

Evaco Group

ESG Assessment Report

Oct 2023

Evaco Group



Sector : Real Estate
Industry : Real Estate Management and Development

CareEdge ESG Grade 2



ESG Score break-up

Below percentage highlights the company's positioning for each pillar that contributed to its ESG assessment as of Nov 2023.

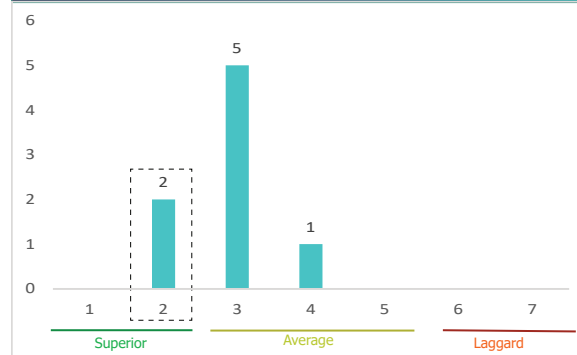


LAST UPDATE: Nov 2023

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ESG Grading Distribution for Real Estate entities



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ESG Grading Summary:

CareEdge Research's has upgraded ESG assessment for the Evaco group to Grade 2. Evaco has evolved from a real estate development company four main verticals, namely Evaco Creations (Engineering, Construction, Manufacturing & Design); Evaco Property (Property Development & Real Estate); Evaco Escapes (Leisure and hospitality) and Evaco Solutions (Consulting & Corporate Services). Evaco Ltd is now a Holding and Investment entity that acts as a Group Corporate Executive office. Their headquarters are located in Mauritius and have operations at both local and international levels for all companies of the Group

Evaco group exhibits relatively strong ESG performance, predominantly driven by a strong focus on managing its risks emanating from environmental factors. The company regularly monitors its energy, water, and fuel consumption and has plans to minimize and optimize the utilization of resources. The company exhibits initiatives to address gaps highlighted in previous assessments, such as offsetting 100% of conventional energy by renewable energy for their HO & factory, green building certifications for its properties and has set a target to achieve net zero by 2050 . However the Net zero targets are highly aspirational, and a specific roadmap to achieve the same needs to be developed. The renewable energy targets are a part of strategy, and currently renewable energy does not form a part of the operations. As way forward, the company can start working on defining clear strategy and action plans to align with its aspirational target of achieving net zero by 2050.

Evaco Group's social pillar exhibits a relatively strong performance. The company has proper health & safety policies and a management plan. The company exhibits its commitment to product safety and quality with one division dedicated to property management, cleaning services, and maintenance services. The company also conducts third-party verifications of its facilities. To align with best practices the company can start reporting its strategy and vision on its gender diversity related aspects

The company continues to exhibit strong governance performance. It has implemented effective governance practices majority of non-executive directors on the board, and a well-established system to counter corruption and bribery. Moreover, the company has also adopted key policies such as whistle-blower and code of conduct, giving it an additional edge in effective governance practices. They have also shown increased efforts to improve ESG oversight with proactive disclosures on ESG performance areas and started aligning with UN SDGs. However, the company can improve upon its disclosures related to board pay including CEO's annual compensation, employee median pay, severance payouts for CEO . They can also target getting assurance done for ESG.

Key Drivers to the ESG Score

Pillar		Remarks
Water usage and management	↑	The company has monitored its water usage and has seen a steady decrease as compared to last year. They conduct EIA studies for all their projects, through which any risks related to water resources are analyzed
Product safety and quality	↑	The company follows regulatory safety requirements and conducts third-party verifications of its facilities. One of the company verticals are dedicated multiservice activities such as property management, cleaning services, maintenance services etc.
Business ethics	↑	The company has adequate disclosures and policies related to the code of conduct, whistle blower, anti-corruption, anti- bribery, etc. There are no penalties or warnings from the Mauritius regulating body (Independent Commission Against Corruption Mauritius)
Consumer Protection	↓	The group has SOP for policy related to consumer protection, but the policy is yet to be developed
Human capital	↓	The company does not have diversity improvement plans. They have also not disclosed the average male-female salary. The elevated turnover rate of employees indicate potential gaps in effective implementation of policies & programs related to human capital.

