SHAKTI
SUSTAINABLE ENERGY FOUNDATION

# Quantitative Assessment of TCFD Coverage - BSE 100

**October 2020**

# Table of Content



# About the Project

# About the Project

**BACKGROUND**

- TCFD is an industry-led effort that aims at identifying and disclosing climate-related risks and opportunities to promote more informed investment, credit, and insurance underwriting decisions. These disclosures are adoptable by all organizations, across sectors and jurisdiction.
- The TCFD recommendations not only enable disclosure of decision-useful, forward-looking information on financial impacts but also:
  - Promote board and senior management engagement on climate-related issues
  - Enable assessment of future climate-related issues into current processes and systems through scenario analysis
  - Support understanding of financial sector's exposure to climate-related risks
- The recommendations factor in the requirements from other voluntary and mandatory climate-related reporting frameworks (including CDP, CDSB, GRI, IIRC, and SASB).
- While two-thirds of G20 countries (such as France, Japan, Australia, Canada and the EU) have initiated TCFD adoption formally or informally, India fares poorly in terms of TCFD adoption.
- In India, even though the Securities and Exchange Board of India (SEBI) has mandated to produce business responsibility reports (which has limited TCFD coverage) for the top 1000 listed entities, it does not encourage companies to do more. However, many companies are going beyond this minimum requirement and voluntarily disclosing through other guidelines such as CDP, GRI, DJSI and IR.

**ABOUT THE PROJECT**

- The project focusses on assessing the Indian sustainability and climate disclosure landscape to understand the lack of levers and drivers pushing the adoption of TCFD in the country. It seeks to develop recommendations to help corporates understand the ease and benefits of transitioning formally to TCFD compliant practices, underlining the role of capacity building efforts or policy action.
- This report provides an in-depth assessment of the coverage of TCFD recommended questions in Indian companies' disclosures based on a sample survey of India's BSE100 (top 100 companies by market capitalisation) companies encompassing every TCFD sector.

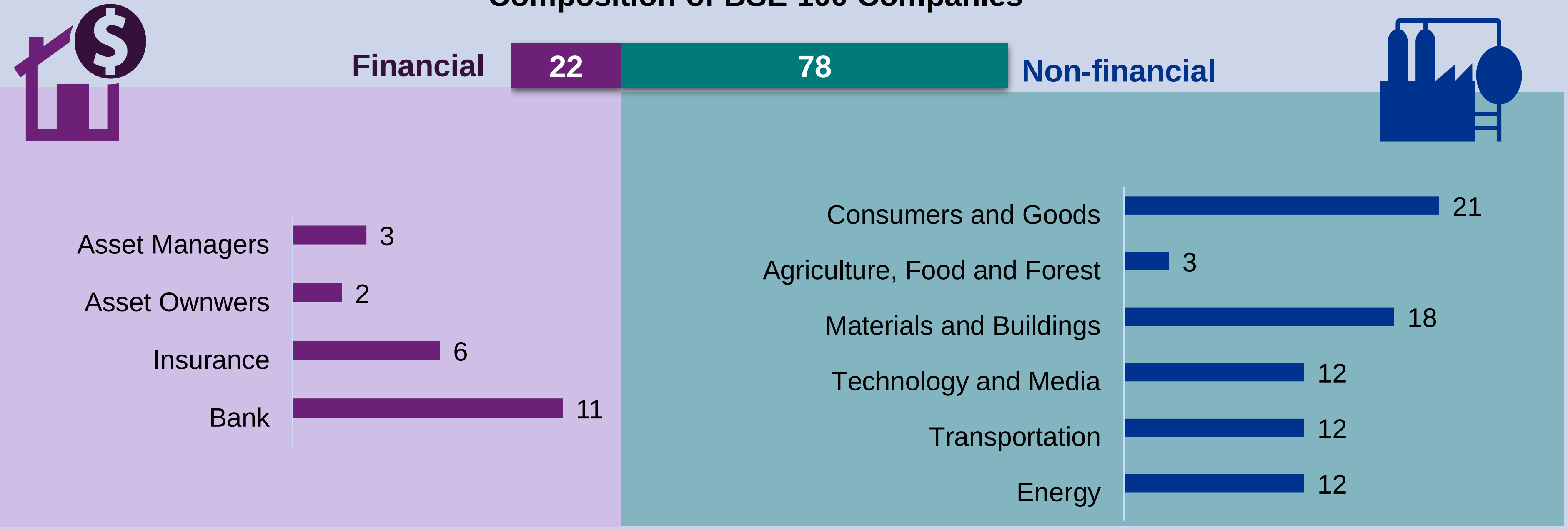
# Quantitative Assessment Methodology

**1**

**Selection and composition of assessment universe for the study**

- BSE 100 companies, which are the top 100 companies by market capital (as on 4th December 2019), were selected to study the coverage of TCFD recommendations in current disclosures in India
- The BSE 100 companies were categorized into TCFD sectors based on their primary business function identified through desk-based research.
- The sectoral composition of the BSE 100 companies is as follows:

**Composition of BSE 100 Companies**



# Quantitative Assessment Methodology

## 2 Assessment of current disclosure practice

- The companies' current disclosure practices were mapped based on publicly available information. This included mapping of all reports/documents highlighting any climate-related financial and non-financial information released publicly by each company.
- Based on this assessment, the disclosures to be studied to assess companies' compliance with TCFD recommendations were finalized and are as follows.

CDP DRIVING SUSTAINABLE ECONOMIES | GRI Empowering Sustainable Decisions | Dow Jones Sustainability Indexes | INTEGRATED REPORTING ⟨IR⟩ | Annual Reports | BRR

- The finalized disclosures were studied to understand their alignment with the TCFD recommendations (refer slide 8).

## 3 Classification of companies based on coverage of TCFD questions

- Coverage of all TCFD questions in each company's disclosures was assessed based on scores as follows:
  - Score '1' was given if the question was covered completely or partially in any one of the disclosures
  - Score '0' was given if the question was not covered in any one of the disclosures or information was not available.
- FY 2018-19 reports/ documents were considered for assessment.
- The scores given to the questions were used to assess the companies' alignment to TCFD recommendations and to classify them as:

**Laggard:** Less than or to equal to 30% of TCFD questions covered in publicly available disclosures

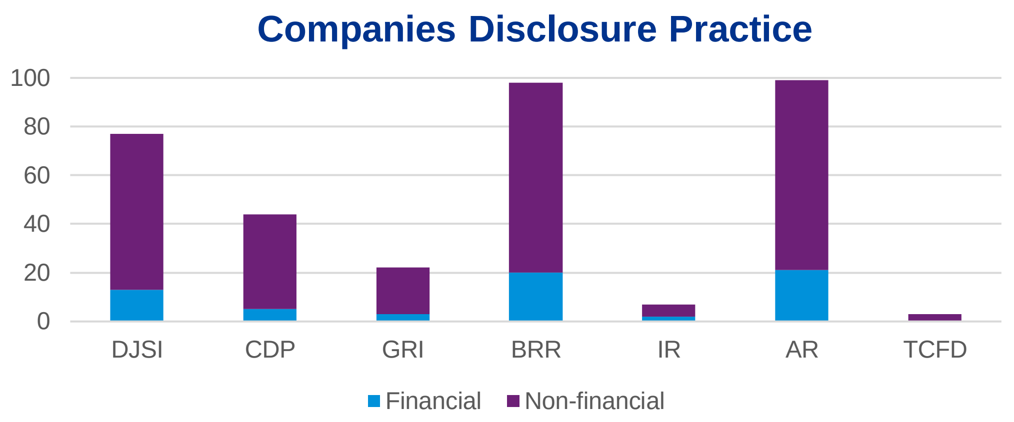
**Mediocre:** More than 30%  and less than or equal to 60% of TCFD questions covered in publicly available disclosures

**Leader:** More than 60% of TCFD questions covered in publicly available disclosures

# Universe Assessment

# TCFD Alignment with Other Disclosures

| TCFD Pillar | TCFD Questions | Disclosure Alignment | | | | |
|---|---|---|---|---|---|---|
| | | CDP | GRI | BRR | IR | DJSI |
| Governance | Board oversight | C1.1b | 102 – 18b, 19, 26, 27, 29, 31, 32 | | | |
| | Management's role | C1.1, C1.1a, C1.1b, C1.2, C1.2a | 102 – 18a, 20 | | | |
| Strategy | Risk and opportunities | C2.1, C2.2a, C2.2b, C2.2c, C2.3a, C2.4a | 102 – 15 | 2.1, 6.3, 6.5, 6.4 | 4.23, 4.24, 4.25, 4.26 | 1.3.2, 2.5.3, 2.5.4 |
| | Impact on organization | C2.3a, C2.5, C2.6, | 201 – 2 | | 4.34, 4.35, 4.37 | |
| | Resilience of strategy | C3.1a | | | | 2.5.5 |
| Risk Management | Risk identification | C2.2b | | | | |
| | Risk management | C2.2d | 102 – 47 | 6.2 | 3.17, 3.18, 4.41, 4.42 | 1.2.1, 1.2.2 |
| | Integration into overall risk management | C2.2, C31.c | | | | 2.5.2 |
| Metrics and Targets | Climate-related metrics | C4.5a, C11.3 | 302-1, 303-3, 5 | | 2.5.8, 2.5.10, 4.30, 4.31, 4.32, 4.38, 4.53 | |
| | Scope 1, 2, and 3 emissions | C5.2 | 305-1a, 2a, 3a, 3f, 3g | | | |
| | Climate-related targets | C4.1, C4.1a, C4.2 | 302-1, 303-3, 305-1a, 2a, 3a, 3f, 3g | | | 2.5.6 |

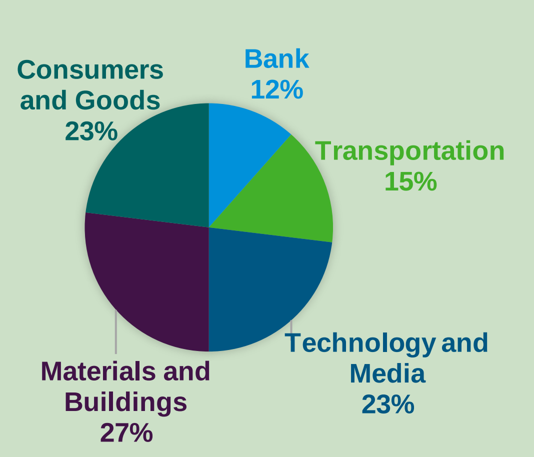


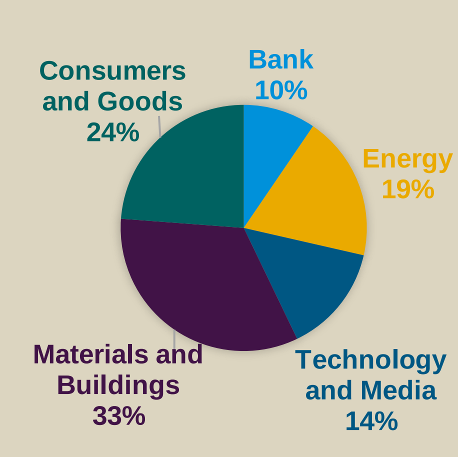

Note: While assessment universe companies have been invited for disclosures for DJSI, their disclosures are publicly not available.

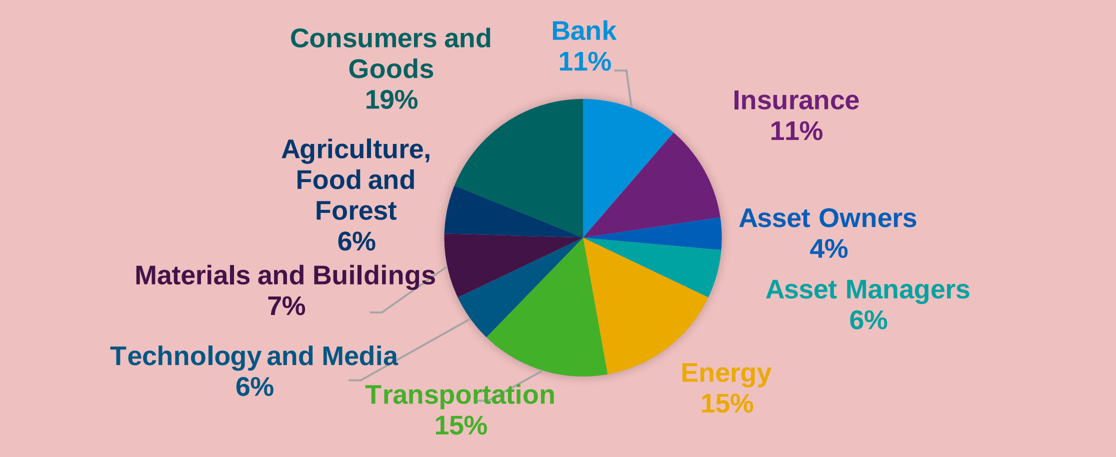
- Amongst the voluntary disclosures, CDP and GRI are the most widely used.
- While GRI aligns with most TCFD recommendations it does not sufficiently account for information on climate strategy and risk management.
- In 2018, CDP aligned its information requests with the recommendations integrating a sectoral focus and adopting a forward-looking approach to disclosures and now has complete alignment with TCFD's recommendations.
- It can be seen that the 40-45 companies reporting on CDP and GRI have already started or are ready for transitioning towards TCFD. Thus, a mechanism to facilitate uptake of these voluntary disclosures could help companies increasingly disclose information in line with TCFD recommendations.
- The mandatory disclosures, AR and BRR, are the most widely used in India. However, these disclosures do not completely meet TCFD's requirements. Thus, increasing coverage of TCFD recommendations in these disclosures will increase the climate disclosures presented by companies.

