium Maturity	High Disclosure	Low Priority	20	13.3%
		The company discloses its performance improvement against identified physical and transition risk	Output	High Maturity	Low Disclosure	High Priority	60	40.0%

Appendix 5. KPI List and Weights

Environmental Pillar (2/3)



Pillar	Theme	KPI	Indicator Type	Maturity Bucket	Disclosure Bucket	KPI Priority Bucket	KPI Weighting Ratio	KPI Weights
Environmental	Waste Management and Circular Economy	The company reports on inventory of waste streams	Output	Low Maturity	Medium Disclosure	Low Priority	25	9.3%
		The company has a formal approach (i.e. policies, systems, processes and procedures) to effectively manage generated waste	Activity	Medium Maturity	High Disclosure	Low Priority	20	7.4%
		The company has targets on waste reduction	Input	Medium Maturity	Medium Disclosure	Medium Priority	25	9.3%
		The company has a strategy to minimize resource use, enhance the product's lifecycle, and apply circular economy principles.	Input	Medium Maturity	Medium Disclosure	Medium Priority	25	9.3%
		There were no news/ reports of regulatory non-compliance or a controversy related to waste management	Output	High Maturity	High Disclosure	Medium Priority	35	13.0%
		Evidence of reduction in the generated different types of waste across the different streams.	Outcome	High Maturity	Medium Disclosure	High Priority	70	25.9%
		Evidence of the increase in the materials recycled and repurposed against stated targets, and the reduction of diversion to landfills.	Outcome	High Maturity	Medium Disclosure	High Priority	70	25.9%
	Air Quality	The company has a formal approach (i.e. policies, systems, processes and procedures) to effectively manage air pollution	Activity	Low Maturity	Medium Disclosure	Low Priority	20	16.0%
		There are no news/ reports of regulatory non-compliance or controversy related to air emissions	Output	High Maturity	High Disclosure	Medium Priority	35	28.0%
		Evidence of reduction in Air pollutants and VOCs generation	Outcome	High Maturity	Low Disclosure	High Priority	70	56.0%

Appendix 5. KPI List and Weights

Environmental Pillar (3/3)



Pillar	Theme	KPI	Indicator Type	Maturity Bucket	Disclosure Bucket	KPI Priority Bucket	KPI Weighting Ratio	KPI Weights
Environmental	Water and Wastewater Management	The company reports on water consumption footprint	Output	Low Maturity	High Disclosure	Low Priority	25	9.4%
		There are company initiatives on water conservation and recycling	Activity	Medium Maturity	High Disclosure	Low Priority	20	7.5%
		The company engages with its value chain to enhance water conservation	Activity	High Maturity	Medium Disclosure	High Priority	50	18.9%
		Evidence of performance improvement in utilization of water	Outcome	High Maturity	High Disclosure	Medium Priority	40	15.1%
		Evidence of performance improvement in recycling of water	Outcome	High Maturity	Medium Disclosure	High Priority	70	26.4%
		There were no news/ reports of regulatory non-compliance or controversy related to impact on water usage	Output	High Maturity	Medium Disclosure	High Priority	60	22.6%
	Nature Impacts	The company reports on impact on biodiversity and land use	Output	Medium Maturity	Medium Disclosure	Medium Priority	35	17.9%
		The company has assessed the impact of its supply chain on nature, including biodiversity and land use	Activity	Low Maturity	Low Disclosure	Medium Priority	30	15.4%
		The company has a formal position statement (policy, code or statement) on its impact on nature and biodiversity management	Input	Medium Maturity	Low Disclosure	High Priority	40	20.5%
		The company has initiatives to minimize its impact on biodiversity	Activity	Medium Maturity	Medium Disclosure	Medium Priority	30	15.4%
		There are no news/ reports of regulatory non-compliance or controversy related to impact on nature	Output	High Maturity	Medium Disclosure	High Priority	60	30.8%

Appendix 5. KPI List and Weights

Social Pillar (1/4)



Pillar	Theme	KPI	Indicator Type	Maturity Bucket	Disclosure Bucket	KPI Priority Bucket	KPI Weighting Ratio	KPI Weights
Social	Employee health, safety and wellbeing	There are no news/ reports of regulatory non-compliance or controversy related to OHS/ HSE	Output	High Maturity	Medium Disclosure	High Priority	60	22.2%
		There is standalone HSE policy and/or management system	Input	Low Maturity	High Disclosure	Low Priority	15	5.6%
		There are company initiatives that promote culture of safety / train employees on HSE aspects	Activity	Medium Maturity	High Disclosure	Low Priority	20	7.4%
		There are company initiatives that promote the employees' mental health and emotional wellbeing	Activity	Medium Maturity	High Disclosure	Low Priority	20	7.4%
		The policy/system includes and applies to contractual workers	Input	Medium Maturity	High Disclosure	Low Priority	15	5.6%
		The company has set HSE targets/KPIs	Input	Medium Maturity	Medium Disclosure	Medium Priority	25	9.3%
		The company has undertaken HSE/ OHS risk assessment	Activity	Low Maturity	Medium Disclosure	Low Priority	20	7.4%
		The company reports on incidents and fatalities for permanent and contractual	Output	Low Maturity	Medium Disclosure	Low Priority	25	9.3%
		Evidence of company meeting its HSE targets	Outcome	High Maturity	Low Disclosure	High Priority	70	25.9%