Grading model details

Evaco group was graded based on the Materials sector ESG framework.

Methodology note

Theme level scores are weighted average scores based on indicator scores * weight for the indicator.

Summation of theme level scores gives pillar level and total ESG scores.

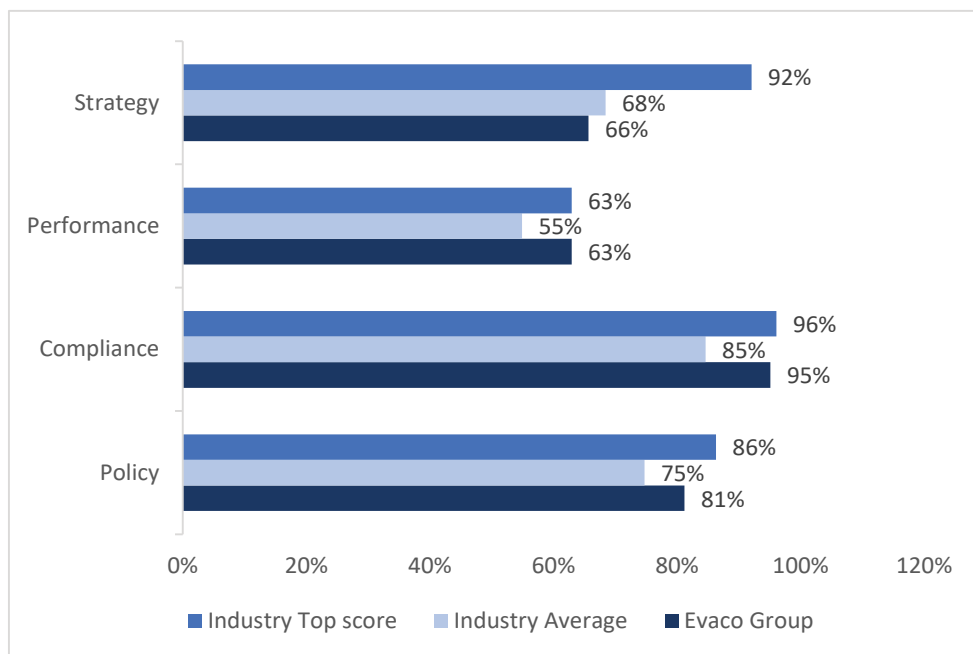
To understand more about approach on data collection and methodology, please visit our website or Contact us at cart@careedge.in

ESG Grading scorecard

Themes	Evaco Group	Industry Average*	Industry Top Score*
Opportunities in Green Real Estate	6.2	5.7	7.4
Carbon and other GHG Emissions	2.9	2.6	3.7
Energy Usage	4.0	3.9	5.3
Water usage and Management	3.7	2.0	3.7
Biodiversity	2.6	1.9	3.2
Total Environment Pillar	19.4	16.1	19.6
Human Capital	5.3	4.9	6.1
Health & Safety	5.9	5.0	5.9
Product Safety & Quality	4.8	3.4	4.8
Consumer Protection	1.7	2.3	4.0
Labor Management	1.8	1.6	1.8
Total Social Pillar	19.5	17.2	20.4
Disclosures	6.0	5.5	6.0
Board Composition	4.8	4.8	5.7
Board Functioning	5.5	5.2	5.7
Pay	3.2	3.2	6.4
Ownership	6.4	6.1	6.4
Business Ethics	5.7	4.6	5.7
Oversight on ESG	1.7	3.1	4.0
Total Governance Pillar	33.2	32.6	35.0
Total ESG Score	72.14	65.91	75.01