# Overall Sectoral Assessment

| 26% | 20% | 54% |
|---|---|---|
| **LEADER** | **MEDIOCRE** | **LAGGARD** |

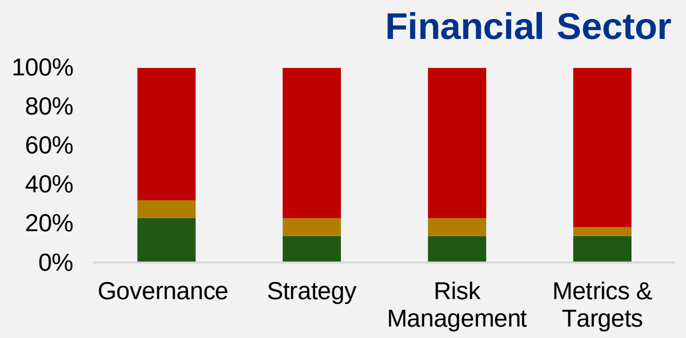


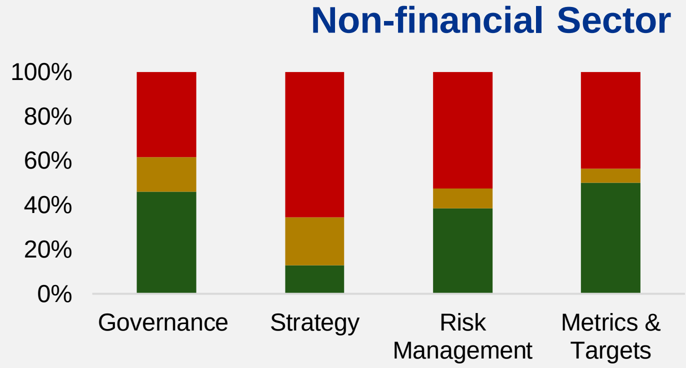



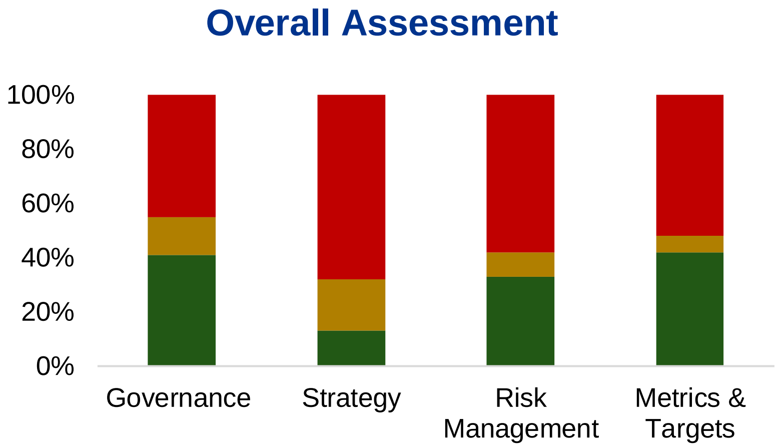




- The non-financial sector presents greater disclosures in line with TCFD compared to the financial sector in India. Apart from the Banking sector, none of the remaining financial sectors have taken a proactive view of climate change and its risks.
- Within the non-financial universe, the two sectors which are likely to face the greatest degree of impact due to climate change, i.e. Energy and Agriculture, Food and Forest are unfortunately lagging behind the rest of the sectors.
- From a disclosure perspective, the Materials and Buildings sector is the most mature when it comes to alignment with TCFD's requirements which is followed by the and Consumers and Goods, and Technology and Media sectors.
- The materials and consumer goods sectors face significantly high climate-related risks particularly from a regulatory perspective which can have significant impacts on investment decisions. Hence, we see a high degree of disclosure from both these sectors. On the other hand, while the technology and media sector faces relatively lower climate-related risks, there is still a high degree of disclosure, showcasing a forward looking, progressive approach towards climate change management.

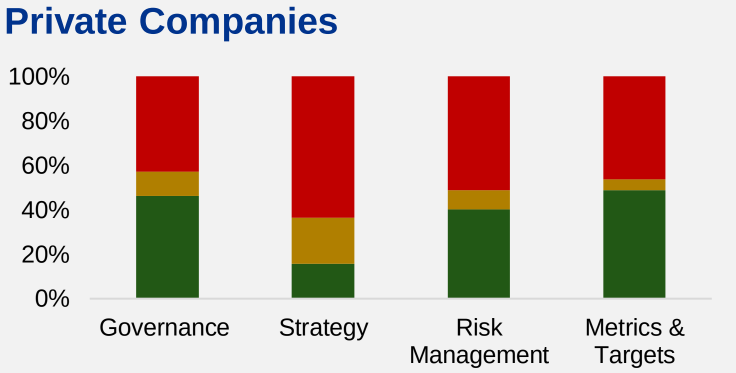
# Overall Pillar Assessment








- When looking at the performance of the universe with respect to individual TCFD pillars, Strategy and Risk Management disclosures are observed to be the weakest. At the same time, while better than the aforementioned two pillars, the universe's performance in Governance, and Metrics and Targets is barely over 50%. Thus, the universe as a whole has a lot of ground to cover when it comes to TCFD disclosures.
- As mentioned in the previous slide, the performance of the non-financial sector is better than the financial sector which has performed poorly across all pillars. On the other hand the performance of the non-financial sector companies resembles the overall universe pillar performance.
- When looking at the performance of public and private companies, the public companies' performance across pillars is poor while the private companies' performance are in a fashion similar to the overall universe performance.

# Overall Question Assessment - Financial Sector

| Pillar | Question | Financial Sector | | | |
|---|---|---|---|---|---|
| | | Bank | Insurance | Asset Owners | Asset Managers |
| Governance | Board oversight | 63.6 | 16.7 | 33.3 | 22.2 |
| | Management's role | 43.18 | 0 | 25 | 16.7 |
| Strategy | Risk and opportunities | 57.5 | 33.3 | 50 | 22.2 |
| | Impact on organization | 39.4 | 0 | 16.7 | 0 |
| | Resilience of strategy | 0 | 0 | 0 | 0 |
| Risk Management | Risk identification | 36.4 | 0 | 0 | 0 |
| | Risk management | 45.5 | 0 | 0 | 0 |
| | Integration into overall risk management | 27.3 | 0 | 0 | 0 |
| Metrics and Targets | Climate-related metrics | 21.2 | 0 | 0 | 0 |
| | Scope 1, 2, and 3 emissions | 54.5 | 0 | 16.7 | 0 |
| | Climate-related targets | 29.5 | 0 | 0 | 0 |

- It is alarming to note that the insurance companies who in the financial sector are likely to see the most amount of impacts due to climate change are disclosing little to no information.
- This is symptomatic of the financial sector as a whole in India, where other than the banking sectors none of the other sectors seems to consider climate risks as significant risks let alone a material risk.
- The banking sector which is the best performing sector here, showcases significant board oversight over any climate related decisions. While this is a positive sign, this high degree of board oversight does not seem to translate into a significant degree of climate related disclosures.
- Thus, we can say that while the senior management in the banking sector is deeply involved with any climate-related decisions that are taken, the coverage of these decisions do not seem to be very wide and all encompassing.

# Overall Question Assessment - Non-Financial Sector

| Pillar | Question | Non-financial Sector | | | | | |
|---|---|---|---|---|---|---|---|
| | | Transportation | Technology and Media | Materials and Buildings | Consumers and Goods | Energy | Agriculture, Food and Forest |
| Governance | Board oversight | 61.1 | 75 | 75.9 | 61.9 | 47.2 | 44.4 |
| | Management's role | 43.8 | 68.8 | 70.8 | 47.6 | 33.3 | 0 |
| Strategy | Risk and opportunities | 61.1 | 75 | 75.9 | 66.7 | 63.9 | 33.3 |
| | Impact on organization | 21.4 | 38.1 | 28.6 | 19.7 | 14.3 | 14.3 |
| | Resilience of strategy | 13.1 | 26.2 | 19.8 | 10.2 | 0 | 0 |
| Risk Management | Risk identification | 50 | 62.5 | 52.8 | 30.9 | 8.3 | 0 |
| | Risk management | 41.7 | 83.3 | 77.8 | 57.1 | 41.7 | 33.3 |
| | Integration into overall risk management | 33.3 | 50 | 55.6 | 38.1 | 8.3 | 0 |
| Metrics and Targets | Climate-related metrics | 29.1 | 35.4 | 38.9 | 33.3 | 18.8 | 16.7 |
| | Scope 1, 2, and 3 emissions | 50 | 75 | 77.8 | 76.2 | 58.3 | 33.3 |
| | Climate-related targets | 33.3 | 66.7 | 76.4 | 61.9 | 8.3 | 66.7 |

- As can be seen, all companies in the non-financial sector have significantly high board oversight over climate-related decisions and have also assessed climate-related risks and opportunities which makes it clear that all the companies here consider climate change a material risk.
- In the non-financial sector, Technology and Media leads the pack when it comes to climate related disclosures aligned with TCFD's recommendations. One of the key aspects to discuss with the sector would be the levers and drivers behind the maturity of their internal climate related disclosure systems.
- With regards to the overall assessment, Energy sector is performing poorly as compared to the rest of the sectors. This is epitomized by the sector's performance in Climate-Related Targets where unlike the rest of the universe, the energy sector is severely lagging behind. The reason for this might be the fact that the energy sector is dominated by public sector companies while the remaining sectors have an healthier mix of public and private sector companies. This has been explored further in the sector's detailed assessment.

# Sector Assessments

**Note:**

Under pillar compliance assessment companies with ‘*” represent unavailability of Sustainability Reports and ‘#’ represents unavailability of CDP disclosure.

Unavailability of latest disclosures (FY 2018-19 disclosures) have been considered as information not available and marked as ‘0’.

# Financial Sector: Bank

# Sector Overview

## Climate change related risks and opportunities for the sector

Climate risks can materialise for banks directly through impact on their operations and assets or indirectly through impact on wider economy.

The financial activities performed by a bank can lead to increased exposure to climate change risk via credit risk. For example, banks that have significant investments in the oil and gas sector are exposed to greater financial risks due to the regulatory and physical impact of climate change on the oil and gas sector.

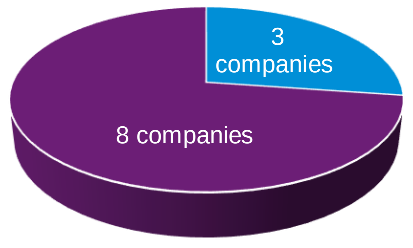
Exposure of banks to climate change also manifest through increased risk of loan portfolios. For example, increased frequency of extreme weather events can cause losses to and reduce property values, resulting in higher risks of defaults in the financial institutions' mortgage portfolio.

In the Indian context, private sector parties are more cognizant of climate change and its risks as compared to public sector parties. This is evident by the number of private parties presenting disclosures compared to their public counterparts.

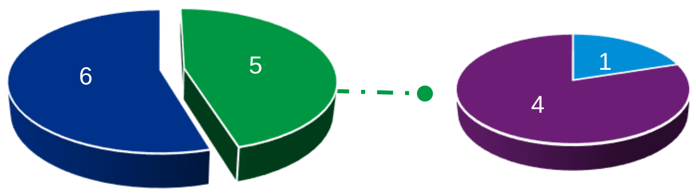
Climate opportunities for banks could evolve in terms of reduced operational costs by adopting energy efficiency measures, renewable energy and by digitizing their operations.

## BSE100 universe

### Sector composition



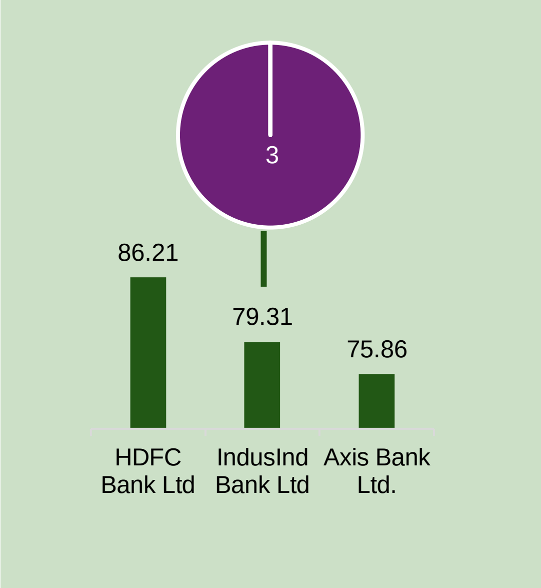

### Disclosures*

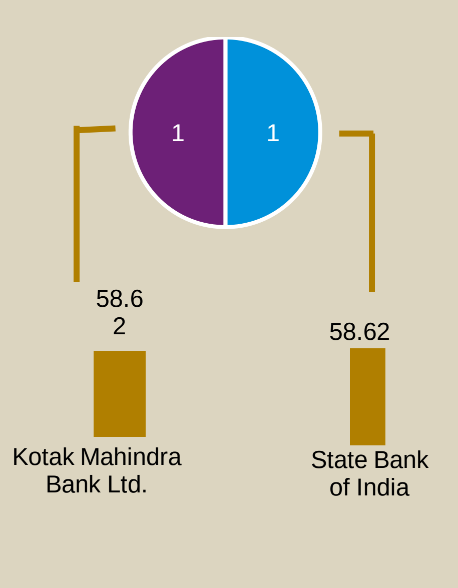


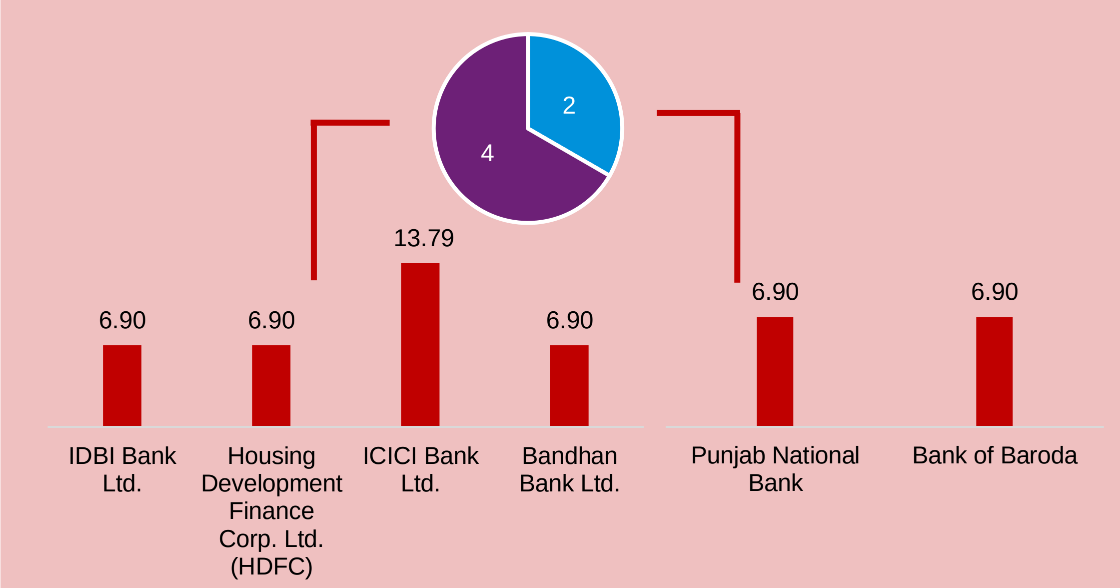

**Note:** Disclosed comprises of companies disclosing climate change related information on any of the publicly available platforms while not disclosed comprises of companies disclosing only through AR and BRR.

# Sector Performance

| 27% | 18% | 55% |
|---|---|---|
| **LEADER** | **MEDIOCRE** | **LAGGARD** |



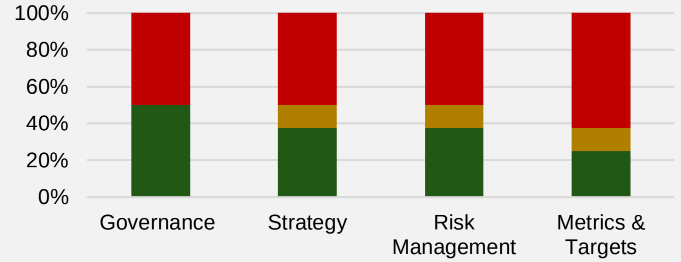




- Public banks are far behind in terms of climate change related disclosures when compared to private banks. SBI is the only public bank which is disclosing climate change and sustainability related information.
- HDFC Bank Ltd. seems to be the most mature as compared to all other banks. However, Housing Development Finance Corp. Ltd despite falling under the same HDFC group is not performing well when it comes to disclosing climate related information.
- Amongst the laggards in the private sector ICICI presents a unique case wherein till 2016 they used to regularly disclose climate-related information through their SR and CDP report. This however changed over the course of the last few years. It would be interesting to explore why ICICI curtailed its exercise of disclosing climate-related information.