Appendix 5. KPI List and Weights

Social Pillar (2/4)



Pillar	Theme	KPI	Indicator Type	Maturity Bucket	Disclosure Bucket	KPI Priority Bucket	KPI Weighting Ratio	KPI Weights
Social	Employment and working conditions	The management has a strong position or commitment to respect human rights aspects such as child labour, forced labour, gender discrimination and harassment.	Input	High Maturity	Medium Disclosure	High Priority	40	10.1%
		The company has a formal code or policy on labour and working conditions (i.e. working hours, wages, social benefits and other HR and human right aspects) that covers contract workers.	Input	Medium Maturity	Medium Disclosure	Medium Priority	25	6.3%
		The company has a formal grievance mechanism to address concerns labour and working conditions for contract workers	Input	High Maturity	Medium Disclosure	High Priority	40	10.1%
		The company has identified strategic areas for employee training, capacity building and skill development	Input	Medium Maturity	High Disclosure	Low Priority	15	3.8%
		There are company initiatives that promote talent retention	Activity	Medium Maturity	Medium Disclosure	Medium Priority	30	7.6%
		Company reports on spending on training, L&D activities	Output	Low Maturity	Low Disclosure	Medium Priority	35	8.9%
		Company reports on local employment generation	Output	Medium Maturity	Medium Disclosure	Medium Priority	35	8.9%
		The company reports on number of employee grievances and resolved	Output	Low Maturity	Low Disclosure	Medium Priority	35	8.9%
		Evidence of improvement in NPS Score or best place to work rankings	Outcome	High Maturity	Medium Disclosure	High Priority	70	17.7%
		Evidence of improvement in employee turnover	Outcome	High Maturity	Medium Disclosure	High Priority	70	17.7%

Appendix 5. KPI List and Weights

Social Pillar (3/4)



Pillar	Theme	KPI	Indicator Type	Maturity Bucket	Disclosure Bucket	KPI Priority Bucket	KPI Weighting Ratio	KPI Weights
Social	Diversity and Inclusion	There are company initiatives that promote DE&I across organization	Activity	Low Maturity	High Disclosure	Low Priority	20	7.1%
		The company has set diversity-related targets for general workforce	Input	Medium Maturity	Medium Disclosure	Medium Priority	25	8.9%
		The company has set diversity-related targets for leadership	Input	Medium Maturity	Low Disclosure	High Priority	40	14.3%
		The company has position statement on DE&I	Input	Low Maturity	High Disclosure	Low Priority	15	5.4%
		The company has a dedicated officer to monitor and promote DE&I agenda	Input	High Maturity	Low Disclosure	High Priority	40	14.3%
		Evidence of improvement in diversity and inclusion ratio for general workforce	Outcome	High Maturity	Medium Disclosure	High Priority	70	25.0%
		Evidence of improvement in diversity and inclusion ratio for leadership	Outcome	High Maturity	Low Disclosure	High Priority	70	25.0%
	Human rights in supply chain (Ethical sourcing / Supplier Social Assessment)	The company has a formal code or policy on human rights for supply chain in line with ILO principles	Input	Low Maturity	Medium Disclosure	Low Priority	15	7.0%
		The company has undertaken a risk assessment of human rights (especially child labour and modern slavery) across its supply chain	Activity	Low Maturity	Medium Disclosure	Low Priority	20	9.3%
		Evidence of companies action resulting from supplier audits	Output	High Maturity	Medium Disclosure	High Priority	60	27.9%
		The company has implemented grievance redressal for complaints against human rights violation	Activity	Medium Maturity	Medium Disclosure	Medium Priority	30	14.0%
		There is no news/ report of regulatory non-compliance or controversy related to human rights violation	Output	High Maturity	Medium Disclosure	High Priority	60	27.9%
		The company undertakes supplier audits of critical suppliers	Activity	Medium Maturity	Medium Disclosure	Medium Priority	30	14.0%

Appendix 5. KPI List and Weights

Social Pillar (4/4)