*Industry averages and top scores are calculated for each theme, each pillar and on overall ESG score across entities falling in the same industry classification. Peers considered to evaluate industry best practice: Hines, Nexity, Emaar properties, Terra, Godrej properties, DLF, Macrotech developers

Category wise performance for Evaco Group



Compliance	Policy	Performance	Strategy
Aligning and complying with laws and regulations for the sector and the country	Adopting best practices through policy documentation and internal practices	Monitoring of performance across key indicators	Integration of ESG into business strategy, philosophy, vision and alignment with country goals

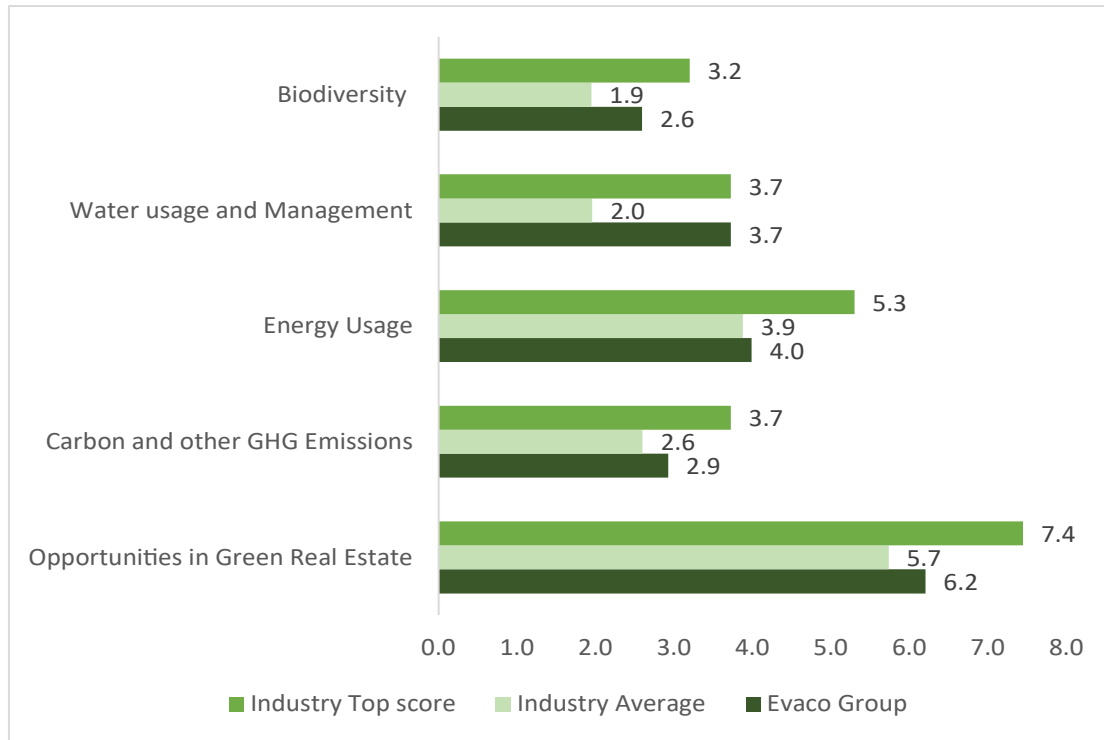
Evaco group exhibits a relatively strong position in the compliance, policy and performance categories. The company follows regulatory safety requirements and conducts third-party verifications. They also have in place regulatory requirements like human rights policy, child labor policy, POSH, etc as a part of their code of conduct document. The board composition has 43% independent directors, with the audit and the nomination committee composed of non-executive or independent BOD.

On the policy side, the group has disclosures on adoption of sustainable practices, aligning with BS standards. They also have an efficient energy management systems. The water-related risks and opportunities and biodiversity risks are analyzed as a part of the EIA process carried out for all their projects. The company has a robust health & safety policy in place.