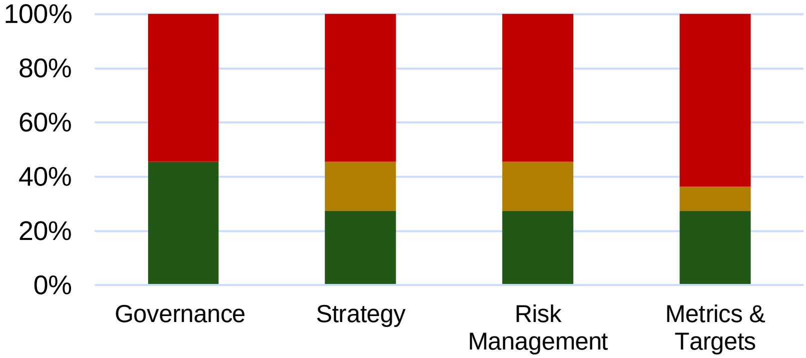
# Pillar Performance

## Public Companies


## Private Companies




## Overall Assessment



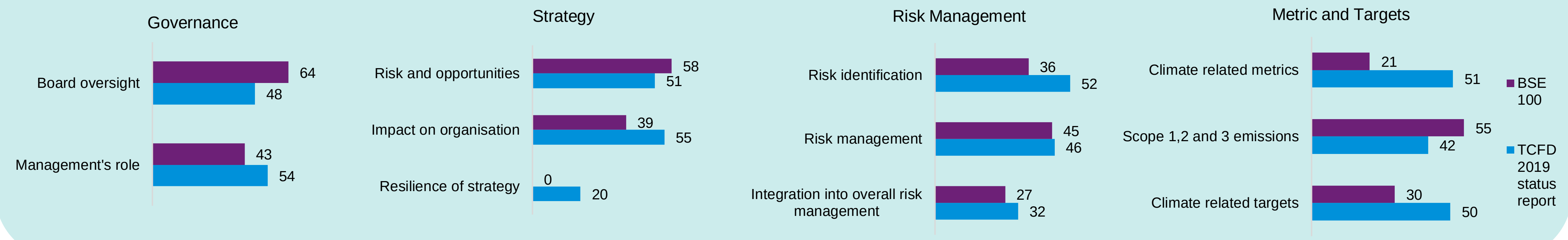

## Pillar Compliance Assessment

| Company Performance | HDFC Bank Ltd. | IndusInd Bank Ltd. | Bandhan Bank Ltd. | Punjab National Bank | Bank of Baroda | IDBI Bank Ltd. | Housing Development Finance Corp. Ltd. | ICICI Bank Ltd. | Kotak Mahindra Bank Ltd. | State Bank of India | Axis Bank Ltd. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Governance | Leader | Leader | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard | Leader | Leader | Leader |
| Strategy | Leader | Leader | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard | Mediocre | Mediocre | Leader |
| Risk Management | Leader | Mediocre | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard | Leader | Mediocre | Leader |
| Metrics & Targets | Leader | Leader | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard | Leader | Mediocre |
| Total score (% compliance) | 86.21 | 79.31 | 6.90 | 6.90 | 6.90 | 6.90 | 6.90 | 13.79 | 58.62 | 58.62 | 75.86 |

- As can be seen in the overall assessment, information related to governance has been either disclosed to high degree or not disclosed at all.
- The information on metrics and targets has also not been disclosed by most banks which impacts the overall performance of the sector.
- For example, even banks with high rate of disclosure such as Kotak Mahindra is underperforming in metrics and targets.
- If any bank underperforms in more than one pillar it underperforms throughout the disclosure framework.
- This shows that the banking sector looks at disclosures as an all or nothing game wherein banks either have high levels of disclosure or no levels of disclosure.

# Comparison with Global Statistics

**Percent of companies disclosing information aligned with TCFD recommendations**




- When comparing the performance of Indian banks against the wider international universe we can see that the performances are comparable in the Risk Management and Governance pillars while there are significant differences when it comes to Strategy and Metrics and Targets pillars.
- In Metrics and Targets, while Indian banks significantly underperform for both climate related metrics and climate related targets questions, they outperform international banks by a large margin in disclosures related to GHG emissions.
- While international banks do not exactly perform very well when it comes to disclosing information on resilience of their climate strategies, none of the Indian banks present any information what so ever.
- Also when it comes to describing the impact of climate change on the organization, Indian banks lag behind their international counterparts by a large margin.
- In terms of Governance, while purely on a quantitative measure Indian banks seem to have the edge over international banks, we have noticed that the quality of information presented by international banks (for example, information on frequency of board meetings discussing climate change issues) is higher than that presented by Indian banks.

# Financial Sector: Insurance

# Sector Overview

## Climate change related risks and opportunities for the sector

Insurance companies have a critical role to play on both sides i.e. they deal with the cost of loss and damage in case of natural disasters however, their revenue could be impacted because of potential changes in the severity of disaster risks due to climate change.

Increased frequency and severity of extreme weather events could involve huge cost of repair which has to be covered by insurance companies. Since insurers provide underwriting and pricing risks based on historical loss records, the change in climate are likely to negate historical trends. Thus, more forward looking analysis (for example, scenario analysis) will be required in the coming future.

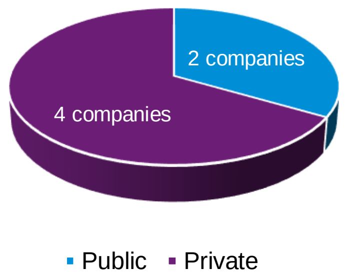
Changing regulatory requirements could lead to increased costs for insurers who continue to insure carbon intensive products and technologies.

Insurance companies have an important role to play in climate change action. They could enable transition to low carbon economy by providing insurance covers to climate friendly technology and assets.

In the Indian scenario, no insurance company has provided any form of climate disclosure.

## BSE100 universe

### Sector composition



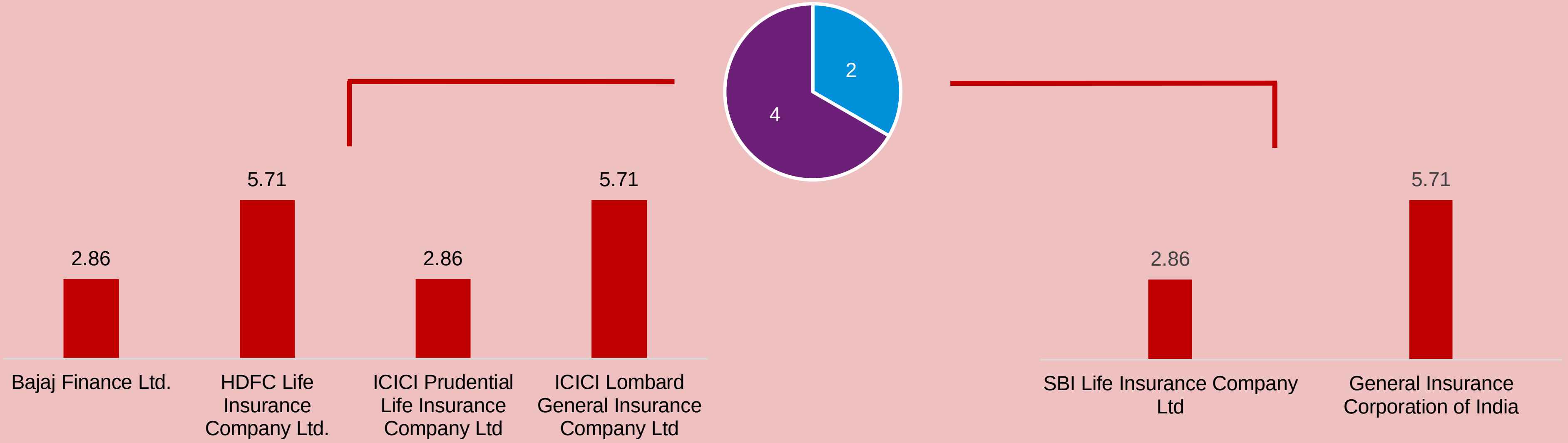

### Disclosures*


**Note:** Disclosed comprises of companies disclosing climate change related information on any of the publicly available platforms while not disclosed comprises of companies disclosing only through AR and BRR.

# Sector Performance

## 100%

## LAGGARD



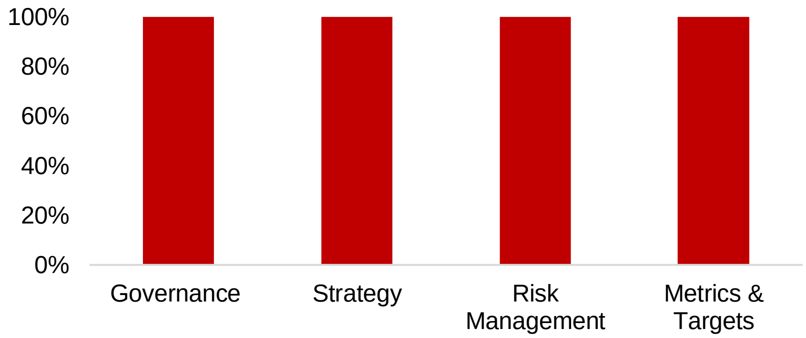

- As can be seen from the figure above, whether private or public no Indian insurance company has presented any significant degree of climate related disclosures.
- None of the companies even had disclosures through SRs. The only reports available were ARs and BRRs with little to no information on climate-related activities.

# Pillar Performance

## Public Companies


## Private Companies


## Overall Assessment



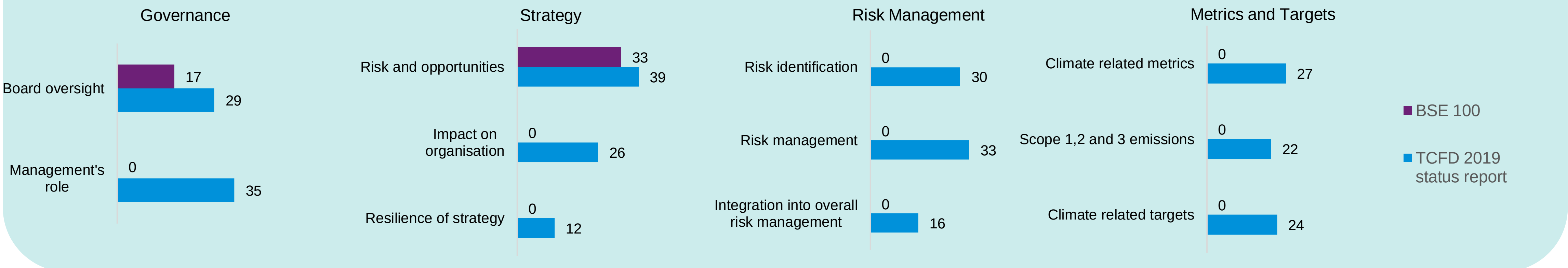

## Pillar Compliance Assessment

| Company Performance | Bajaj Finance Ltd. | HDFC Life Insurance Company Ltd. | SBI Life Insurance Company Ltd | ICICI Prudential Life Insurance Company Ltd | ICICI Lombard General Insurance Company Ltd | General Insurance Corporation of India |
|---|---|---|---|---|---|---|
| Governance | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard |
| Strategy | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard |
| Risk Management | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard |
| Metrics & Targets | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard |
| Total score (% compliance) | 2.86 | 5.71 | 2.86 | 2.86 | 5.71 | 5.71 |

- Given the performance it seems like climate change and any risks associated with it is not a material consideration for the Indian insurance sector.

# Comparison with Global Statistics

**Percent of companies disclosing information aligned with TCFD recommendations**




- While the Indian insurance sectors performance is severely lagging when compared to the international landscape (which in itself is not that great) it is surprising to note that disclosure regarding climate risk and opportunities is comparable.
- Similarly, 17% of Indian insurers are also disclosing information regarding their board's oversight on climate related disclosures.

# Financial Sector: Asset Owners

# Sector Overview

## Climate change related risks and opportunities for the sector

Climate change poses significant physical risks to asset owners because of the asset's vulnerability to increased frequency and severity of extreme weather events such as floods, hurricanes and water shortage.

Changes in regulatory requirements may have impacts on the existing carbon intensive assets, significantly reducing their value. For example, increased regulations may result in increased risk of stranded assets such as coal power plants.

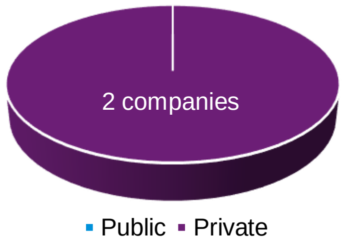
Changes in the availability of resources such as water could increase the operational cost and would require additional investment for setting up adaptation infrastructure.

For real estate owners, changes in weather patterns would increase the operational and maintenance cost of buildings.

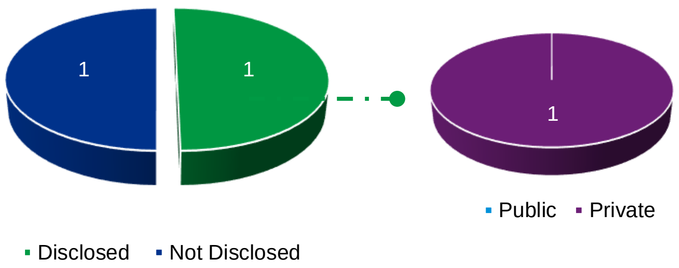
While the BSE 100 universe presents a very limited set of companies (both private) in this sector, we notice that the rate of disclosure is equally divided.

## BSE100 universe

### Sector composition

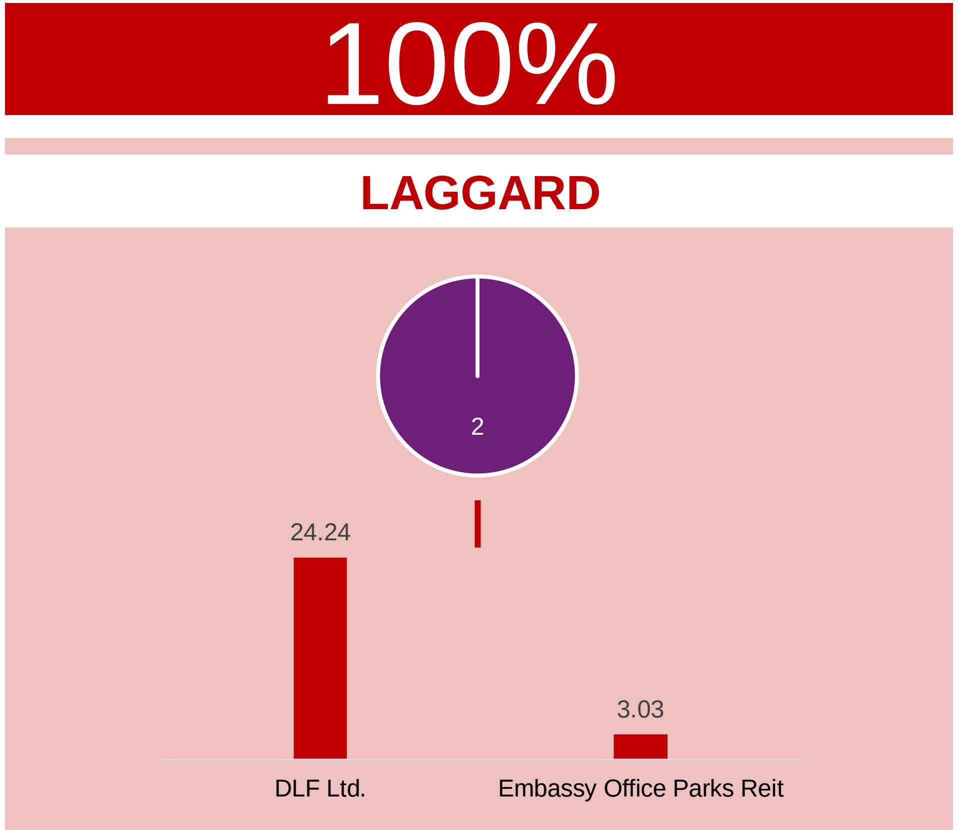


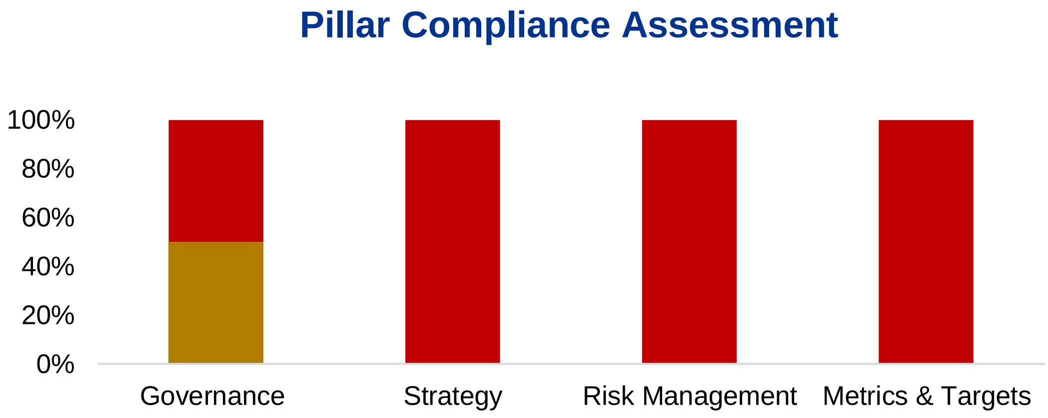

### Disclosures*




**Note:** Disclosed comprises of companies disclosing climate change related information on any of the publicly available platforms while not disclosed comprises of companies disclosing only through AR and BRR.