Pillar	Theme	KPI	Indicator Type	Maturity Bucket	Disclosure Bucket	KPI Priority Bucket	KPI Weighting Ratio	KPI Weights
Social	Societal value and license to operate / Local Communities	The company has a social investment/community engagement strategy in line with National development priorities	Input	Low Maturity	High Disclosure	Low Priority	15	6.4%
		The company has assessed any adverse impact on local communities	Input	Medium Maturity	Medium Disclosure	Medium Priority	25	10.6%
		The company has a strategy on local sourcing	Input	Medium Maturity	High Disclosure	Low Priority	15	6.4%
		The company's CSR strategy aligns with UNSDG	Output	Low Maturity	Medium Disclosure	Low Priority	25	10.6%
		The company reports on impact of its CSR activities	Input	Medium Maturity	Medium Disclosure	Medium Priority	25	10.6%
		There is no report or news regarding controversy on community engagement and relations	Output	High Maturity	Medium Disclosure	High Priority	60	25.5%
		The company demonstrates performance improvement in intended social impacts	Outcome	High Maturity	Medium Disclosure	High Priority	70	29.8%

Appendix 5. KPI List and Weights

Governance Pillar (1/2)



Pillar	Theme	KPI	Indicator Type	Maturity Bucket	Disclosure Bucket	KPI Priority Bucket	KPI Weighting Ratio	KPI Weights
Governance	Business ethics (Anti-Corruption, Anti-Bribery, Whistle-blower Protection)	There are no reports or news on regulatory non-compliance or controversy on corporate governance and business ethics	Outcome	High Maturity	Medium Disclosure	High Priority	70	43.8%
		The company has a documented code of conduct, approved by the Board of Directors	Input	Low Maturity	High Disclosure	Low Priority	15	9.4%
		The company has disclosed policies on AML, ABC and whistleblowing	Output	Medium Maturity	High Disclosure	Low Priority	25	15.6%
		The company has a compliance officer who ensures overall compliance with the code of conduct and business ethics	Input	Low Maturity	Medium Disclosure	Low Priority	15	9.4%
		The internal audit function is an independent function that reports directly to and is overseen by the Audit Committee	Activity	Low Maturity	High Disclosure	Low Priority	20	12.5%
		The company has formal procedures to record and register complaints and to effectively regulate corporate disputes	Input	Medium Maturity	High Disclosure	Low Priority	15	9.4%
	Board diversity and independence	The company's Board composition (i.e. competency / skill) is majorly adequate for its strategic oversight duties	Input	Low Maturity	High Disclosure	Low Priority	15	12.0%
		Has the company set any targets to increase gender diversity in board members	Input	Medium Maturity	Low Disclosure	High Priority	40	32.0%
		The Board includes members who are neither executives of the company and its affiliates nor controlling shareholders	Input	Low Maturity	High Disclosure	Low Priority	15	12.0%
		The performance of the Board and individual directors is reviewed annually	Activity	Medium Maturity	Medium Disclosure	Medium Priority	30	24.0%
		The Board's competencies are relevant and compatible to economic, environmental and social topics	Input	High Maturity	High Disclosure	Medium Priority	25	20.0%

Appendix 5. KPI List and Weights

Governance Pillar (2/2)



Pillar	Theme	KPI	Indicator Type	Maturity Bucket	Disclosure Bucket	KPI Priority Bucket	KPI Weighting Ratio	KPI Weights
Governance	Transparency and disclosure	Absence of regulatory non-compliance or controversy on tax transparency	Output	High Maturity	Medium Disclosure	High Priority	60	54.5%
		The company discloses the composition of its Board and committees (includes tenure on the governance body, description and number of each individual's other significant positions and roles, and the nature of their commitments)	Output	Medium Maturity	High Disclosure	Low Priority	25	22.7%
		The company either fully complies to or explains any deviation/nonconformity to all relevant national provisions and requirements in a comprehensive annual report, which includes a corporate governance section	Output	Low Maturity	High Disclosure	Low Priority	25	22.7%
	Product quality and Safety	The company has implemented product quality and safety certifications and/or management system	Output	Medium Maturity	Medium Disclosure	Medium Priority	35	36.8%
		There is no report or news regarding product recall instances and/or product quality non-compliance	Output	High Maturity	Medium Disclosure	High Priority	60	63.2%
	Data privacy	The company has a data privacy policy for protection of customer and employee data	Input	Low Maturity	High Disclosure	Low Priority	15	12.0%
		The company has assessed its risk related to data security breach	Activity	Medium Maturity	Medium Disclosure	Medium Priority	30	24.0%
		There are company initiatives that promote data privacy	Activity	Medium Maturity	High Disclosure	Low Priority	20	16.0%
		There are no reports of data breaches	Output	High Maturity	Medium Disclosure	High Priority	60	48.0%

