

## RaceEco Chain Limited



**Industry: Industrials**  
**Sub-Industry: Trading Companies & Distributors**

### CareEdge ESG Grade 4



### ESG Score break-up

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

**Environment 9%**

**Social 69%**

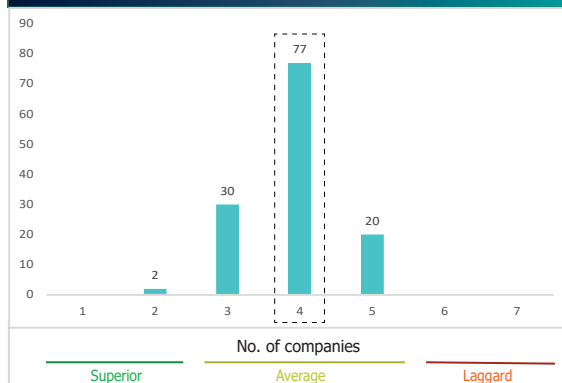
**Governance 56%**

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### ESG Grading Distribution for Industrials in top listed entities



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### ESG Grading Summary:

CareEdge Research's ESG assessment for RaceEco Chain Ltd. has been initiated at Grade 4. RACE (Recycling and Circular Economy) is a company established in the year 2009 and focused on reducing the carbon footprint caused by plastic waste through an integrated vertical setup. It utilizes AI and blockchain technology to enable traceability in their mission. The company's primary business involves collecting and processing plastic waste to produce high-quality recycled products while connecting buyers and sellers through an AI-enabled app with secure blockchain transactions. The company's major earnings are from the Recycle Division of the company.

RaceEco Chain Ltd. demonstrates a relatively strong commitment to social responsibility by setting targets for diversity, safety, and employee well-being, along with stringent supplier standards. However, it lacks an employee union and OHSAS 18001 compliance. In governance, it exhibits strong compliance, anti-bribery measures, and policies but needs to improve board independence and separate the Chairman and CEO roles. In environmental efforts, it actively addresses concerns but needs to set emission reduction targets and seek certifications for a more comprehensive commitment to sustainability.

RaceEco Chain Ltd. has modest performance in addressing environmental concerns with initiatives like emissions measurement and a shift to renewable energy. The company prioritizes energy conservation and has improved waste management. However, setting emission reduction targets, aligning financial disclosures with TCFD, and obtaining certifications would further strengthen their environmental commitment.

RaceEco Chain Ltd. demonstrates robust social performance with workforce diversity goals, extensive training, and insurance coverage targets. They prioritize employee well-being, exhibit a strong commitment to social responsibility, maintain supplier standards, and adhere to human rights policies. However, there's a lack of an employee union and OHSAS 18001 compliance for health and safety risk management.

RaceEco Chain Ltd. demonstrates moderate governance performance with strong compliance, effective anti-bribery measures, and comprehensive policies. However, they need to enhance board independence, separate the Chairman and CEO roles, disclose variable pay details, and report corporate political donations for stronger governance practices.

## Key Drivers to the ESG Score

Theam		Remarks
Labour Management	↑	The company has a number of effective policies in place, including ones on sexual harassment and human rights, for the benefit of its employees. Along with reporting on incidents and employee turnover, the company also has a system in place for managing employee grievances. The company also has a good female representation of 19.6%. However, the company lacks employee associations.
Supply Chain	↑	The company has established a Supply Chain Policy in place along with Supplier Code of Conduct to ensure that all its partners within the value chain adhere to ethical business practices.
Energy Usage	↓	The company is actively engaged in conserving and reducing energy consumption. However, it has yet to conduct energy audits and implement internationally standardized energy and environmental management systems.
Board Functioning	↓	The Company clearly discloses information on director's orientation, AGM and related party transactions disclosures, However, the company lacks disclosures on average tenure of the board and independent assessment of board performance.

### Grading model details

RaceEco Chain Ltd. was graded based on Trading Companies & Distributions 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](mailto:cart@careedge.in)