# Sector and Pillar Performance




| Company Performance | DLF Ltd. | Embassy Office Parks Reit |
|---|---|---|
| Governance | Mediocre | Laggard |
| Strategy | Laggard | Laggard |
| Risk Management | Laggard | Laggard |
| Metrics & Targets | Laggard | Laggard |
| Total score (% compliance) | 24.24 | 3.03 |

- While DLF has an ESG report that doubles up as an SR as well (as per GRI) there is little information presented in terms of climate-related disclosures.
- On the other hand, Embassy Office Parks Reit has no information available in the public domain.
- The TCFD 2019 status report excludes the performance of asset owners given the private nature of their disclosures (if present).

# Financial Sector: Asset Managers

# Sector Overview

## Climate change related risks and opportunities for the sector

Climate change poses significant physical risks to asset managers because of the asset's vulnerability to increased frequency and severity of extreme weather events such as floods, hurricanes and water shortage.

Changes in regulatory requirements may have impacts on the existing carbon intensive assets, significantly reducing their value. For example, increased regulations may result in increased risk of stranded assets such as coal power plants.

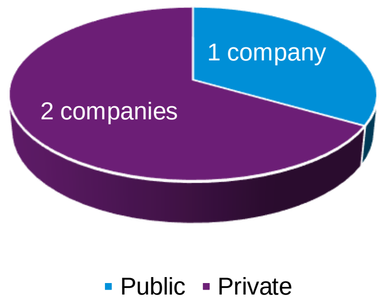
Changes in the availability of resources such as water could increase the operational cost and would require additional investment for setting up adaptation infrastructure.

For real estate managers, changes in weather patterns would increase the operational and maintenance cost of buildings.

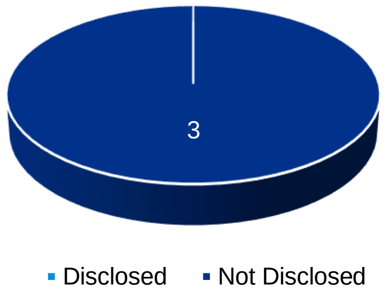
While the BSE 100 universe presents a very limited set of companies in this sector, we notice that none of the companies private or public, are disclosing any information related to climate change.

## BSE100 universe

### Sector composition




### Disclosures*

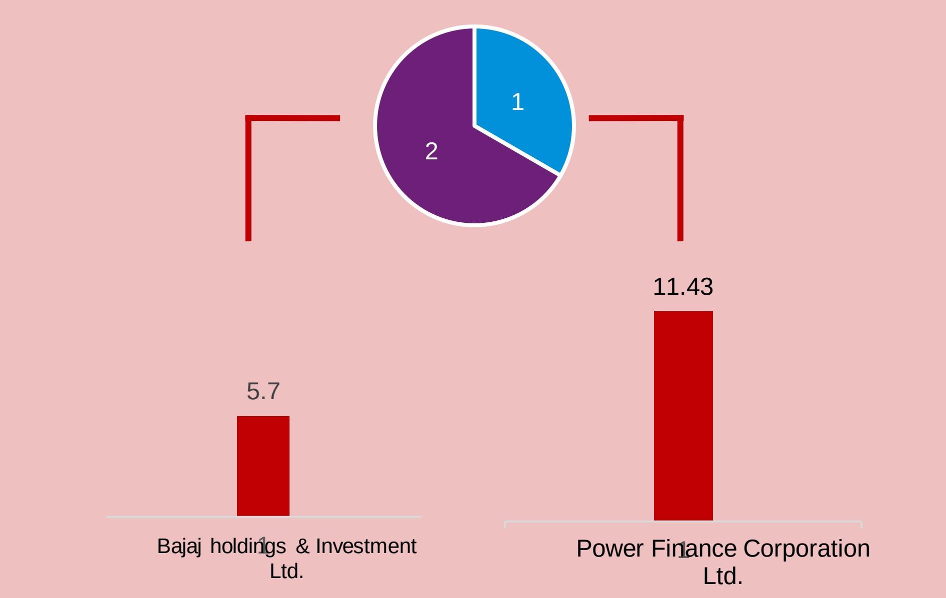



**Note:** Disclosed comprises of companies disclosing climate change related information on any of the publicly available platforms while not disclosed comprises of companies disclosing only through AR and BRR.

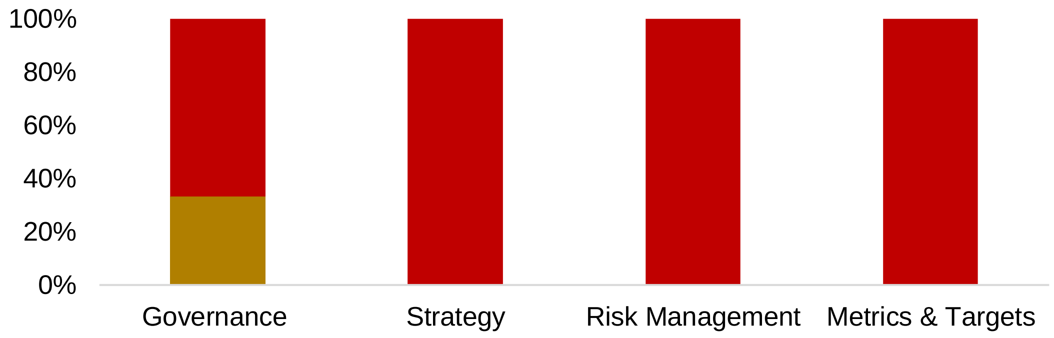
# Sector and Pillar Performance

**100%**

**LAGGARD**




## Pillar Compliance Assessment




| Company Performance | Bajaj holdings & Investment Ltd. | HDFC Asset Management Company Ltd.*# | Power Finance Corporation Ltd. |
|---|---|---|---|
| Governance | Laggard | Laggard | Mediocre |
| Strategy | Laggard | Laggard | Laggard |
| Risk Management | Laggard | Laggard | Laggard |
| Metrics & Targets | Laggard | Laggard | Laggard |
| Total score (% compliance) | 5.71 | 0 | 11.43 |

- Like the majority of the Indian financial sector, asset managers too do not seem to recognize climate change and sustainability related disclosures as a critical aspect of their operations.
- As with asset owners, the TCFD 2019 status report excludes the performance of asset managers given the private nature of their disclosures (if present).
- It would be interesting to explore whether this lack of disclosure in the overall financial sector space is a result of an absence of investor awareness of climate change.

# Non-financial Sector: Transportation

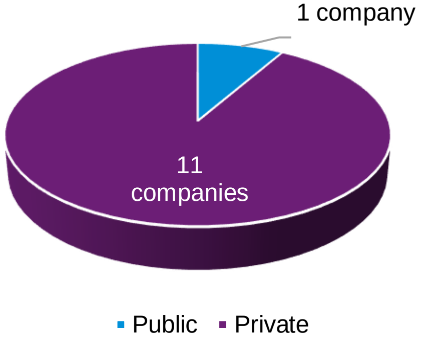
# Sector Overview

## Climate change related risks and opportunities for the sector

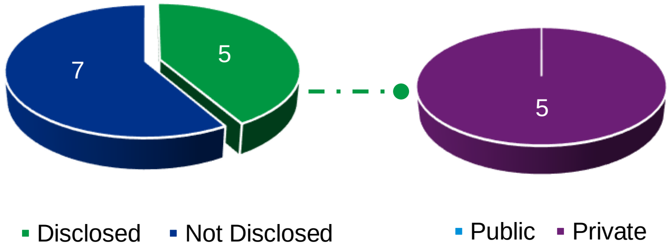
- Changes in regulatory environment to decarbonize economy can pose significant risks for companies that continue to invest in inefficient fossil fuel focused transportation systems. For example, introduction of Bharat Stage VI norms which caught the Indian automotive industry unaware.
- Changes in the availability of primary resources like fossil fuels could increase the operational cost if companies do not invest in alternative modes of transport.
- Facilities situated in high risk of physical impacts are most vulnerable. For example port facilities have greater risk of getting damaged due to severe storms and sea level rise. Furthermore, extreme weather events can also cause disruption in supply chain thereby, impacting the manufacturing operations.
- National and international targets related to climate change creates market opportunities for manufacturing facilities for development of products which are powered by alternate fuels.
- In the BSE100 universe we can see that climate related disclosures is primarily the domain of private companies.

## BSE100 universe

### Sector composition




### Disclosures*



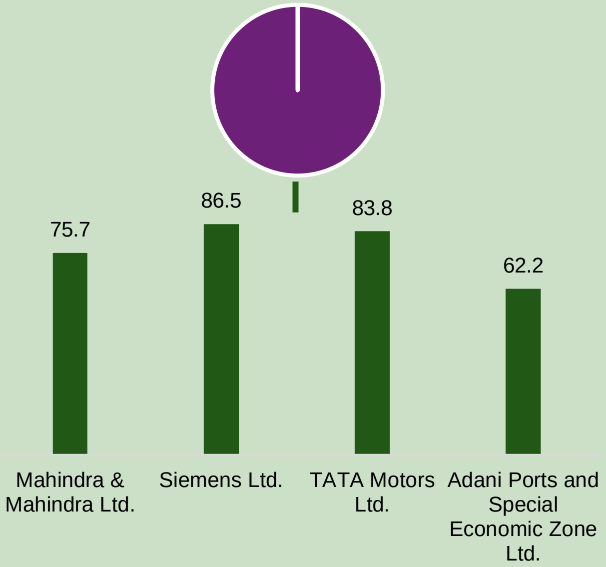

**Note:** Disclosed comprises of companies disclosing climate change related information on any of the publicly available platforms while not disclosed comprises of companies disclosing only through AR and BRR.

# Sector Performance

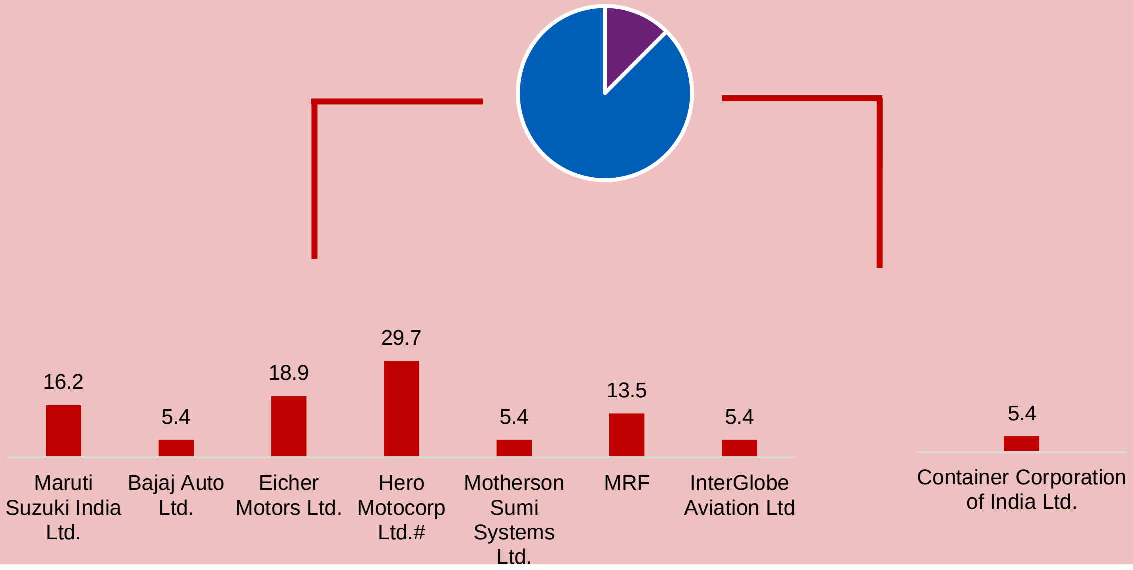
33%

67%

## LEADER




## LAGGARD



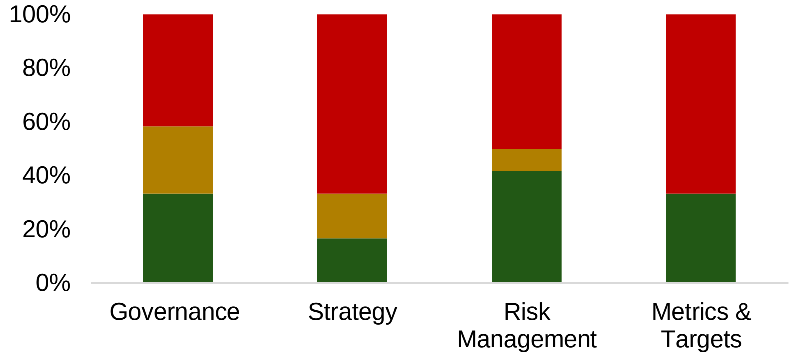

- Companies such as Mahindra & Mahindra and TATA Motors that are leaders in the disclosure space have already signed up for numerous initiatives such as RE100, EV100, etc. showcasing their commitment to combating climate change on a international stage.
- We can also see that companies in this sector are either leaders or laggards in the disclosure space (similar to situation with banks). However, unlike the banking sector where this is primarily due to public sector companies, laggards in the transportation sector are primarily made up of private sector companies.
- Indigo, the only airline company as is the case with the aviation industry, is a laggard in the climate disclosure space.