Appendix 6. Sector-Wise Materiality for Information Technology Sector



Pillar	Theme	SASB Materiality	Sector Materiality Weight
Environmental	Air Quality		0.0%
	Nature Impacts		0.0%
	Climate Change		0.0%
	GHG emission	Is Material	20.0%
	Waste Management and Circular Economy		0.0%
	Water and Wastewater Management		0.0%
Social	Diversity and Inclusion	Is Material	20.0%
	Employee health, safety and wellbeing		0.0%
	Employment and working conditions		0.0%
	Human rights in supply chain (Ethical sourcing / Supplier Social Assessment)		0.0%
	Societal value and license to operate / Local Communities		0.0%
Governance	Board Diversity and Independence	Is Material	20.0%
	Busines ethics (Anti-Corruption, Anti-Bribery, Whistle-blower Protection)	Is Material	20.0%
	Data privacy	Is Material	20.0%
	Product quality and safety		0.0%
	Transparency and Disclosure		0.0%

Appendix 6. Sector-Wise Materiality for Manufacturing Sector



Pillar	Theme	SASB Materiality	Sector Materiality Weight
Environmental	Air Quality	Is Material	7.1%
	Nature Impacts	Is Material	7.1%
	Climate Change		0.0%
	GHG emission	Is Material	7.1%
	Waste Management and Circular Economy	Is Material	7.1%
	Water and Wastewater Management	Is Material	7.1%
Social	Diversity and Inclusion	Is Material	7.1%
	Employee health, safety and wellbeing	Is Material	7.1%
	Employment and working conditions	Is Material	7.1%
	Human rights in supply chain (Ethical sourcing / Supplier Social Assessment)	Is Material	7.1%
	Societal value and license to operate / Local Communities	Is Material	7.1%
Governance	Board Diversity and Independence	Is Material	7.1%
	Business ethics (Anti-Corruption, Anti-Bribery, Whistle-blower Protection)	Is Material	7.1%
	Data privacy		0.0%
	Product quality and safety	Is Material	7.1%
	Transparency and Disclosure	Is Material	7.1%

Appendix 6. Sector-Wise Materiality for Metals & Mining Sector



Pillar	Theme	SASB Materiality	Sector Materiality Weight
Environmental	Air Quality	Is Material	9.1%
	Nature Impacts	Is Material	9.1%
	Climate Change		0.0%
	GHG emission	Is Material	9.1%
	Waste Management and Circular Economy	Is Material	9.1%
	Water and Wastewater Management	Is Material	9.1%
Social	Diversity and Inclusion		0.0%
	Employee health, safety and wellbeing	Is Material	9.1%
	Employment and working conditions	Is Material	9.1%
	Human rights in supply chain (Ethical sourcing / Supplier Social Assessment)	Is Material	9.1%
	Societal value and license to operate / Local Communities	Is Material	9.1%
Governance	Board Diversity and Independence	Is Material	9.1%
	Business ethics (Anti-Corruption, Anti-Bribery, Whistle-blower Protection)	Is Material	9.1%
	Data privacy		0.0%
	Product quality and safety		0.0%
	Transparency and Disclosure		0.0%

Appendix 6. Sector-Wise Materiality for Real Estate Sector



Pillar	Theme	SASB Materiality	Sector Materiality Weight
Environmental	Air Quality		0.0%
	Nature Impacts	Is Material	14.3%
	Climate Change	Is Material	14.3%
	GHG emission	Is Material	14.3%
	Waste Management and Circular Economy	Is Material	14.3%
	Water and Wastewater Management	Is Material	14.3%
Social	Diversity and Inclusion		0.0%
	Employee health, safety and wellbeing	Is Material	14.3%
	Employment and working conditions		0.0%
	Human rights in supply chain (Ethical sourcing / Supplier Social Assessment)		0.0%
	Societal value and license to operate / Local Communities		0.0%
Governance	Board Diversity and Independence		0.0%
	Business ethics (Anti-Corruption, Anti-Bribery, Whistle-blower Protection)	Is Material	14.3%
	Data privacy		0.0%
	Product quality and safety		0.0%
	Transparency and Disclosure		0.0%

Appendix 7 - Country Overlay

Priority distribution of SDGs for Countries





SDGs	India	Kenya
1. No Poverty	10%	24.94%
2. Zero Hunger	13.54%	18.28%
3. Good Health and Well-being	31.53%	14.82%
4. Quality Education	5.47%	2.63%
5. Gender Equality	13.97%	5.88%
6. Clean Water and Sanitation	5.59%	0.90%
7. Affordable and Clean Energy	1.88%	0.38%
8. Decent Jobs and Economic Growth	4.42%	0.72%
9. Industry, Innovation and Infrastructure	2.26%	0.09%
10. Reduced Inequalities	0.37%	0.33%
11. Sustainable Cities and Communities	1.31%	7.07%
12. Responsible Consumption and Production	1.30%	0.20%
13. Climate Action	2.51%	9.33%
14. Life Below Water	0.95%	0.01%
15. Life on Land	0.96%	1.71%
16. Peace and Justice - Strong Institutions	2.33%	5.67%
17. Partnerships for the Goals	1.65%	7.05%

