

In line with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, the Independent Directors of the Company were familiarised on various aspects and framework of Environmental, Social and Governance (“ESG”) during the quarter ended March 31, 2023. In this regard, Mr. Kevinkumar Chothani, Head - Safety, Health & Environment of Sekura India Management Limited, was invited to familiarise the Independent Directors on ESG.

The Independent Directors were familiarised on various ESG framework prevalent internationally. Following are the highlights of the overall session:

- Objectives of ESG
  - *Creating long-term value*
  - *Optimizing risk management*
  - *Ensuring regulatory compliance and creating competitive advantage*
  - *Refining corporate purpose and addressing stakeholder priorities*
  
- What ESG stands for:
  - **Environment** - *Potential or actual changes to the physical or natural environment includes:*
    - *energy efficiencies*
    - *greenhouse gas (GHG)emissions*
    - *deforestation*
    - *biodiversity*
    - *climate change and carbon footprints*
    - *pollution mitigation*
    - *waste management*
    - *water usage*
  
  - **Social** - *Potential or actual changes on surrounding community and workers includes:*
    - *labor standards, wages and benefits*
    - *health and safety*
    - *workplace and board diversity*
    - *pay equity, talent management*
    - *community relations*
    - *privacy and data protection*
    - *human rights*
  
  - **Governance** - *Corporate governance structures and processes by which companies are directed and controlled including:*
    - *corporate board composition and structure*
    - *strategic sustainability oversight and compliance*
    - *executive compensation*
    - *political contributions and lobbying*
    - *bribery*
    - *corruption*

- **Goal of ESG** – *ESG has been introduced to systematically assess, manage, and monitor risks of material potential impact to the strategic and financial decisions of the company. ESG risk covers:*
  - *Health and safety*
  - *Environmental Impacts*
  - *Climate change*
  - *Shareholder rights*
  - *Board quality*
  - *Communities*

- **Leading international frameworks for ESG:**

- **Global Reporting Initiative** - *It is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. It provide the world's most widely used standards for sustainability reporting – the GRI Standards.*
- **Sustainability Accounting Standards Board** - *SASB Standards guide the disclosure of financially material sustainability information by companies to their investors.*
- **Principles for Responsible Investment** - *The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.*

*In signing the Principles, Investors publicly commit to adopt and implement them in consistent with fiduciary responsibilities.*

- **United Nations Principles of Responsible Investing (“UN PRI”)**– *It is one of the most popular ESG standard adopted by investment managers & asset. The signatories are required to disclose their performance through a report and are rated / scored on the same. Disclosure of ESG performance at portfolio level is at the core and the same are aligned with UN SDGs & TCFD based reporting mandatory for signatories.*

*The six principles of UN PRI are as follows:*

- *incorporate ESG issues into investment analysis and decision-making processes;*
- *incorporate ESG issues into ownership policies and practices;*
- *seek appropriate disclosure on ESG issues by the entities in which the company invest,*
- *promote acceptance and implementation of the Principles within the investment industry,*
- *work together to enhance effectiveness in implementing the Principles,*
- *report on activities and progress towards implementing the Principles.*

- Sustainable Development Goals:
  - *No poverty*
  - *Zero hunger*
  - *Good health and well being*
  - *Quality education*
  - *Clean water and sanitation*
  - *Affordable and clean energy*
  - *Decent work and economic growth*
  - *Industry innovation and infrastructure*
  - *Reduced inequalities*
  - *Sustainable cities and communities*
  - *Responsible consumption and production*
  - *Climate action*
  - *Life below water*
  - *Life on land*
  - *Peace, justice and strong institutions*
  - *Partnerships for the goals*
  
- ESG a Global issue
  - *Securities and Exchange Board of India has mandated the top 1000 listed companies (by market capitalization) to make filings as per the Business Responsibility and Sustainability Reporting (BRSR) from FY 2022 - 23.*
  - *SFDR is being enacted to address the twin objectives of increasing transparency of sustainability-related disclosures and to increase comparability of disclosures for end investors.*
  
- ESG as part of Company's strategy
  - *Strategic alignment*
  - *Board oversight*
  - *Policies and initiatives*
  - *Metrics and goals*
  - *Monitoring*
  - *Material issues*
  
- Misconceptions and problematic practices of ESG
  - *Excessive Focus on Ratings*
  - *Treating ESG Solely as a Communications Effort*
  - *Lack of Board and Management Oversight*
  - *Disconnect from Business Strategy*
  - *Compliance-Oriented Approach*
  - *Inconsistencies across the Firm*
  - *Lack of Assessment and Monitoring*

Mr. Chothani also addressed various questions put forth by the Independent Directors.