On the performance side, the company scores well compared to last year in terms of disclosures related to energy use reduction, water reduction, and emission/ turnover reduction as compared to last year. They are in the process of incorporating EDGE-certified projects and is taking robust steps in that direction. They also have efficient energy management systems in line with BS standards. However, it lags in disclosing some of its key parameters considered industry best practices such as evaluating Scope 3 emission reductions, specific % of gender pay gap which limits our ability to gauge its performance.

In terms of future targets, the company lacks setting of targets for emission reduction. The group can think of having some initiatives in place to further improve gender diversity in verticals not related to manufacturing & construction sector.

Environment Assessment



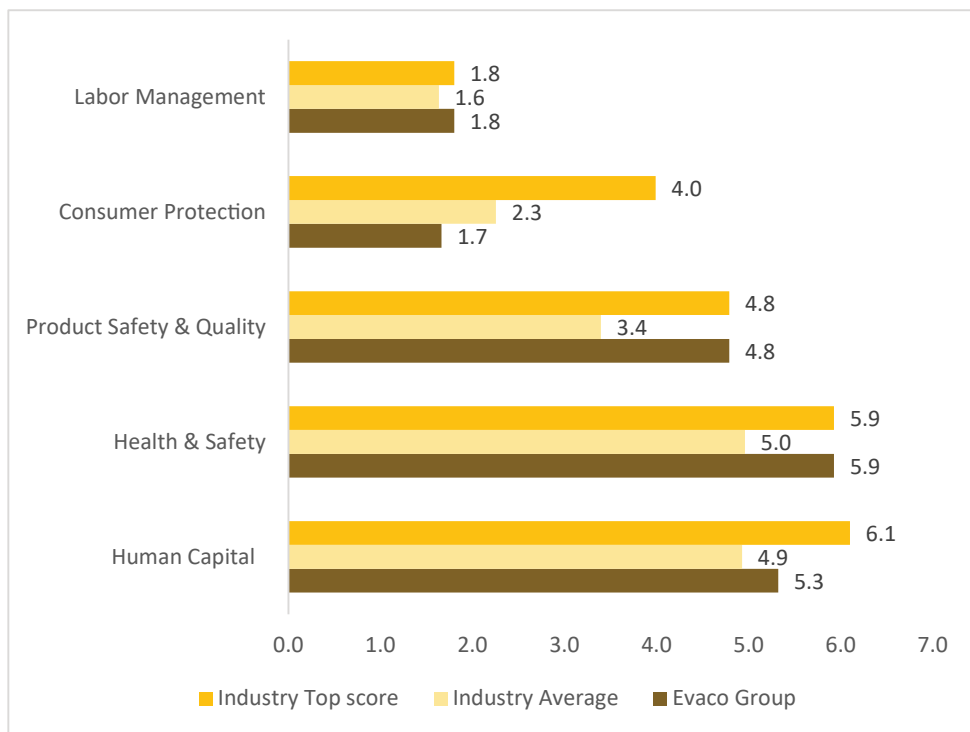
Evaco Group exhibits better performance in this pillar as compared to last year. The company conducts biodiversity and water management assessments through their Environmental Impact Assessments (EIA) which are carried out for all of their projects. They are working towards incorporating EDGE-based design for all their projects, and have targets to develop 418,097 m2 of Green Certified housing projects in next 10 years. They also aim to achieve Net Zero by 2025. They have showcased commitment towards sustainability by aligning with the Mauritian Government to transition towards low carbon emissions. They have disclosed their energy, water, and Scope 1 & 2 emissions intensity, which has shown a reduction from last year. They have targets to offset 100% of their conventional energy by Renewable energy, and reduce their dependence on national water supplier, by 30%- for their HO and factory, by 2025. The country is rich in biodiversity and has areas under the IUCN species red list. However, given strong biodiversity policies and rigorous monitoring, exposure to this operational aspect is managed to some extent.

On strategy front, the company lags compared to better performing peers in disclosing their Scope 1,2,3 emissionr reduction targets. Aspects like these can further help in demonstrating strong commitment to ESG objectives in the long run.