Mapping of Themes and SDGs & Ranking for Countries

Theme	SDG	India Ranking	India	Kenya Ranking	Kenya
GHG Emissions	13. Climate Action	8		4	++
Climate Change	13. Climate Action	8		4	++
Waste Management and Circular Economy	12. Responsible Consumption and Production	14		15	
Air Quality	13. Climate Action	8		4	
Water and Wastewater Management	6. Clean Water and Sanitation	5	++	11	
Nature Impacts	14. Life Below Water	16		17	++
Nature Impacts	15. Life on Land	15		10	
Employee health, safety and wellbeing	8. Decent Jobs and Economic Growth	7	++	12	
Employment and working conditions	8. Decent Jobs and Economic Growth	7	++	12	
Diversity and Inclusion	5. Gender Equality	2	++	7	++
Human rights in supply chain (Ethical sourcing / Supplier Social Assessment)	8. Decent Jobs and Economic Growth	7	++	12	
Societal value and license to operate / Local Communities	1. No Poverty	4	++	1	++
Societal value and license to operate / Local Communities	2. Zero Hunger	3		2	
Societal value and license to operate / Local Communities	3. Good Health and Well-being	1		3	
Societal value and license to operate / Local Communities	4. Quality Education	6		9	
Busines ethics (Anti-Corruption, Anti-Bribery, Whistle-blower Protection)					
Board Diversity and Independence					
Transparency and Disclosure					
Product quality and safety					
Data privacy					

Appendix 8 - Shortlisting sample companies for collection of ESG data to aid methodology development*



	Company Name	Market Capital (in Mn of USD)	Sector
Brazil 	Company Y	15,979	Information technology
	Company E	6,251	
	Company Q	45,448	Manufacturing
	Company R	23,446	
	Company S	15,884	Metals & Mining
	Company U	6,517	
	Company N	1,501	Real Estate
India 	Company Z	175,802	Information technology
	Company P	96,624	
	Company C	52,338	
	Company L	41,602	
	Company F	36,234	Manufacturing
	Company B	13,420	
	Company AZ	11,651	Real Estate
Kenya 	Company D	12,376	Information technology
	Company H	1,090	Manufacturing
	Company W	437	
	Company I	26	Metals & Mining
	Company O	1.3	Real Estate
Saudi Arabia 	Company K	61,086	Information technology
	Company M	7,140	
	Company T	13,400	Manufacturing
	Company V	4,822	
	Company J	100,380	Metals & Mining
	Company X	34,872	
	Company G	20,193	

*We have only referenced public information related to the listed companies, we have not accessed or used any confidential or internal information while conducting our study

Appendix 9 - Overview of the ESG scoring excel tool (1/2)