# Pillar Performance

## Public Companies


## Private Companies


## Overall Assessment



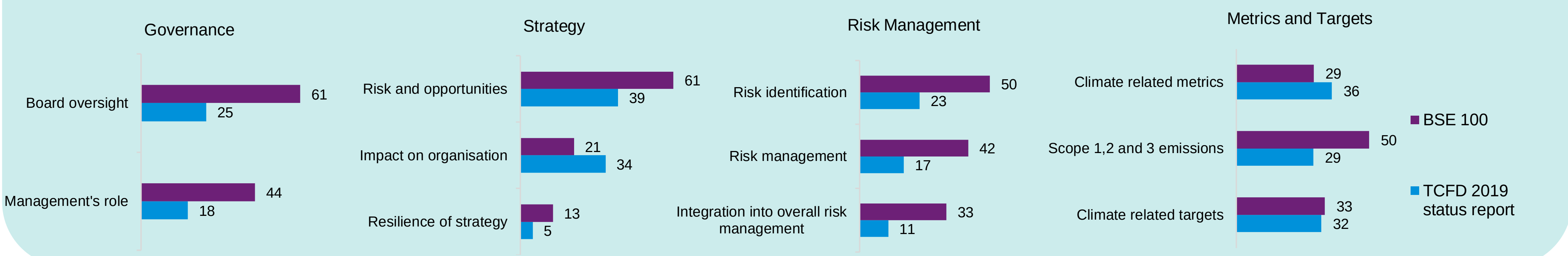

## Pillar Compliance Assessment

| Company Performance | Mahindra & Mahindra Ltd. | Maruti Suzuki India Ltd. | Bajaj Auto Ltd. | Eicher Motors Ltd. | Siemens Ltd. | TATA Motors Ltd. | Hero Motocorp Ltd.# | Motherson Sumi Systems Ltd. | MRF | InterGlobe Aviation Ltd | Container Corporation of India Ltd. | Adani Ports and Special Economic Zone Ltd. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Governance | Leader | Mediocre | Laggard | Laggard | Leader | Leader | Mediocre | Laggard | Mediocre | Laggard | Laggard | Leader |
| Strategy | Mediocre | Laggard | Laggard | Laggard | Leader | Leader | Laggard | Laggard | Laggard | Laggard | Laggard | Mediocre |
| Risk Management | Leader | Laggard | Laggard | Mediocre | Leader | Leader | Leader | Laggard | Laggard | Laggard | Laggard | Leader |
| Metrics & Targets | Leader | Laggard | Laggard | Laggard | Leader | Leader | Laggard | Laggard | Laggard | Laggard | Laggard | Leader |
| Total score (% compliance) | 75.68 | 16.22 | 5.41 | 18.92 | 86.49 | 83.78 | 29.73 | 5.41 | 13.51 | 5.41 | 5.41 | 62.16 |

- The only public sector company in this sector, i.e. Container Corporation of India Ltd. is a laggard across the board in step with the performance of the majority of public sector companies that we have assessed till now.
- If any company underperforms in more than one pillar it underperforms throughout the disclosure framework showing that companies either have high levels of disclosure or no levels of disclosure.
- When it comes to individual pillars we can see that the disclosure on metrics and targets showcase the aforementioned behavior where companies either lag or lead and are a reflection of the final rating of that individual company.
- Furthermore, we can observe that even companies that are laggards have relatively better performance in the governance pillar.

# Comparison with Global Statistics

**Percent of companies disclosing information aligned with TCFD recommendations**




- Indian companies are out performing international companies in almost every question of every pillar. The only two questions where Indian companies fall behind are impact on organisation (strategy) and climate related metrics (metrics and targets).
- It can be seen that for most questions wherever Indian companies are leading they do so by a significant margin (generally by a magnitude of levels – for example, if international companies are laggards in a question where Indian companies lead, the level of disclosure by Indian companies is atleast mediocre or that of a leader). On the other hand wherever Indian companies are lagging, the difference is not significant.
- When it comes to resilience of strategy, Indian companies follow the same trajectory as the rest of the global landscape, thereby showcasing that disclosure for this question seems to be rather difficult.

# Non-financial Sector: Technology and Media

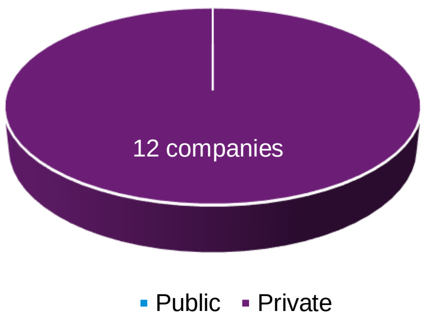
# Sector Overview

## Climate change related risks and opportunities for the sector

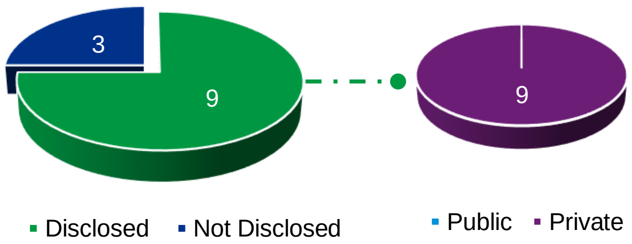
- Changes in regulatory environment to decarbonize economy can lead significant risks to companies. For example, regulations could increase in energy prices or increase in mandatory purchase of renewable energy could impact the operational costs of a company.
- Facilities situated in high risk of physical impacts are most vulnerable. For example Western Digital Technologies, a major supplier of hard disk drives, posted a sharp decline in revenues in 2011 after flooding in Thailand, where most of its production was located.
- Extreme weather events can also cause disruption in supply chain thereby, impacting not just manufacturing operations but also service providers in the space. The companies as part of their risk mitigation could move away from suppliers that are highly exposed to climate-related risks.
- With growing awareness on climate-responsible technologies, going forward there are likely to be numerous opportunities for companies to offer new technological solutions in the upcoming low carbon markets.
- In the BSE100 universe we can see that climate related disclosures is primarily the domain of private companies.

## BSE100 universe

### Sector composition




### Disclosures*

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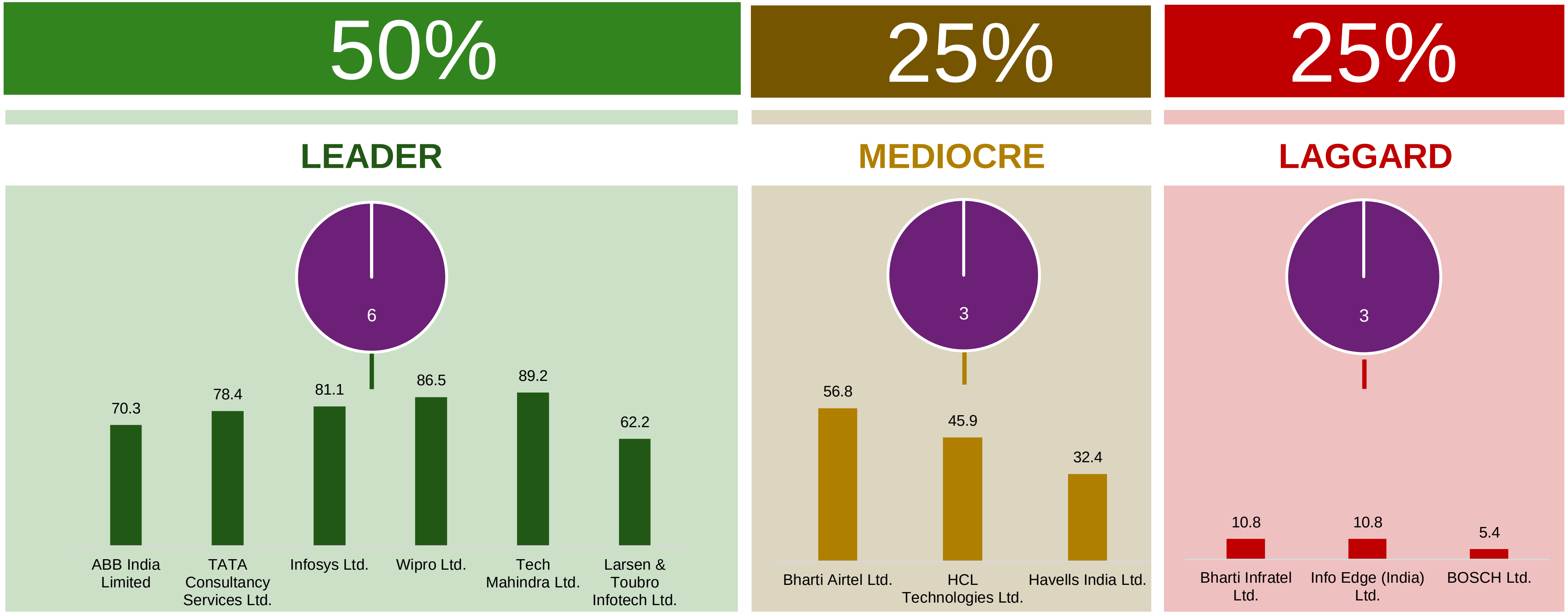
# Sector Performance




- The Technology and Media sector showcases the highest degree of maturity when it comes of climate related disclosures and its alignment with TCFD's recommendations. This is evident by the fact that half of the sector are leaders in the space by a wide margin.
- It is also notable that the Information Technology and Services Industry leads the disclosure space as compared to other participants of the space which include appliance and communication technology manufacturers, telecom service providers, etc.

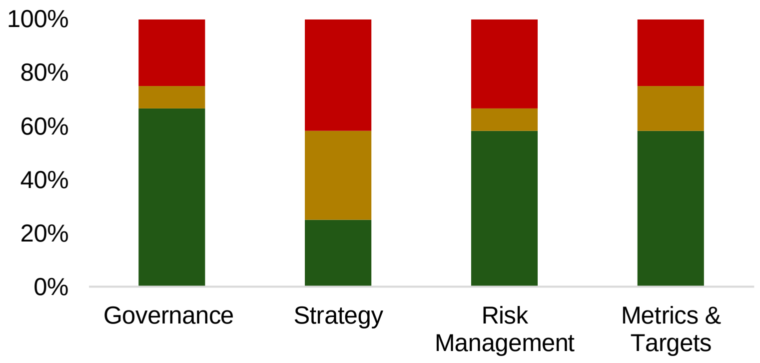
# Pillar Performance

## Public Companies

No public companies under this sector

## Private Companies


## Overall Assessment



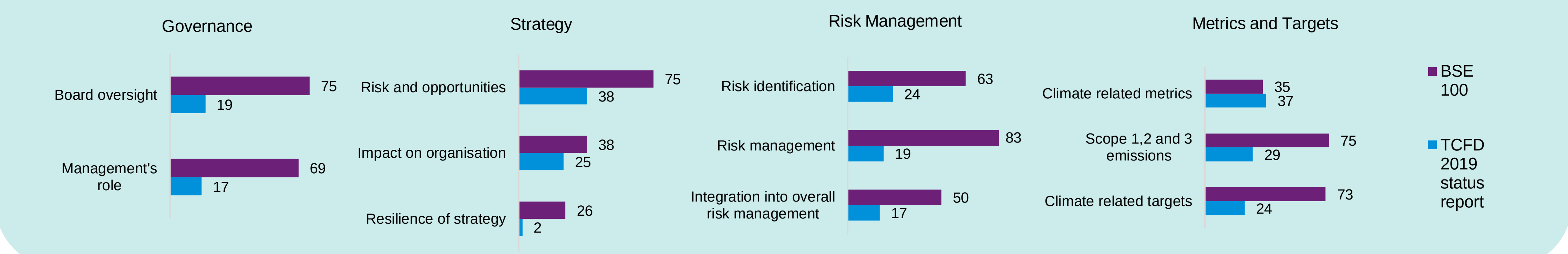

## Pillar Compliance Assessment

| Company Performance | ABB India Limited | Havells India Ltd. | TATA Consultancy Services Ltd. | Infosys Ltd. | Bharti Airtel Ltd. | HCL Technologies Ltd. | Wipro Ltd. | Tech Mahindra Ltd. | Bharti Infratel Ltd. | Info Edge (India) Ltd. | Larsen & Toubro Infotech Ltd. | BOSCH Ltd. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Governance | Leader | Laggard | Leader | Leader | Leader | Leader | Leader | Leader | Laggard | Mediocre | Leader | Laggard |
| Strategy | Mediocre | Laggard | Mediocre | Leader | Mediocre | Laggard | Leader | Leader | Laggard | Laggard | Mediocre | Laggard |
| Risk Management | Leader | Laggard | Leader | Leader | Leader | Mediocre | Leader | Leader | Laggard | Laggard | Leader | Laggard |
| Metrics & Targets | Leader | Mediocre | Leader | Leader | Leader | Mediocre | Leader | Leader | Laggard | Laggard | Leader | Laggard |
| Total score (% compliance) | 70.27 | 32.43 | 78.38 | 81.08 | 56.76 | 45.95 | 86.49 | 89.19 | 10.81 | 10.81 | 62.16 | 5.41 |

- While we see significant alignment with the pillars of Governance, Risk Management and Metrics and Targets, alignment with Strategy is significantly lagging behind, even for a sector as mature as this.
- This underscores the difficulties that companies are facing when meeting TCFD's requirements with respect to the development and implementation of strategies to deal with disclosed climate risks.
- It can be observed that Governance is a pillar that companies are the most comfortable disclosing information on.
- Some companies such as Tech Mahindra Ltd. have separate, detailed TCFD reports showcasing their commitment to pursuing climate related disclosures beyond industry norms.
- In the same vein, the big 4 Indian IT companies (Infosys, TCS, Tech Mahindra and Wipro) are all represented in DJSI's Yearbook.

# Comparison with Global Statistics

**Percent of companies disclosing information aligned with TCFD recommendations**




- Given the prevalence of India's IT industry on various global sustainability disclosure platforms such as DJSI's sustainability index it is not surprising to note that for all but one question (Climate related metrics), the Indian Technology and Media sector outperforms its global counterpart.
- It is notable that when it comes to Governance, Risk Management and most of Metrics and Targets the difference is significant to the degree of an order of magnitude (mediocre or leader versus laggard).
- However in certain areas, such as Climate related metrics (Metrics and Targets), Impact on organisation (Strategy) and Resilience of Strategy (Strategy), the difference is marginal and reflects the industry's inability as a whole to meet TCFD's requirements.

# Non-financial Sector: Materials and Buildings

# Sector Overview

## Climate change related risks and opportunities for the sector

Changes in regulatory environment to decarbonize economy may result in implementation of policies such as reduction in GHG emissions and increasing energy efficiency. For example, the energy-intensive Cement and Iron and Steel industries in India are a part of the Perform, Achieve and Trade scheme focusing on achieving increased energy efficiency.

Physical risks to the sector will materialize with changes in availability of natural resources such as water which could significantly increase the operational cost of the companies and may even require shifting to new locations.

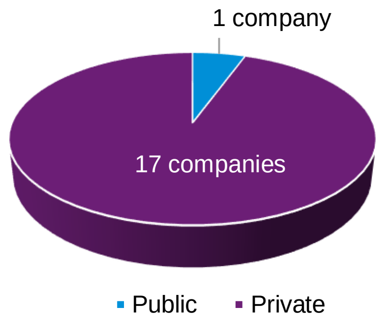
Extreme weather events such as floods, drought and cyclones can also cause disruption in supply of raw materials which might increase the cost of operation.

Change in building regulation standards or construction policies to make buildings more resilient towards the impacts of climate change.

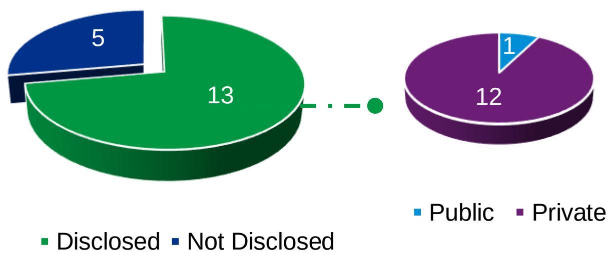
In the BSE100 universe we can see that both public and private companies are active in the space of climate related disclosures.