Evaco Group’s Performance on Environment Themes

Environment Themes	Theme Overview	Evaco Group's performance
Opportunities in Green Real Estate	Theme checks for the company's sustainable practices and specific targets for reduction in resource consumption and emissions in its portfolio. It also includes certifications in green buildings from relevant authorities.	The company is on track to include EGDE based design standards for their projects. Their green certifications are aligned with BS standards. Evaco has taken commitments to develop green projects. Evaco aims and target to develop over the next 10 years 418 097m2 of Green Certified housing projects
Water usage and Management	This theme pertains to initiatives adopted by the company to monitor the water withdrawals and and water consumption levels. This theme also assesses their exposure to water-related risks and methods to conserve the same in the operations.	The company has improved their performance by monitoring their water consumption and indicated a reduction as compared to last year. They have also monitored water withdrawals and their related risks through their Environmental Impact Assessments (EIA). Evaco Group aims to decrease by 30% its dependence on national water supplier (for Head Office & Factory). RWH system is also being implemented by Evaco group on all their residential projects
Energy Usage	Energy usage theme checks mechanisms adopted by the company to manage energy consumption in the operations and their reduction disclosures. This theme also includes usage of renewable energy as a part of their energy requirements.	The company has improved its performance by monitoring its energy consumption and indicated a reduction as compared to last year. They have energy management systems aligned with BS standards and consumption of renewable energy in its operations. They have robust plans to incorporate renewable energy and are also in the process of getting green finances for the same- they target to offset 100% of their energy by RE by 2025. However, this is a future strategy, and currently there are no RE in operations
Carbon and other GHG emissions	Theme checks about the company's performance on scope 1,2 and 3 emissions intensity and targets to reduce the same and commitment to Net Zero.	Evaco Group has disclosed their Scope 1 & 2 emission intensity, which has also shown reduction as compared to last year. They have continued with their commitment towards emission reduction by replacing all their company cars with hybrid or electrical vehicles by 2030. They aim to achieve Net Zero by 2050, for all its companies. However, these seem to be highly aspirational targets and there needs to be a proper roadmap for the same. They have not reported their Scope 1,2,3 emissions reduction targets.
Biodiversity	Theme pertains to biodiversity policies, risk assessments and impacts, operation in areas of high historical values/IUCN species red list and addressing natural resources.	The company has biodiversity policies in place and conducts their assessments through Environmental Impact Assessments (EIA). The country is rich in biodiversity and has areas under IUCN species red list. However, given strong biodiversity policies and rigorous monitoring, exposure to this operational aspect is managed to some extent

Social Assessment



Evaco Group depicts better performance as compared to last year, in terms of disclosures of third-party safety verifications of its facilities. The company also has disclosures related to consumer grievances and resolving efficiencies. They have equal opportunities policy, there is no discrimination towards employees for their remuneration. As compared to last year, the company has policies supporting employee unions, which has also supported the increase in overall scores.