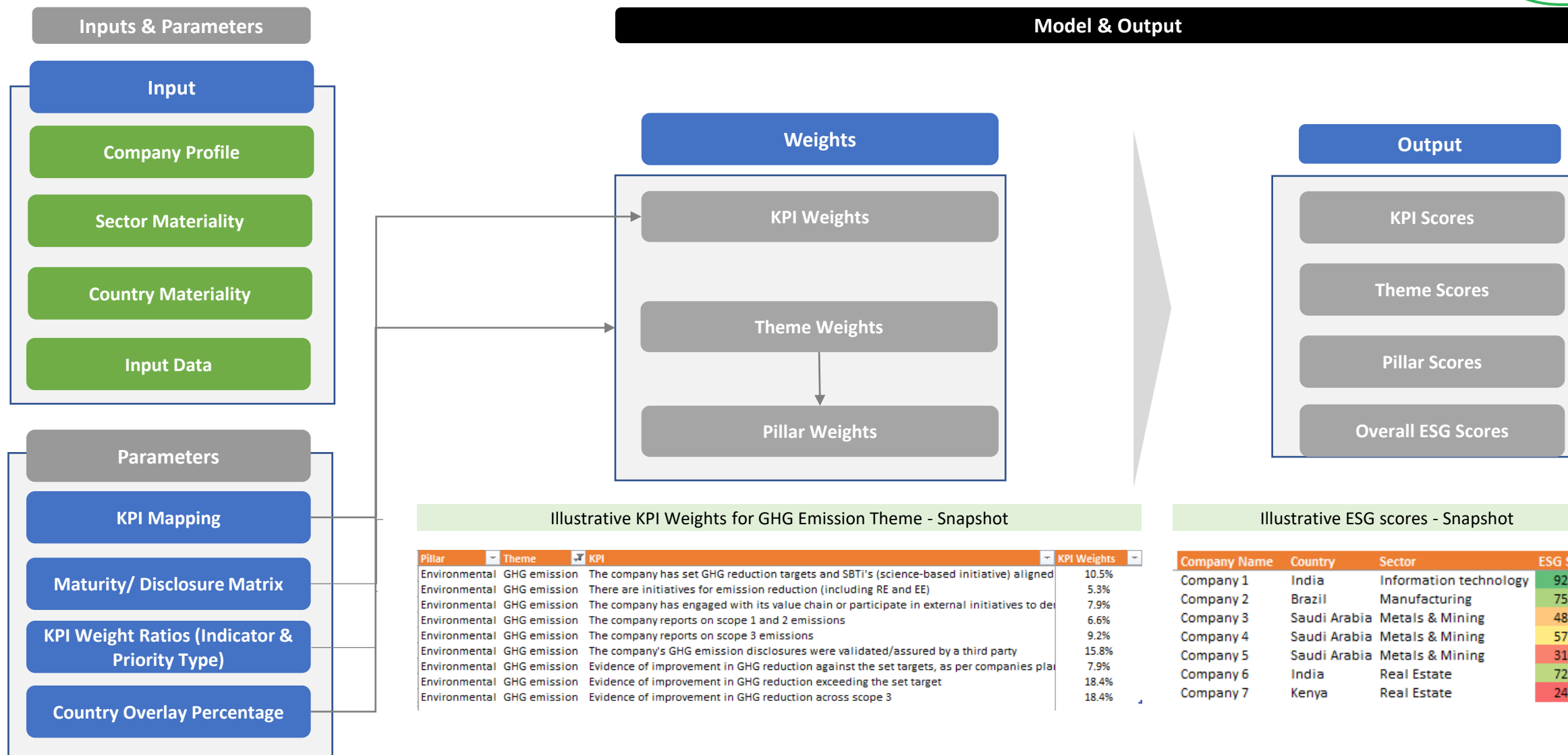
The ESG Scoring Tool is designed as a working prototype of the Inclusive ESG Scoring methodology. A user can derive ESG scores for a company by incorporating inputs, updating parameters and following necessary steps in the tool. The tool is categorized into the below:

- **Module Overview:** A user manual/ guide that provides description and notes on operations for all the worksheets in the tool
- **Inputs:** Input tabs that include the company, country and sector specific information needed to generate ESG scores
- **Parameters:** A user has the flexibility to update the parameters based on judgement or subject matter expertise , and the model is designed to pick up the updated parameters for calculations
- **Model/ Calculations:** These are a combination of Power Queries and Formulas to derive Weights and Scores for KPI, Theme, Pillar and Overall Levels