## BSE100 universe

### Sector composition




### Disclosures*

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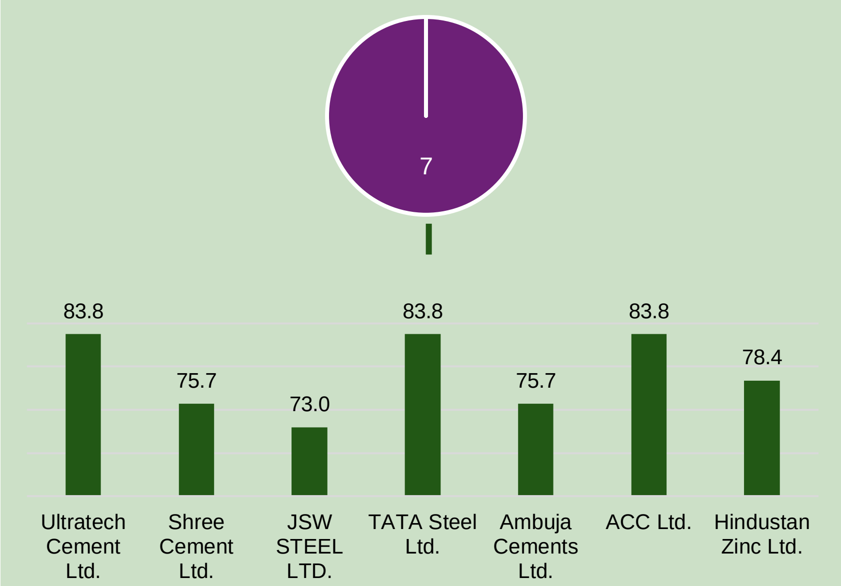
# Sector Performance

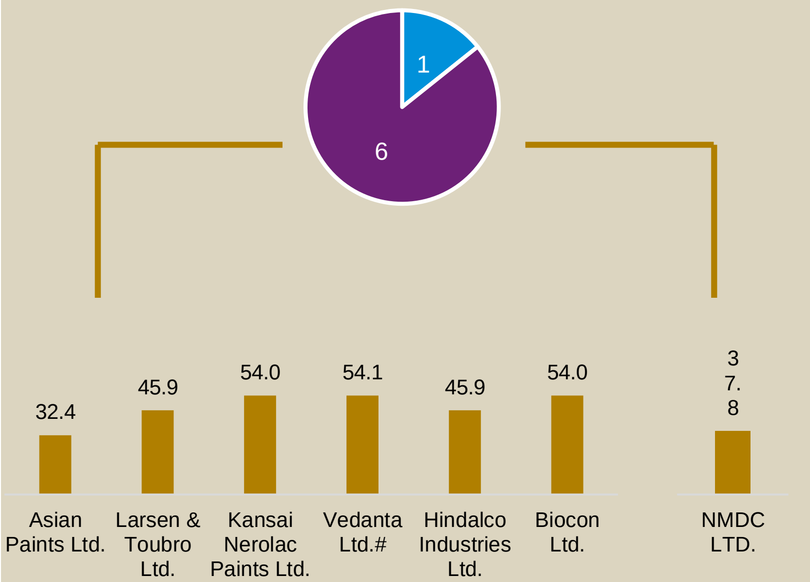
39%

**LEADER**



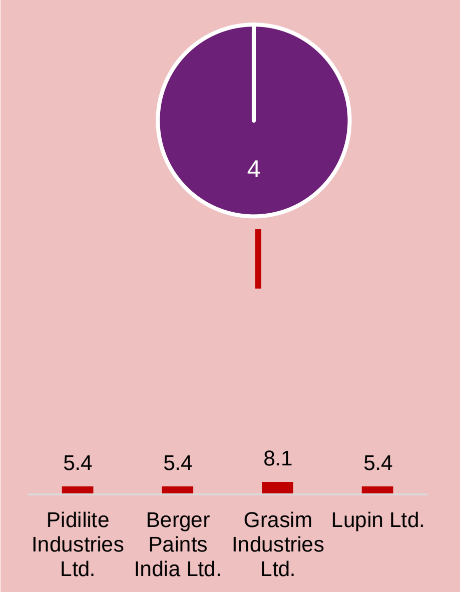

39%

**MEDIOCRE**




22%

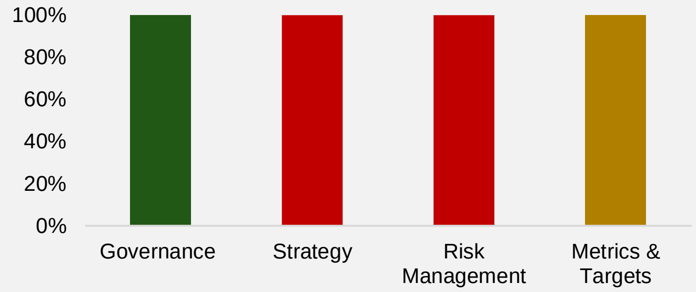
**LAGGARD**



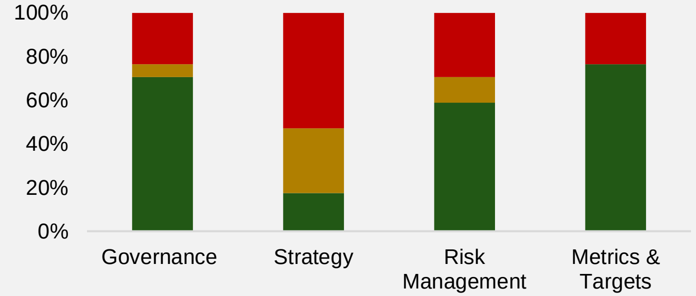

- Within the sector, energy intensive industries such as Cement as well as Iron and Steel are at the forefront of the disclosure space.
- This could be contributed to the regulations (for e.g. both these industries come under the PAT regime and have RE obligations associated with them) that these industries are exposed to within the country pushing them towards low carbon production.

# Pillar Performance

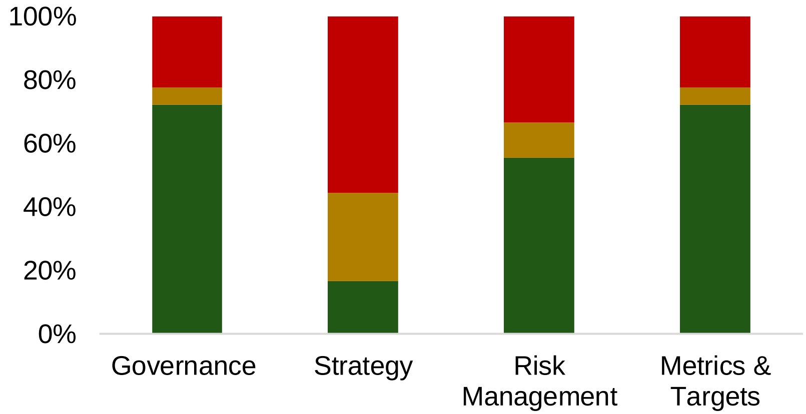
## Public Companies




## Private Companies




## Overall Assessment



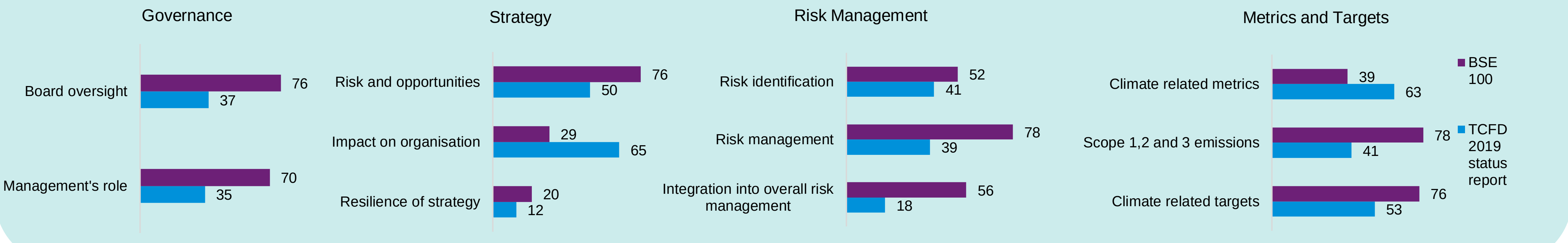

## Pillar Compliance Assessment

- The sector is significantly lagging behind when it comes to disclosures for Strategy related information.
- Given similar performance by other sectors for this pillar, it seems that the companies across sectors are having difficulties in developing and implementing strategies for climate related risks and subsequently disclosing the requisite information.
- Governance and Metrics and Targets pillars on the other hand see a significant degree of disclosures.
- Interestingly, private companies either completely lead or totally lag behind when it comes to disclosures on Metrics and Targets.

| Company Performance | Asian Paints Ltd. | Larsen & Toubro Ltd. | Pidilite Industries Ltd. | Berger Paints India Ltd. | Kansai Nerolac Paints Ltd. | Ultratech Cement Ltd. | Shree Cement Ltd. | JSW STEEL LTD. | Grasim Industries Ltd. | TATA Steel Ltd. | Ambuja Cements Ltd. | ACC Ltd. | Hindustan Zinc Ltd. | Vedanta Ltd.# | Hindalco Industries Ltd. | NMDC LTD.# | Lupin Ltd. | Biocon Ltd. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Governance | Mediocre | Leader | Laggard | Laggard | Leader | Leader | Leader | Leader | Laggard | Leader | Leader | Leader | Leader | Leader | Leader | Leader | Laggard | Leader |
| Strategy | Laggard | Laggard | Laggard | Laggard | Mediocre | Leader | Mediocre | Mediocre | Laggard | Leader | Mediocre | Leader | Mediocre | Laggard | Laggard | Laggard | Laggard | Laggard |
| Risk Management | Laggard | Leader | Laggard | Laggard | Mediocre | Leader | Leader | Leader | Laggard | Leader | Leader | Leader | Leader | Leader | Leader | Laggard | Laggard | Mediocre |
| Metrics & Targets | Leader | Leader | Laggard | Laggard | Leader | Leader | Leader | Leader | Laggard | Leader | Leader | Leader | Leader | Leader | Leader | Mediocre | Laggard | Leader |
| **Total score (% compliance)** | 32.43 | 45.95 | 5.41 | 5.41 | 54.05 | 83.78 | 75.68 | 72.97 | 8.11 | 83.78 | 75.68 | 83.78 | 78.38 | 54.05 | 45.95 | 37.84 | 5.41 | 54.05 |

# Comparison with Global Statistics

**Percent of companies disclosing information aligned with TCFD recommendations**




- Overall Indian companies in the sector are seen to be performing better than their international counterparts.
- However in some specific areas such as describing the possible impacts of climate change on an organisation, international companies outperform Indian ones.
- It is also notable that a pattern of a lack of disclosures seems to be arising when it comes to Climate related metrics (Metrics and Targets) and Resilience of strategy (Strategy) where companies whether international or Indian are laggards across the board.

# Non-financial Sector: Consumers and Goods

# Sector Overview

## Climate change related risks and opportunities for the sector

Changes in regulatory environment to decarbonize economy may result in implementation of policies such as reduction in GHG emissions and increasing energy efficiency.

Changes in the availability of resources could increase the operational cost and would require additional investment for setting up adaptation infrastructure. Changes in availability of resources may even require shifting to new locations. For examples, declining water availability may impact manufacturing processes, especially for textile manufacturing.

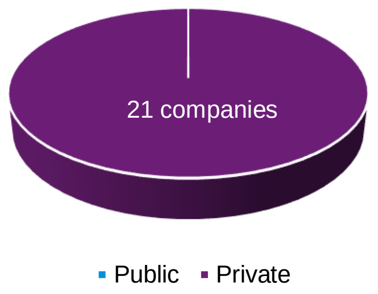
Facilities situated in high risk of physical impacts are most vulnerable which could disrupt manufacturing as well as supply chains. For example port facilities with greater risk of getting damaged due to severe storms and sea level rise could lead to a disruption in raw material supply chain.

Due to growing awareness about climate-friendly products amongst customers along with their changing purchasing priorities, companies have the opportunity to venture into development of sustainable products that can also fetch higher margins.

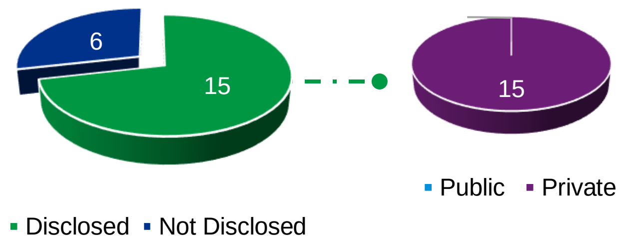
In the BSE100 universe we can see that majority of the companies have climate related disclosures available.

## BSE100 universe

### Sector composition



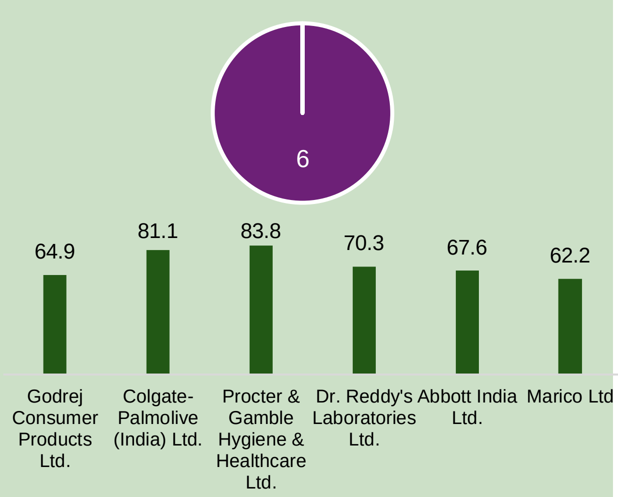

### Disclosures*

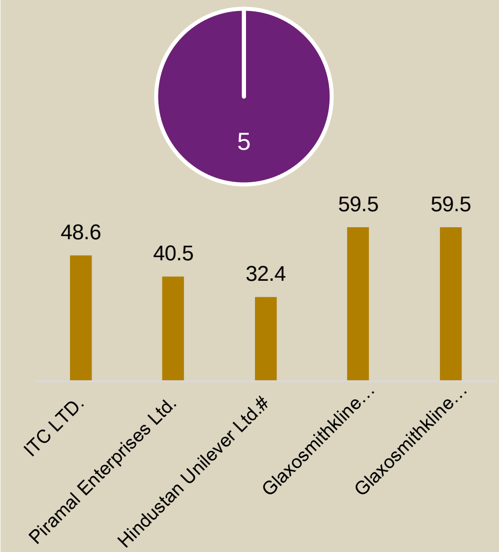


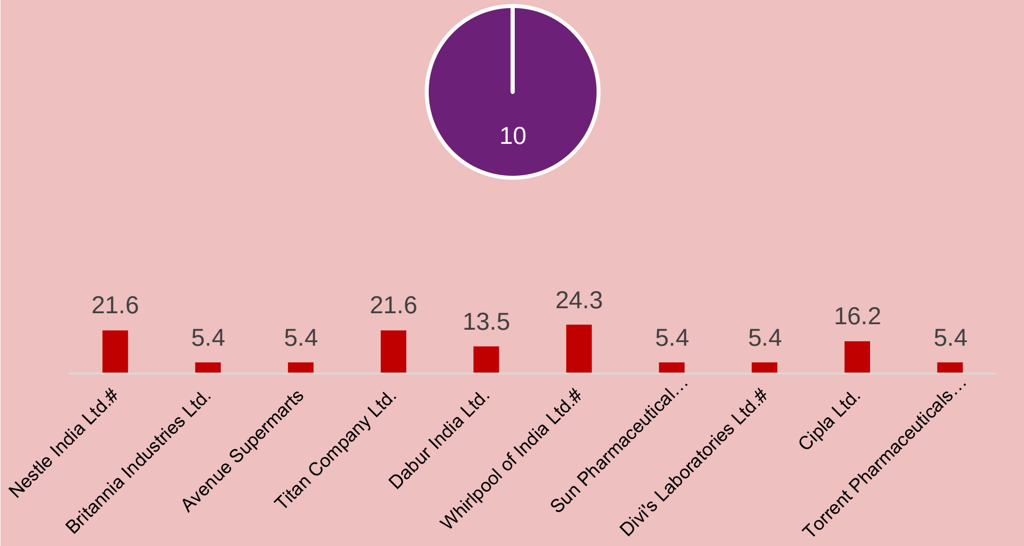

**Note:** Disclosed comprises of companies disclosing climate change related information on any of the publicly available platforms while not disclosed comprises of companies disclosing only through AR and BRR.

