



ESG RISK AI - AN ACUITÉ GROUP COMPANY

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What are some of the key products/ services offered by ESG Risk AI?

Investors & lenders are looking for standardised, accurate and comparable data & opinion to support investment & lending decisions respectively. However, many companies report ESG information inconsistently and in a complex manner. ESG Risk AI, India's first ESG Rating Agency and an Acuite Group company, provides ESG risk assessment and ESG ratings to help investors, bankers and corporates integrate Environmental, Social and Governance factors in their portfolio selection or business transactions.

In addition to ESG assessments and Ratings, the company also provides training and consultation in this space. In a couple of months, we will be launching the country's first ESG focused awards too.

How has India Inc. fared compared to their global counterparts in ESG compliance

To evaluate the extent and quality of disclosures, ESG Risk AI carried out a study of the top 500 NSE listed companies and revealed that the larger market cap companies in India are extremely transparent with 70-90% ESG disclosures. India Inc as a whole is fairly transparent with average 57% disclosures on ESG issues. This gives us a sense that companies

are becoming increasingly responsive to ESG issues, and their disclosures resonate with that seriousness.

More than 50% of Europe's investments are ESG-sensitive. Australia and New Zealand have approximately 50% of assets dedicated to ESG funds. South Korea raised a record US\$744.1 million this year through sales of ESG bonds. With Joe Biden making ESG the theme of his presidency, the US is unlikely to lack behind on this front. Globally, ESG assets are tipped to exceed \$53 trillion by 2025. In India currently only 7% of domestic AUM is invested in ESG funds. This is expected to grow to 30% in a decade clearly highlighting the growing significance of ESG factors in investment decisions.

How can use of technology drive ESG?

The world is taking to ESG technology faster than expected. Innovation in technology has accelerated deployment of carbon-efficient techniques. In opting for reuse of old or substandard products, companies can help reduce pressure on supply chain. Creating IT-based solutions is an effective way to integrate sustainability into daily operations. Software solutions are priceless when it comes to data monitoring and reporting, thus ensuring sustainability programmes are supported by reliable data.

How can better ESG compliance affect India Inc. positively in the long run

The Business Responsibility and Sustainability Report (BRSR) introduced by SEBI is a significant step in bringing sustainability reporting at par with financial reporting. It will not only make corporates more ESG compliant, but also give clarity and direction to financial institutions. Going forward, as India integrates with the global supply chain, more Indian companies will gain the confidence of the stakeholders by showing their ESG performance, independently assessed and benchmarked through ratings.

How can India achieve global prominence with ESG leadership?

NSE 100 ESG Index has only 90 constituents clearly signifies that there exists a sizeable gap between what is ought to be and the reality. It's held that the BRSR reporting will be a significant step making ESG compliance mainstream in India. Secondly, while large corporates are increasingly becoming ESG conscious, making headway into mid-sized and small companies will be the game changer due to sheer volume and spread. Our effort to make ESG scores available for NSE 500 companies to start with and then continuously increase the coverage will certainly add to this objective.