Sl No	Worksheet Name	Worksheet Description	User Notes
1	Company Profile	List of companies to be scored along with sector and country details	1. User should populate company details of the companies to be scored along with the Name, Sector and the Country
2	Parameters	User parameter list that define list of KPIs, themes, pillars and corresponding indicator types. Includes assignment of weight ratios to the indicator type and priority buckets. Also includes assignment of scores to boolean values. For the parameters determinign KPI weights, there are two key design principles, that translate into design of KPI weights: - Output and Outcome indicators which are more important and essential to demonstrate performance - than Input and Activity indicators; - KPI weights should ultimately reflect what good looks like in EM markets	1. KPI Mapping: User should define the KPI List and its corresponding Theme, Pillar, Indicator Type, Maturity Type and the Disclosure Type 2. Country Overlay: The table represents the overlays based on country's SDG priorities 3. Indicator Type Weight Ratio: The table assigns weight ratios based on the indicator type 4. Priority Ratio: The table assigns priority weight ratios based on the priority bucket type 5. Maturity/Disclosure Matrix: The matrix maps and assigns priority buckets based on maturity level versus disclosure level 6. Combined Output - KPI Weight Ratios: The table calculates the weight ratio applicable for each KPI based on the indicator type and the priority 7. Boolean Mapping - The table assigns Boolean values to scores
3	KPI Weights	Determination of KPI weights based on Maturity and Priority Levels and corresponding parameter weight ratios determined in previous step	1. The information on this tab is built using a power query by utilizing raw data from the Table "KPI_Mapping" in sheet "Parameters" 2. To update the table, the user can right-click between columns A to F and click on "Refresh" (Keyboard shortcut after clicking on the table: Alt + A + R + R) 3. Columns G through I will be auto-populated for KPI weights based on formulas
4	Permutations <Ancillary>	Ancillary Sheet to help derive unique company list, KPI list, theme list and pillar list in form of Power Query inputs	1. This is an Ancillary or Supporting Sheet to derive unique company list, KPI list, theme list and pillar list 2. All the tables are built using Power Query - to update any of the table, the user can right-click on the table and and click on "Refresh" (Keyboard shortcut after clicking on the tables: Alt + A + R + R)
5	Input Data	Input data in required format used for scoring the companies	1. The user should populate columns C through E (mandatory) for data to get updated in next steps 2. Values in column C can be blanks and will be considered as a "0" score in next steps 3. Columns A and B are voluntary and are only good-to-have data (non-mandatory) 4. Column F is a formula - please make sure to drag the formulas to the last row of data
6	Sector Materiality	Determination of sector wise theme materiality weights: In current version of methodology, SASB has been used to define sector wise materiality. SASB's materiality map is binary - leading to equal weightage across all material themes since gradience is unavailable. Within a sector, materiality weights across E,S and G are calculated by equally proportionating the number of material themes on a scale of 100%.	1. The table assesses materiality weights for each theme within different sectors 2. The user should enter 'Material' in column D of the respective material themes identified from direct/ mapped SASB sectors 3. Columns E and F are formulas and calculate the Sector Materiality Weights based on number of material themes within a sector
7	Country Materiality	Determination of country wise theme materiality overlays: For a given country, the material themes across E,S and G are identified through correlation with National SDG priorities and weighted proportionately. The choice of priority SDGs for each country is based on national strategy, UN strategy and Subject matter Expert inputs. The choice of weights % as of now are a result of subjective analysis, which can improve using large sample of high quality ESG data.	1. For a given country sector, the material themes across E,S and G are identified through their correlation with National SDG priorities and weighted proportionately 2. '++' in column D is defined as the top 5 ranked "Mappable" Themes for each country 3. Column E is a formula and needs to be dragged to the last row of data
8	KPI Scores	Determination of KPI Scores for each company-KPI combination	1. The information on this tab is built using a power query that creates a KPI-Company combination and help calculate final KPI scores for each company and each KPI 2. To update the table, the user can right-click between columns A through C and click on "Refresh" (Keyboard shortcut after clicking on the table: Alt + A + R + R) 3. Columns D through I will be auto-populated based on formulas
9	Theme Scores	Determination of Theme Scores for each company-theme combination calculated as weighted average of KPI scores	1. The information on this tab is built using a power query that creates a Theme-Company combination and help calculate final Theme scores for each company and each Theme 2. To update the table, the user can right-click between columns A through C and click on "Refresh" (Keyboard shortcut after clicking on the table: Alt + A + R + R) 3. Columns D through N will be auto-populated based on formulas
10	Pillar Score	Determination of Pillar Scores for each company-Pillar combination calculated as weighted average of Theme scores	1. The information on this tab is built using a power query that creates a Theme-Company combination and help calculate final Pillar scores for each company and each Pillar 2. To update the table, the user can right-click between columns A through C and click on "Refresh" (Keyboard shortcut after clicking on the table: Alt + A + R + R) 3. Columns D through H will be auto-populated based on formulas
11	ESG Score	Determination of final ESG Scores for each companycalculated as weighted average of Pillar scores	1. The information on this tab is built using a power query that creates a list of all unique companies and helps calculate final ESG scores for each company 2. To update the table, the user can right-click between columns A through B and click on "Refresh" (Keyboard shortcut after clicking on the table: Alt + A + R + R) 3. Columns C through E will be auto-populated based on formulas
12	Pivots	Pivoted representations of scores at various levels as a summary view	1. The tab provides a summary view of the scores calculated in the previous tabs 2. Refresh all Pivots to update information

Appendix 9 - Overview of the ESG scoring excel tool (2/2)

