

Press Release

Acuité launches India's first ESG rating company: ESG Risk – Assessments & Insights

Mumbai, 11th January 2021: With the increasing impact of ESG issues on contingent liabilities, creditworthiness, the profitability of organizations, and by extension long-term investor returns, *Acuité Group has launched ESG Risk Assessments & Insights, to be India's first provider of ESG Ratings.* Using a comprehensive risk assessment framework, a methodology built upon investor feedback, and a scalable technology platform, ESG Risk AI will assess a company's ESG performance and assign a rating.

Speaking on the development, **Mr. Sankar Chakraborti, Group CEO, Acuité** said, "With a total asset under management (AUM) of over \$40 trillion invested globally using some form of ESG compliance and India's increasing integration with global markets our ESG Ratings will help investors incorporate ESG factors in their investment decisions. In India, only 7% of domestic AUM is invested in ESG funds at present and our internal estimates show this will grow to 30% in a decade. In this, around 75% of FII funds will be based on ESG themes. These figures clearly highlight the growing significance of Environmental, Social and Governance factors in investment decisions."

ESG Risk AI will provide ESG ratings of the top 1000 Indian listed companies, by evaluating their performance on Environment, Social, and Governance parameters as well as their reporting transparency. Its assessment approach includes identification of relevant risks, estimation of materiality and polarity of the risks, and evaluation of risk management framework. This comprehensive evaluation will be summarized as a rating and presented to investors in a rating report with details on performance on each parameter. The company will also continuously monitor the ESG performance of these 1000 companies and update the ratings as required.

ESG ratings will be subscribed by institutional investors and lenders and feed into their decision-making process of building a transactional relationship with a corporate. The investors and lenders shall be able to access these reports and more. ESG Risk AI will also recognise corporate initiatives on ESG by instituting India's first ESG awards. The ESG Impact Awards will recognise and celebrate outstanding listed companies in India that have made a positive impact in managing Environmental, Social, and Governance (ESG) risks - those that implement outstanding sustainability and governance initiatives.

Acuité Group has a vision to 'help the financial market grow and be more efficient'. Talking about the scope of ESG in the country, **Mr. S.S. Mundra, Chairman, Acuité Ratings & Research** added, "Indian economy will be facing tremendous challenges over the next 10 years on environment, social and governance fronts. But it will also provide India with a great opportunity to be a role model in sustainable development. A robust ESG rating framework will help in creating economic incentives for adoption of ESG best practices by corporate India."

ESG RISK AI has been regularly interacting with the market participants across the country about the difficulties they encounter while evaluating or tracking companies. ESG assessments came out as a major challenge. The ESG rating reports will provide comprehensive and timely information, incisive analysis, and unbiased opinion to investors and lenders on how well the borrower or investee is managing ESG risks.

About Acuité Ratings & Research Limited:

Acuité Group comprises Acuité Ratings and Research, a SEBI registered & RBI Accredited bond rating agency, and its two wholly owned subsidiaries, SMERA Ratings & Gradings, a pioneer in rating SMEs, and ESG Risk Assessments & Insights, India's first ESG rating company.

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