# Sector Performance

| 28% | 24% | 48% |
|---|---|---|
| **LEADER** | **MEDIOCRE** | **LAGGARD** |



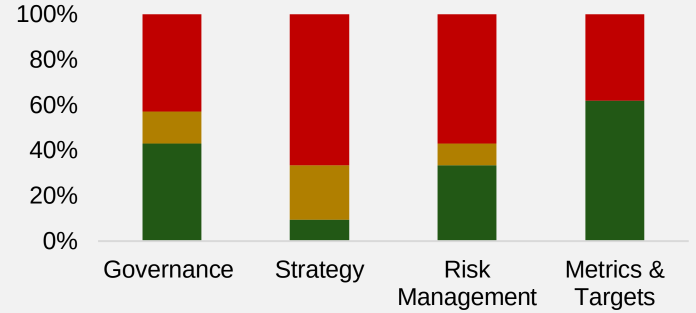

- The consumer goods sector is a mixed bag with no particular industry taking a veritable lead. In this regard, FMCG companies in particular seem to have developed more mature disclosure systems relative to other industries such as pharma.

# Pillar Performance

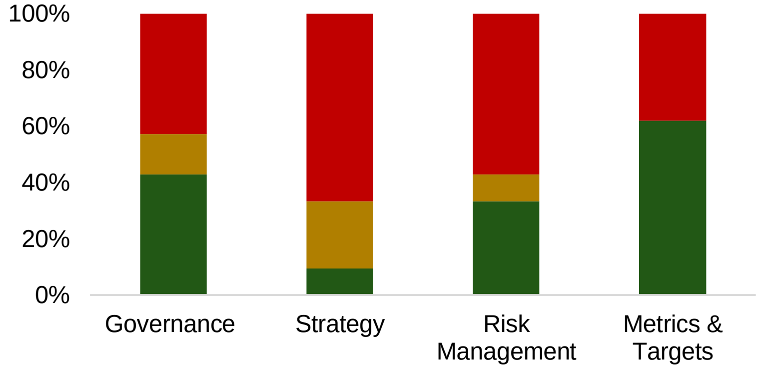
## Public Companies

No public companies under this sector

## Private Companies




## Overall Assessment

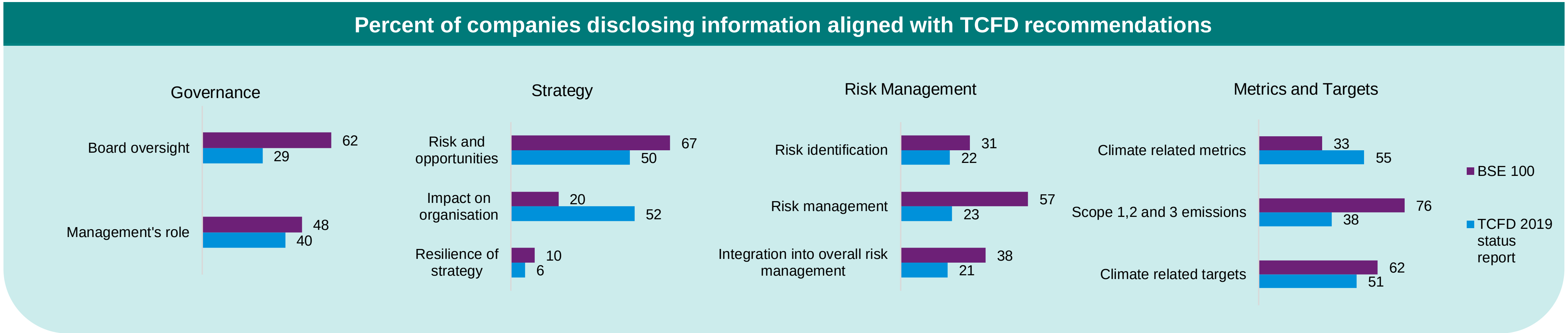



- As with other sectors that have preceded it, the Strategy pillar is the least covered.
- Again, mirroring a few other sectors, we can see that when it comes to Metrics and Targets, we see an all or nothing approach, where companies are either leading or lagging.
- Some cases such as Nestle or Whirlpool show an interesting trend wherein they lead in the Metrics and Targets pillar but lag behind in every other pillar. This begs further assessment to determine whether this is due to a lack of public disclosure or a lack of genuine action in the other pillars.
- As with other sectors Governance takes centre stage as the leading pillar of disclosure.

## Pillar Compliance Assessment

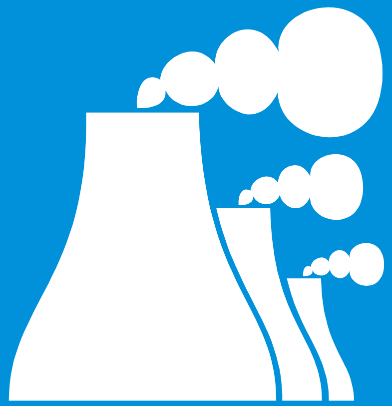
| Company Performance | Nestle India Ltd.# | Britannia Industries Ltd. | ITC Ltd. | Piramal Enterprises Ltd. | Hindustan Unilever Ltd.# | Avenue Supermarts | Titan Company Ltd. | Dabur India Ltd. | Godrej Consumer Products Ltd. | Colgate-Palmolive (India) Ltd. | Procter & Gamble Hygiene & Healthcare Ltd. | Whirlpool of India Ltd.# | Sun Pharmaceutical Industries Ltd. | Divi's Laboratories Ltd.# | Dr. Reddy's Laboratories Ltd. | Cipla Ltd. | Glaxosmithkline Consumer Healthcare Ltd.** | Torrent Pharmaceuticals Ltd. | Glaxosmithkline Pharmaceuticals Ltd.** | Abbott India Ltd. | Marico Ltd |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Governance | Laggard | Laggard | Leader | Mediocre | Mediocre | Laggard | Mediocre | Laggard | Leader | Leader | Leader | Laggard | Laggard | Laggard | Leader | Laggard | Leader | Laggard | Leader | Leader | Leader |
| Strategy | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard | Mediocre | Leader | Leader | Laggard | Laggard | Laggard | Mediocre | Laggard | Mediocre | Laggard | Mediocre | Mediocre | Laggard |
| Risk Management | Laggard | Laggard | Laggard | Mediocre | Laggard | Laggard | Laggard | Laggard | Mediocre | Leader | Leader | Laggard | Laggard | Laggard | Leader | Laggard | Leader | Laggard | Leader | Leader | Leader |
| Metrics & Targets | Leader | Laggard | Leader | Leader | Leader | Laggard | Laggard | Laggard | Leader | Leader | Leader | Leader | Laggard | Laggard | Leader | Laggard | Leader | Laggard | Leader | Leader | Leader |
| Total score (% compliance) | 21.62 | 5.41 | 48.65 | 40.54 | 32.43 | 5.41 | 21.62 | 13.51 | 64.86 | 81.08 | 83.78 | 24.32 | 5.41 | 5.41 | 70.27 | 16.22 | 59.46 | 5.41 | 59.46 | 67.57 | 62.16 |

# Comparison with Global Statistics




- The performance of Indian companies in the Consumer and Goods sector viz-a-viz the international landscape is very similar to the performance of the Indian Materials and Buildings sector, wherein we can see the Indian sector predominantly leading but falling behind in areas of Impact on organisation (Strategy) and Climate related metrics (Metrics and Targets)
- Other similarities include the fact that across both international and Indian companies defining the resilience of a company's strategy to combat climate change is rather lacking.
- There is also a lack of identification of climate risks as well as integration of these risks into a company's mainstream risk profile for both Indian and international companies.
- This begs the question as to how Indian companies can claim to manage climate related risks when most of them don't seem to identify them. This discrepancy highlights the lack in quality of disclosures when it comes to Indian companies.

# Non-financial Sector: Energy



# Sector Overview

## Climate change related risks and opportunities for the sector

Changes in regulatory environment to decarbonize economy may result in implementation of policies such as carbon taxes. For example, India has imposed a cess on domestically produced and imported coal.

The World Resources Institute estimates that to meet the 2°C warming goal, three-quarters of proven coal, oil and gas reserves would have to remain untapped. Given India's continued reliance on coal based power, a push for decrease in coal use could lead to increasing exposure of power companies to "stranded" assets.

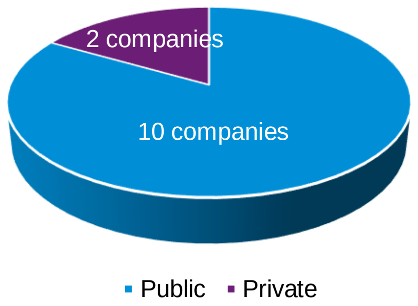
Facilities situated in high risk of physical impacts are most vulnerable. For example oil and gas pipelines in coastal areas may get affected by rising sea levels and/or events such as cyclones and tsunami.

The increase in India's movement towards non-fossil fuel based power production provides numerous opportunities for existing players in the power market to diversify their portfolio thereby reducing their risks while enabling low carbon growth in the sector.

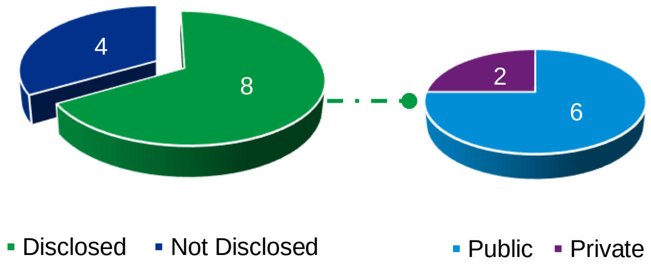
For this sector, we can observe a reversal in the ownership mix of the companies where a majority of the companies are public companies rather than private ones. There is also a greater degree of climate related disclosures from public companies.

## BSE100 universe

### Sector composition




### Disclosures*

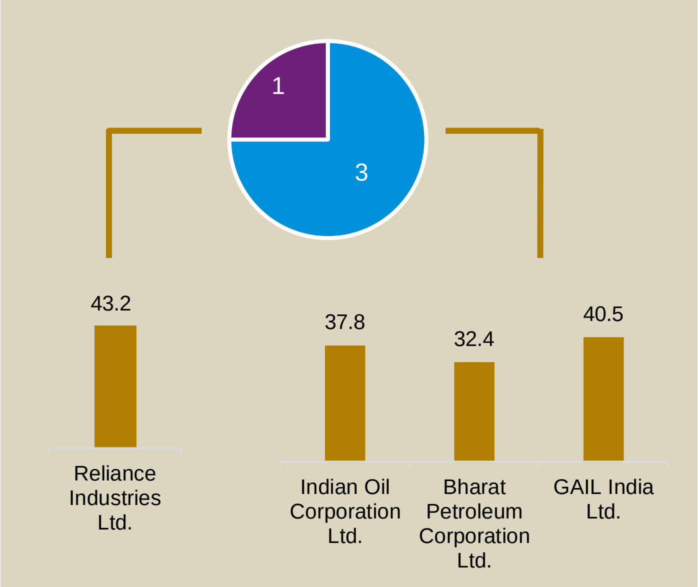



**Note:** Disclosed comprises of companies disclosing climate change related information on any of the publicly available platforms while not disclosed comprises of companies disclosing only through AR and BRR.

# Energy Sector Performance

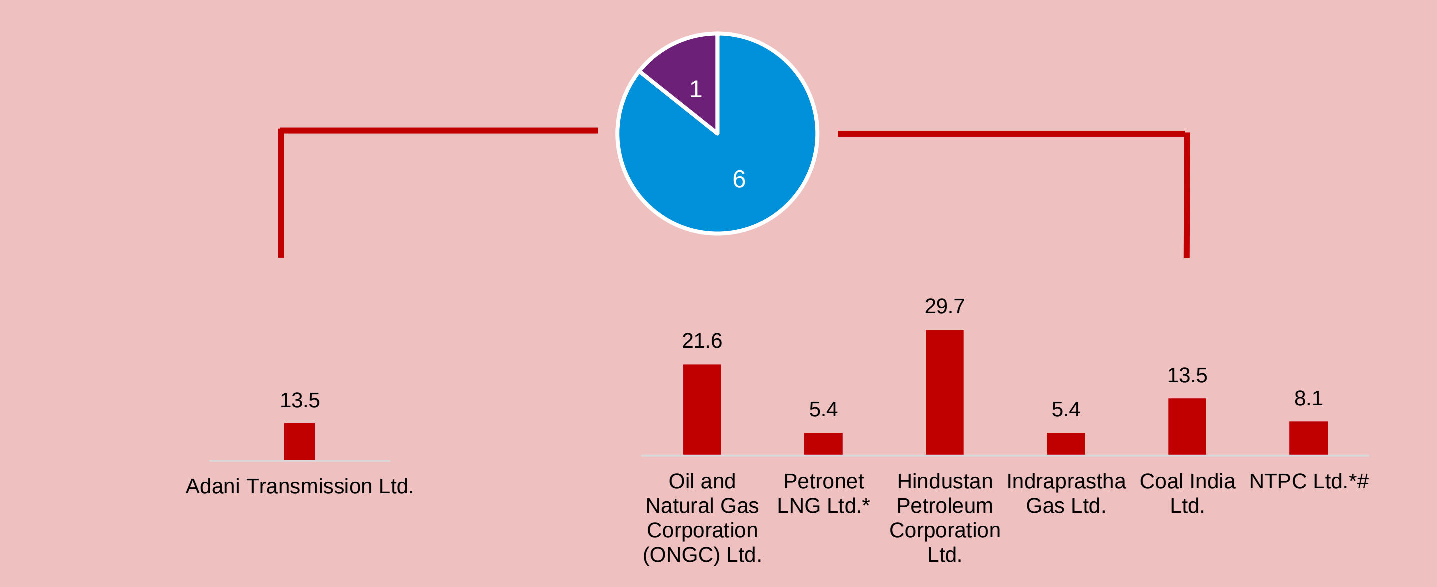
## 33%

### MEDIOCRE




## 67%

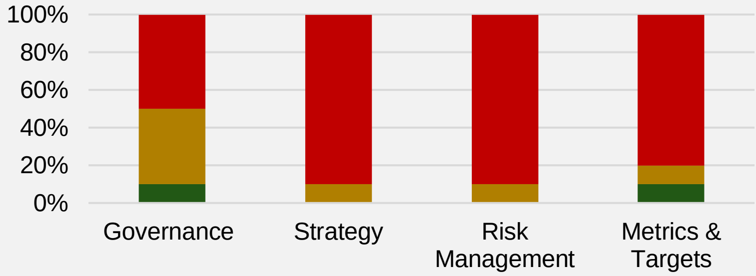
### LAGGARDS




- For a sector that is likely to be impacted the most due to climate change the status of the disclosure space is rather discouraging. Majority of the companies are lagging behind in terms of climate related disclosures while the rest barely make it as mediocre companies.
- While indicative of the general lack of disclosures from public companies, which is true not just for this sector but across sectors, it can be observed that private companies in this space also do not seem to be cognizant of the risks that climate change proffers.