Input
Parameter
Model/ Output



Market research used during the process



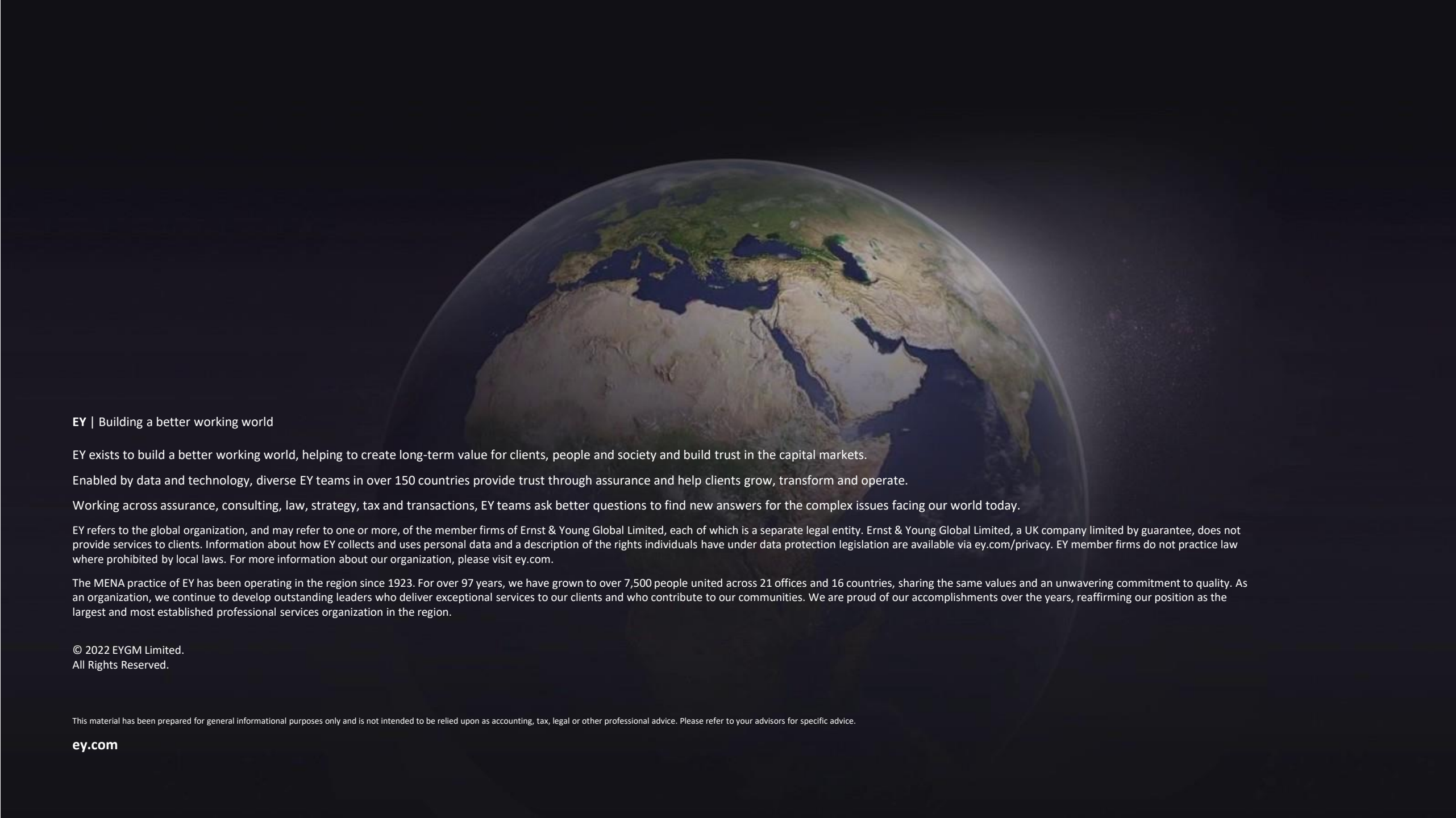
Market research used during the process	
Organization	Source
Lazard Asset Management	ESG in EMD: A Journey, Not a Destination
Morgan Stanley	An Emerging Markets Approach to ESG: Our Progress
Neuberger Berman	ESG for EMD: Toward Best Practice
NN Investment Partners	The materiality of ESG factors for emerging markets equity investment decisions: academic evidence
AGF	Can Emerging Market Countries be Held to the Same Standards that Developed Markets are?
Franklin Templeton	ESG Disclosures: Looking Beyond the Surface
Northern Trust	Interest Grows in Emerging Market and ESG Investing
Schroders	ESG and Emerging Markets Investing

Rating agencies' methodologies referred to during the development process



Methodologies	
Rating Agency	Source
MSCI	MSCI ESG Metrics Calculations Methodology
	Combining E, S, and G Scores: An Exploration of Alternative Weighting Schemes
	Deconstructing ESG Ratings Performance: Risk and Return for E, S And G by Time Horizon, Sector and Weighting
	MSCI ESG Rating Methodology
S&P	Corporate Sustainability Assessment
	ESG Evaluation Brochure
	Measuring Intangibles
	Weights Overview
	CSA Methodology Updates
	CSA Companion
	S&P Global CSA Factsheet

Methodologies	
Rating Agency	Source
Refinitiv	ESG Scores from Refinitiv
Sustainalytics	ESG Risk Rating Methodology
	Country Risk Ratings
	Material ESG Issues Overview
	Controversies Research Methodology
ISS	ISS ESG Country Rating
	ISS ESG Corporate Rating Methodology



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