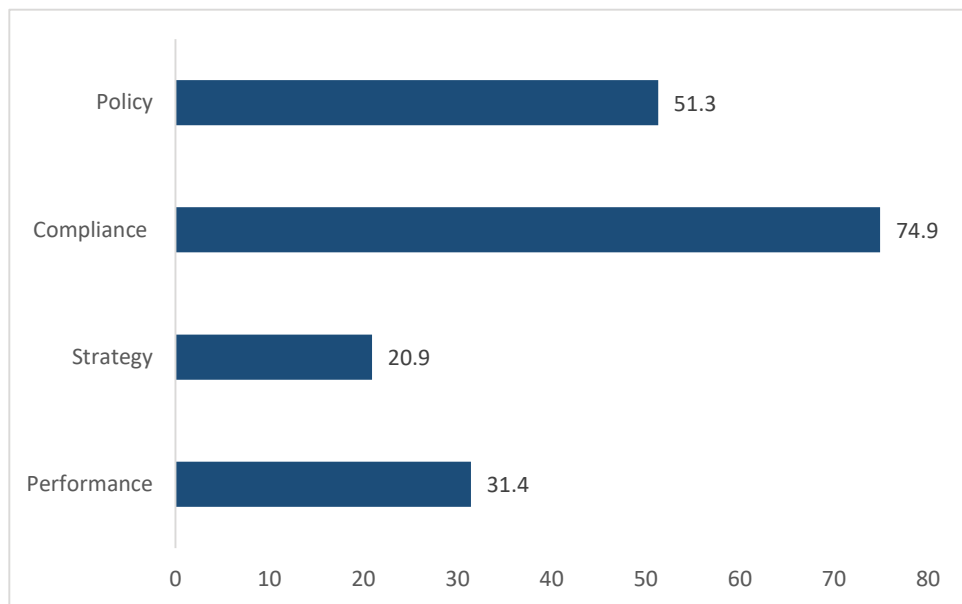
## ESG Grading scorecard

Themes	RACE Theme Scores
Climate Change Risk Management	0.0
Carbon and other GHG Emissions	0.8
Energy Usage	0.8
Water usage and management	0.0
Effluent and Waste Management	0.6
<b>Total Environment Score</b>	<b>2.2</b>
Supply Chain	12.7
Prevention of Counterfeit Product Trading	0.0
Labor Management	10.0
Communities	1.4
Health & Safety	3.5
Human Capital	3.6
<b>Total Social Score</b>	<b>31.2</b>
Disclosures	2.6
Board Composition	2.6
Board Functioning	3.9
Pay	1.0
Ownership	3.1
Business Ethics	3.1
Oversight on ESG	0.6
<b>Total Governance Score</b>	<b>16.9</b>
<b>Total ESG Score</b>	<b>50.3</b>

Theme	RACE Theme Score	Industry Average*	Industry Top Score*
<b>Environment Score</b>	<b>2.2</b>	<b>8.4</b>	<b>15.7</b>
<b>Social Score</b>	<b>31.2</b>	<b>16.6</b>	<b>24.8</b>
<b>Governance Score</b>	<b>16.9</b>	<b>28.9</b>	<b>35.7</b>
<b>Total ESG Score</b>	<b>50.3</b>	<b>53.9</b>	<b>76.2</b>