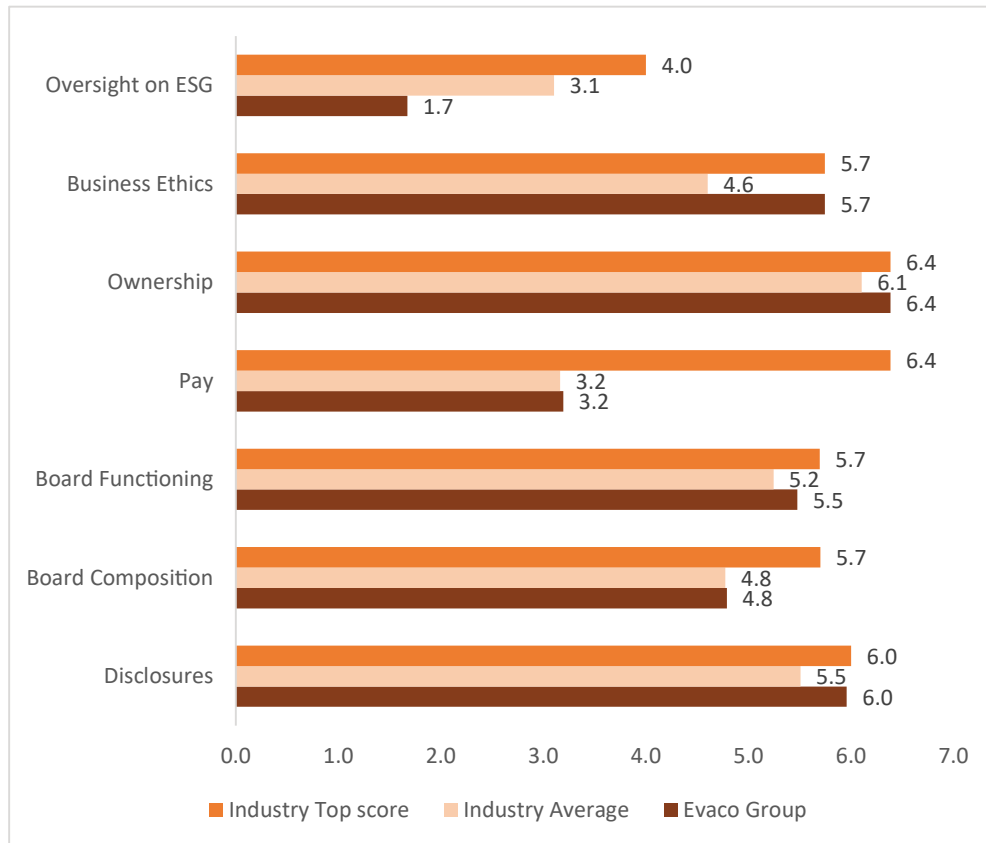
The company has plans and process in place for emergencies. Adequate trainings are conducted across all levels. Gender ratio for verticals other than construction & manufacturing is 57%M: 43%F, however, initiatives can be considered to further improve this diversity. The group has developed an app- "FastPay" for easy of hiring process, it provides flexible work opportunities and other such benefits. All employees are covered by Accidental insurance, as per legal requirements of the country.

However, the employee turnover rate is high (49%) as compared to last year, indicating ineffective implementation of human capital policies. With SOPs in place, the group is still in the process of devising a consumer protection policy.

Evaco Group's Performance on Social Themes

Social Themes	Theme Overview	Evaco Group's performance
Labour Management	This theme evaluates the performance on labour management practices which include human Rights practices, employee attrition rate, employee associations, employee harassment policy & grievance handling mechanism.	The company is in compliance with Human Rights and labour management practices. They have disclosures regarding policy to encourage workforce unions. Their percentage of workforce diversity is on the higher side. However, they have a high turnover rate for employees (49%)
Health & Safety	This theme evaluates the health & safety practices adopted by the company. This includes health & safety policy, facilities and disclosures towards safety incidents. The theme also evaluates the disaster management programs adopted by the company.	Health & Safety policies are in place. Disaster management plans and work-related injury incidents have been disclosed. They also provide accidental cover for 100% of their employees, as a legal requirement of the country.
Product Safety and Quality	This theme evaluates adequate facilities, open spaces, security and maintenance services provided by the company. It also validates safety approvals from relevant authorities, third-party audits of facilities and any incidents of non-compliance with regulators.	The company is in compliance with regulatory safety requirements and conducts third party verifications of the same.
Human Capital	This theme checks the disclosures around workforce diversity of the company, Gender pay across functions, development programs for employees and any plans to improve employee diversity.	Evaco Group has disclosed data around training hours and instituted a diversity/inclusion policy. Except the manufacturing & construction division, other divisions have a gender ratio of 57%M: 43%F. There can be certain specific disclosures to maintain and further improve the gender diversity in future as well. As per Equal Opportunities Policy, there is no discrimination towards employees for their remuneration. They have also developed an app "FastPay" for ease of hiring- it provides flexible work opportunities and other such benefits Limited disclosures in terms of diversity action plans future hiring strategies and employee engagement programs.
Consumer Protection	Theme checks mechanisms to check on consumer satisfaction, grievance handling and pending customer complaints	Evaco does not have a consumer protection policy yet, but are in process of development of the same. They have also not disclosed consumer grievance mechanisms as well as pending grievances.