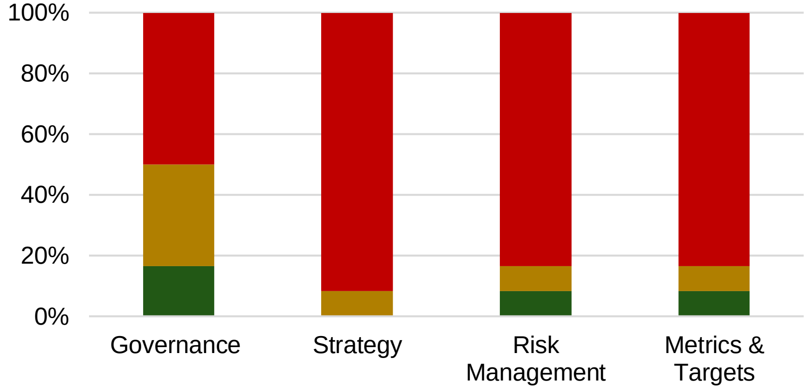
# Pillar Performance

### Public Companies




### Private Companies


### Overall Assessment



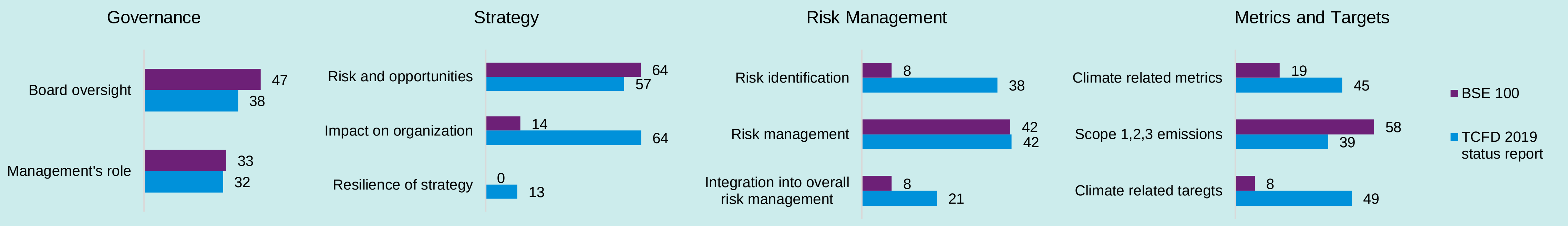

### Pillar Compliance Assessment

| Company Performance | Oil and Natural Gas Corporation (ONGC) Ltd. | Indian Oil Corporation Ltd. | Bharat Petroleum Corporation Ltd. | Petronet LNG Ltd.* | Hindustan Petroleum Corporation Ltd. | Indraprastha Gas Ltd. | GAIL India Ltd. | Coal India Ltd. | Reliance Industries Ltd. | NTPC Ltd.*# | Power Grid Corporation of India Ltd.* | Adani Transmission Ltd. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Governance | Laggard | Mediocre | Leader | Laggard | Mediocre | Laggard | Mediocre | Mediocre | Leader | Laggard | Laggard | Laggard |
| Strategy | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard | Mediocre | Laggard | Laggard | Laggard | Laggard | Laggard |
| Risk Management | Laggard | Laggard | Laggard | Laggard | Laggard | Laggard | Mediocre | Laggard | Leader | Laggard | Laggard | Laggard |
| Metrics & Targets | Laggard | Leader | Laggard | Laggard | Laggard | Laggard | Mediocre | Laggard | Laggard | Laggard | Laggard | Laggard |
| Total score (% compliance) | 21.62 | 37.84 | 32.43 | 5.41 | 29.73 | 5.41 | 40.54 | 13.51 | 43.24 | 8.11 | 8.11 | 13.51 |

- The coverage of climate related disclosures across every pillar is minimal in nature.
- The Governance pillar sees most amount of coverage when it comes to any form of disclosures.
- As far as individual companies are concerned, while Reliance and GAIL are the two foremost companies leading the private and public sectors respectively, their overall scores occupy the bottom half of the mediocre level.
- Of all the companies, GAIL showcases a consistent level of disclosure across all pillars.
- It would be interesting to discuss, the reasons behind the lack of disclosures from private companies in this sector which is contrary to their performance in other sectors.

# Comparison with Global Statistics

## Percent of companies disclosing information aligned with TCFD recommendations




- As can be seen, Indian companies in the sector have comparable or lag behind their international counterparts. Compared to the international landscape, the performance of Indian companies is poor for all pillars except Governance.
- While majority of Indian companies indicate assessment of climate risk and opportunities, most do not consider their impact on the company's operations. This is contrary to the international scenario where companies assess the impacts of the risks and opportunities identified.
- This lack of mainstreaming of climate risks is exacerbated by Indian companies wherein it is clear that most companies have very poor disclosures with respect to the Risk Management pillar.
- Keeping in line with the performance of other sectors, we see that disclosures around Resilience of strategy (Strategy) and Climate related metrics (Metrics and Targets) is rather poor.

# Non-financial Sector: Agriculture, Food and Forest

# Sector Overview

## Climate change related risks and opportunities for the sector

Changes in regulatory environment to implement resource efficiency measures such as improved water management as well as increasing forest cover are likely to change the way companies in this sector operate.

Changes in the availability of resources could increase the operational cost and would require additional investment for setting up adaptation infrastructure. Changes in availability of resources may even require shifting to new locations. For examples, declining water availability may severely impact beverage companies.

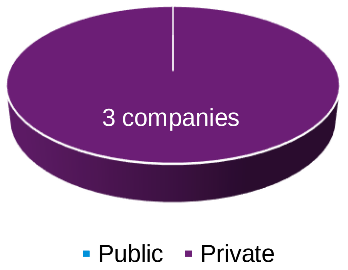
Increase in physical risks such as droughts or salt-water intrusion, may adversely impact companies that are highly dependent on agricultural products to make their final products.

Climate change also increases the opportunities for producing climate-resilient and sustainable agricultural products which could fetch higher margins particularly in the short term.

While the BSE100 universe presents a very limited set of companies in this sector, we notice that none of the companies are disclosing any information related to climate change.

## BSE100 universe

### Sector composition



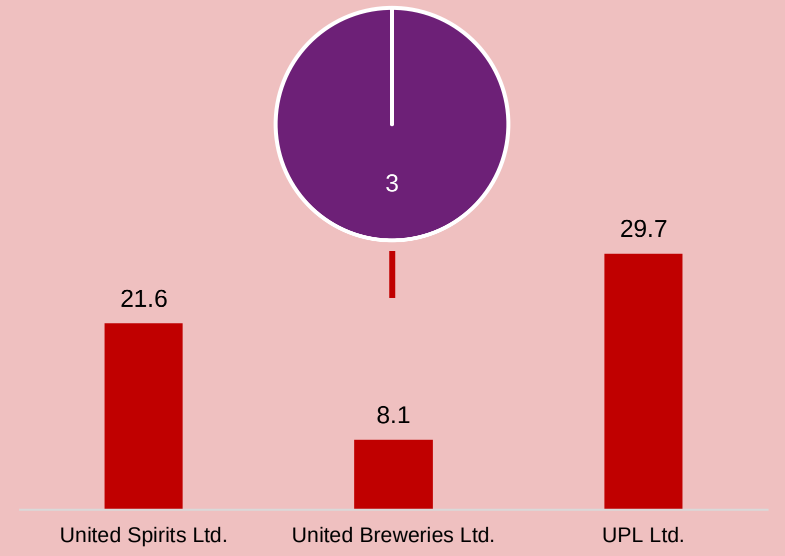

### Disclosures*


**Note:** Disclosed comprises of companies disclosing climate change related information on any of the publicly available platforms while not disclosed comprises of companies disclosing only through AR and BRR.

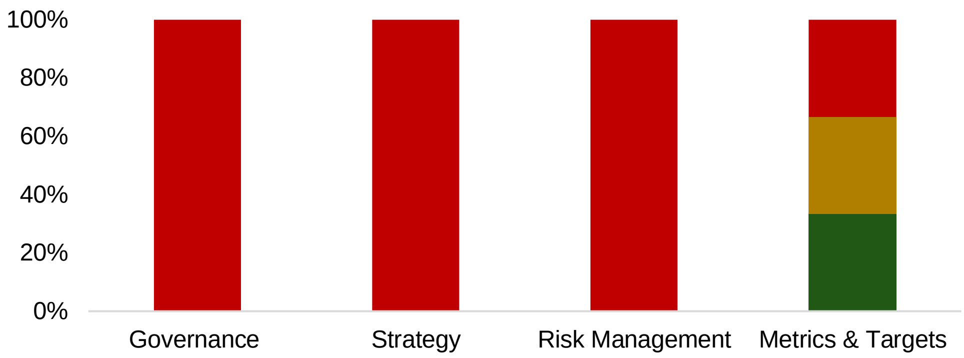
# Sector and Pillar Performance

## 100%

## LAGGARD




### Pillar Compliance Assessment

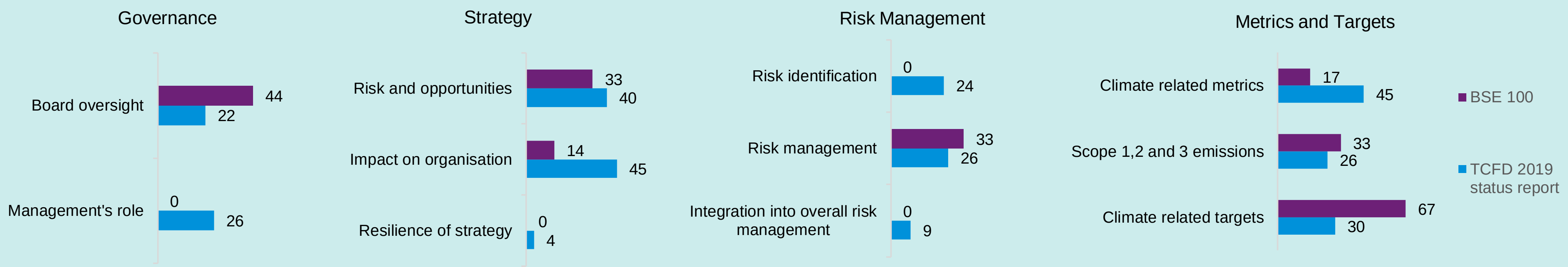



| Company Performance | United Spirits Ltd. | United Breweries Ltd. | UPL Ltd. |
|---|---|---|---|
| Governance | Laggard | Laggard | Laggard |
| Strategy | Laggard | Laggard | Laggard |
| Risk Management | Laggard | Laggard | Laggard |
| Metrics & Targets | Mediocre | Laggard | Leader |
| Total score (% compliance) | 21.62 | 8.11 | 29.73 |

- While the companies in this sector are likely to be amongst the most affected due to climate change (like the energy sector), they do not seem to acknowledge these risks.
- The only area where we see any form of disclosure is that of Metrics and Targets, while every other pillar is significantly lagging.
- It is also interesting to note that both the breweries, while a part of the same family of companies, seem to have different levels of climate related disclosure practices.

# Comparison with Global Statistics

## Percent of companies disclosing information aligned with TCFD recommendations




- Given the lack of climate specific disclosures, unsurprisingly the Indian sector in most areas lags behind its international counterpart. Most of the disclosures available for Indian companies are a result of ARs covering these areas in some form or the other which may or may not be specific to climate change. Thus, it is likely that a detailed qualitative study of the disclosure space will lead to a further decrease in coverage.
- It is surprising to note that even though the coverage of climate related disclosures is minimum, Indian companies have a higher degree of disclosure with respect to their climate related targets than international companies.
- Also, even though climate change is likely to significantly impact the agricultural sector, the level of disclosures globally is rather poor.

# Summary

# Summary

- Majority of the companies in the BSE100 universe (54%) are lagging with regards to climate-related disclosures. Most of the companies do not have climate related and sustainability disclosures let alone disclosures aligned to TCFD's recommendations. Thus, it can be said that as far as TCFD adoption levels are concerned, there's a lot of ground to cover for Indian companies.
- On comparing the performance of public versus private companies, we see that private companies' performance is much better than the public companies which showcases the willingness and/or ability of private sector to do more than the minimum requirement (AR and BRR).
- The companies in the financial sector are severely under-performing across all TCFD pillars as compared to the companies in the non-financial sector.
- On comparing performance across pillars, it has been observed that majority of the companies are disclosing their Governance and Metrics and Targets related information to a greater degree as compared to Strategy and Risk Management which are much lower in comparison.
- The element 'Resilience of strategy' under Strategy is severely lacking across all sectors. This highlights an inability of companies across sectors in assessing and integrating the impacts of the climate related risks and opportunities. This element should be discussed with all companies to understand the key challenges faced by them for the same.
- Overall the Indian companies seem to be either outperforming or at par with their international counterparts across all pillars, except in the area of Resilience of strategy (Strategy) and Climate related metrics (Metrics and Targets).
- When assessing companies belonging to same parent umbrella, we have noticed cases where group companies across the board are leaders in the space showcasing the possibility of a strong group level climate policy framework (e.g. Tata and Mahindra group of companies). At the same time we also have cases where a company within the group is a leader in the space while a sister company is not (e.g. Adani group of companies). This phenomenon bears further exploration during the upcoming consultations.

**Knowledge Partner: KPMG India**

This report has been prepared exclusively for Shakti Foundation ("Client") based on the terms of the "Terms of Reference for Understanding issues in adoption of TCFD recommendations by Indian corporates", and the service contract dated 16 September 2019 ('Contract').

The performance of services provided and the report issued to the Client are based on and subject to the terms of the Contract.

This report sets forth our views based on the completeness and accuracy of the facts stated to us and any assumptions that were included. If any of the facts and assumptions is not complete or accurate, it is imperative that we be informed accordingly, as the inaccuracy or incompleteness thereof could have a material effect on our conclusions.

While performing the work, we assumed the genuineness of all signatures and the authenticity of all original documents. We have not independently verified the correctness or authenticity of the same.

We have not performed an audit and do not express an opinion or any other form of assurance.

Further, comments in our report are not intended, nor should they be interpreted to be legal advice or opinion.

While information obtained from the public domain or external sources has not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information.

Our views are not binding on any person, entity, authority or Court, and hence, no assurance is given that a position contrary to the opinions expressed herein will not be asserted by any person, entity, authority and/or sustained by an appellate authority or a Court of law.

Performance of our work was based on information and explanations given to us by the Client.

Neither us nor any of our partners, directors or employees undertake responsibility in any way whatsoever to any person in respect of errors in this report, arising from incorrect information provided by the Client.

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By reading our report, the reader of the report shall be deemed to have accepted the terms mentioned hereinabove.

The content of the report is based on publicly available secondary sources, meetings with the Client and various stakeholders and the information made available by such officials.

Shakti Sustainable Energy Foundation was established in 2009 to support India's developmental and energy security objectives. The Foundation seeks to facilitate India's transition to a sustainable energy future by aiding the design and implementation of policies in the following areas: clean power, energy efficiency, sustainable urban transport, climate change mitigation and clean energy finance