Governance Assessment



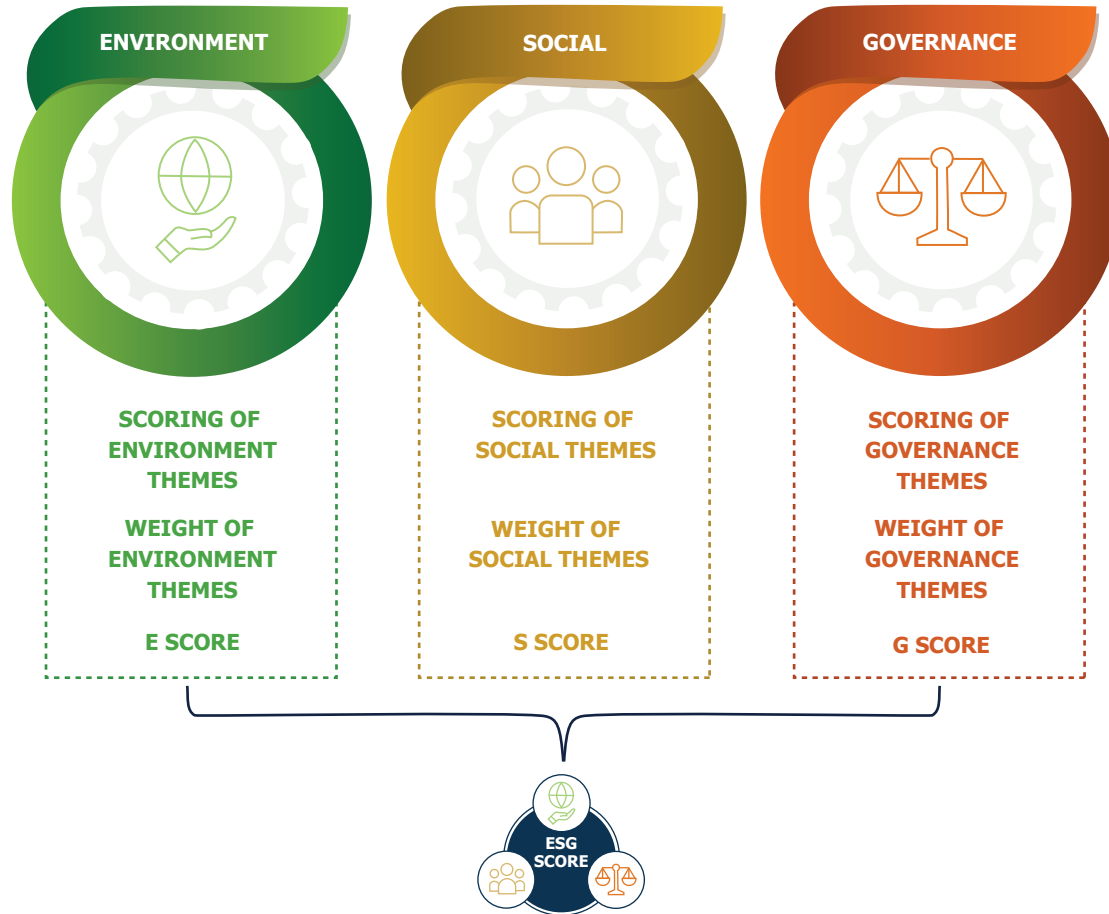
Though the company is an unlisted one, they are still well aligned with industry best practices, including improvement of ESG disclosures, 43% independent directors, committees composed of independent directors, etc. The group is in the process of conducting board evaluation and assessments, and is inviting proposals for the same. The ESG oversight has seen improvement this year, with more relevant ESG disclosures, ESG performance etc. Evaco foundation implement multiple initiatives, that are aligned with the UN SDGs. The ESG policy (named as ESG declaration) is also disclosed.

However, there are some areas of improvement, including the board diversity which remains at 14.3%, Pay disclosures with regard to severance agreements, CEO and employee remuneration, and a limit on executive bonuses which have not been reported as compared to the other listed companies, where this is a mandate.

Evaco Group's Performance on Governance Themes

Governance Themes	Theme Overview	Evaco Group's performance
Disclosures	This theme tracks transparency in disclosures by the company related to taxation, various business risks faced by the company, auditor's opinion, enforcement action against the company, disclosures surrounding audit fees, and political contribution made by the company.	The company's disclosure norms are largely in compliance with regulatory requirements.
Board Composition	Board composition includes composition of directors and key board committees. It also evaluates board diversity policy & its implementation by the company.	Evaco Group has an efficient board composition with adequate independent directors. The board diversity however remains the same like last year.
Board Functioning	This theme evaluates board functioning in line with best practices, such as separation of roles for Chairman and CEO, and independent assessment of board performance. Further the company's disclosures on governance guidelines, Directors orientation programs and material related party transactions.	The company has depicted efficient board functioning with adequate independence of the board and separation of the Chairman and CEO roles. They are in the process of conducting independent board evaluations and assessment and are inviting proposals for the same. The BOD is elected/ re-elected periodically, but fixed period is not disclosed.
Pay	This theme evaluates transparent disclosures on Pay practices, such as pre-defined metrics relevant for CEO's compensation, Cap limit on Executive's Bonus and the median of the annual compensation of all other employees.	The company provides limited pay disclosures with regards to global best practices, such as clear disclosures on performance metrics driving MD's remuneration and other clauses, including claw back mechanism, limit on executive annual bonuses and severance pay, indicating a stagnant performance as compared to last year.
Ownership	This is related to evaluating the Ownership structure in line with long term shareholders interest, with transparent disclosures on key shareholders, AGM agenda, participation, minutes etc.	The company has disclosed ownership structure transparently. Moreover, details of classes of stock, voting rights and shareholder playing active role in evaluation of directors have further boosted its profile.
Business Ethics	This theme determines the ethical conduct of the company with key aspects like code of conduct, whistleblower mechanism, anti-completion and anti-bribery policies etc.	The company has disclosed the code of conduct policy for its employees and extended it to suppliers as well. The company has a whistleblower mechanism. Also, the company has taken steps to improve its disclosures on whistle-blower incidents.
Oversight on ESG	Oversight on ESG implies board level oversight on ESG integration with greater thrust on firm level policy, consistent ESG disclosures, validation of data and alignment with UN SDG principles.	Evaco Group has shown significant improvement in ESG disclosures as compared to last year, with an ESG policy in place, disclosures on their ESG journey, and mapping their CSR activities to SDGs. However, they have not carried out any materiality assessments and assurance for sustainability practices.

Scoring Methodology & Grading



Our framework also has a negative scoring component for non-compliance of legal and regulatory requirements

ESG Grades



Grading Symbol	Definition
CareEdge ESG 1	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be Excellent.
CareEdge ESG 2	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be Very Good.
CareEdge ESG 3	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be Good.
CareEdge ESG 4	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be Average.
CareEdge ESG 5	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be Below Average.
CareEdge ESG 6	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be Poor.
CareEdge ESG 7	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be Very Poor.

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Kindly note that on July 12, 2023 Securities and Exchange Board of India ("SEBI") issued master regulatory guidelines on ESG Rating Providers. We are in the process of evaluating those guidelines and identify our future course of actions. We believe these guidelines will have some impact on the existing approach on ESG assessment, which may warrant to re-evaluate this assessment post completion of transition period of six months as mentioned in the SEBI guidelines.

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