\*Industry refers to our overall Industrials Sector covering 129 companies

## Category wise performance for RaceEco Chain Limited (%)

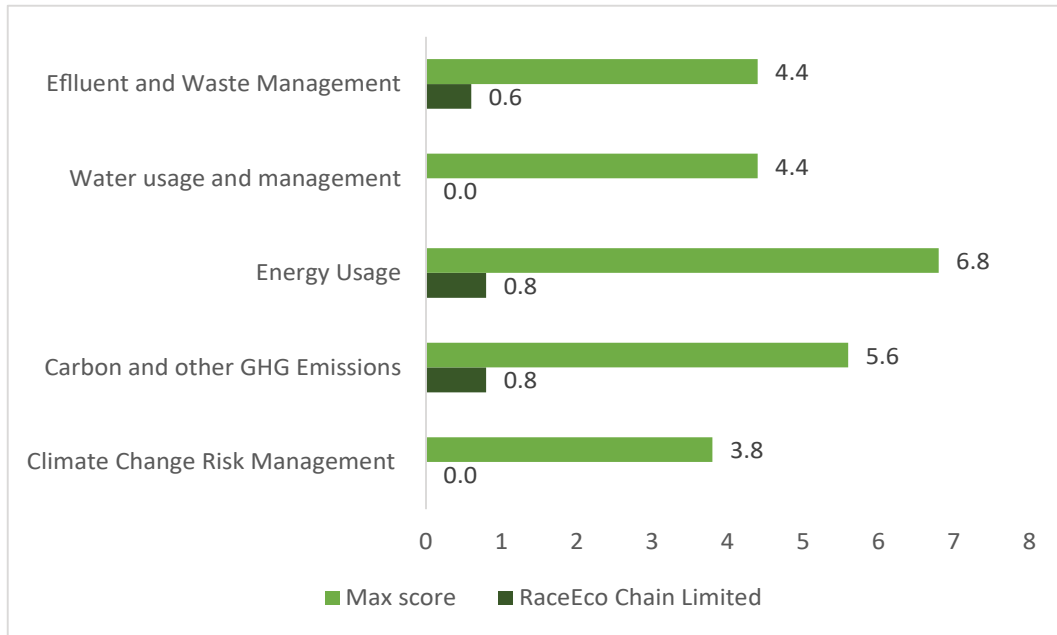


## Our framework captures company’s ESG performance in four categories :

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

Across the four categories of Policy, Compliance, Performance, and Strategy, the company exhibits a comprehensive approach to policies, including code of conduct policies, sexual harassment policies, supply chain policy, human right policy, anti-bribery and anti-corruption policy, whistleblower mechanisms, and ESG policies. However, there is room for improvement in the form of waste management and water management policies. In terms of Compliance, the company performs well by disclosing vital information such as shareholding patterns voting rights, AGM-related details, no non-audit fees, restatement of financial reports, no adverse opinion from auditors and maintenance of a clean compliance record. However, it falls short in terms of board composition and ISO27001 adherence. On the Performance front, the company excels in quantitative data disclosure, demonstrating transparency in various aspects. Yet, there is potential for further disclosure in areas like average salary and renewable energy usage. In Strategy, the company outlines plans for efficiency improvement, gender diversity, and cybersecurity. However, it lacks specific targets related to science-based goals, net-zero emissions, and water management.

## Environment Assessment



RaceEco Chain Ltd. exhibits moderate performance on environmental pillar of ESG. The company is actively addressing environmental concerns with several commendable initiatives. They have initiated the measurement of Scope 1 & 2 emissions and are planning a transition to renewable energy sources, including increased use of biomass fuel. The company’s commitment to energy conservation is evident through efforts such as utilizing energy-efficient computer terminals and equipment. Additionally, the company has been elevating its waste management practices.

However, to further enhance their environmental impact, the company should establish targets for emission reduction, align financial disclosures with TCFD recommendations, and seek international certifications for their environment and energy management systems. These steps would demonstrate a holistic commitment to environmental sustainability.

## RaceEco Chain's Performance on Environment Themes

Environment Themes	Theme Overview	RaceEco Chain's performance
Climate Change Risk Management	Theme checks initiatives within the company's operations to address and mitigate climate change related risks.	The company currently lacks ISO 14001 environmental management system but has an opportunity to enhance its climate change risk management by conducting climate risk/opportunity assessments, scenario analysis, and aligning its financial disclosures with TCFD recommendations.
Carbon and other GHG Emissions	Theme checks about the company's performance on scope 1,2 and 3 emissions intensity and future plans to reduce the same and commitment to Net Zero.	The company has initiated the monitoring of its Scope 1 & 2 emissions starting in FY23, in line with its ESG vision to shift towards renewable energy. However, the company is yet to adopt science based targets
Energy Usage	Energy usage theme checks mechanisms adopted by the company to monitor energy consumption in the operations and initiatives to reduce the same.	The company reports its energy usage but hasn't shown any reduction as compared to previous year. Despite not having power-intensive operations, they're actively conserving energy through measures like using efficient equipment. However, the company lags international certifications for their environmental and energy management systems
Water Usage and Management	This theme pertains to mechanisms adopted by the company to monitor the water usage and methods to conserve the same in the operations. This theme also assess the water related incidents or non-complying with regulatory requirements related to water usage.	The company hasn't adopted water policy and has no disclosure on water consumption intensity. Also, the company lags in providing disclosures on water-related risk assessment.
Effluent and Waste Management	Theme checks company's efforts to monitor and report waste generated by the company's operations, policies surrounding waste management and any improvements in Y-o-Y waste management.	RACE is dedicated to advancing the circular economy and improving waste management practices. While their ongoing efforts are a step toward their broader impact goals and their commitment to a safer environment. However, the company lags quantitative disclosures on waste generation and recycling.

## Social Assessment



RaceEco Chain Ltd. exhibits relatively strong performance on the social theme. The company is actively engaged in a range of social initiatives aimed at improving various aspects of its operations. They have set targets to enhance workforce gender diversity, increase employee training to 100%, and provide full insurance coverage. The company also achieved a year with no fatalities and is developing a comprehensive business continuity plan. The company promotes employee well-being and provides a supportive environment to all its employees through effective redressal of employee grievances. Their commitment to social responsibility is evident through the presence of a community grievance mechanism and CSR initiatives. RACE also maintains stringent standards for suppliers/vendors through a code of conduct policy. Additionally, the company values human rights, as demonstrated by their policy and quantitative disclosure on various aspects like count of employees, sexual harassment cases, customer complaints cases & turnover rate. Females constitute 19.6% of the overall workforce which is good for the overall growth of company's social performance.

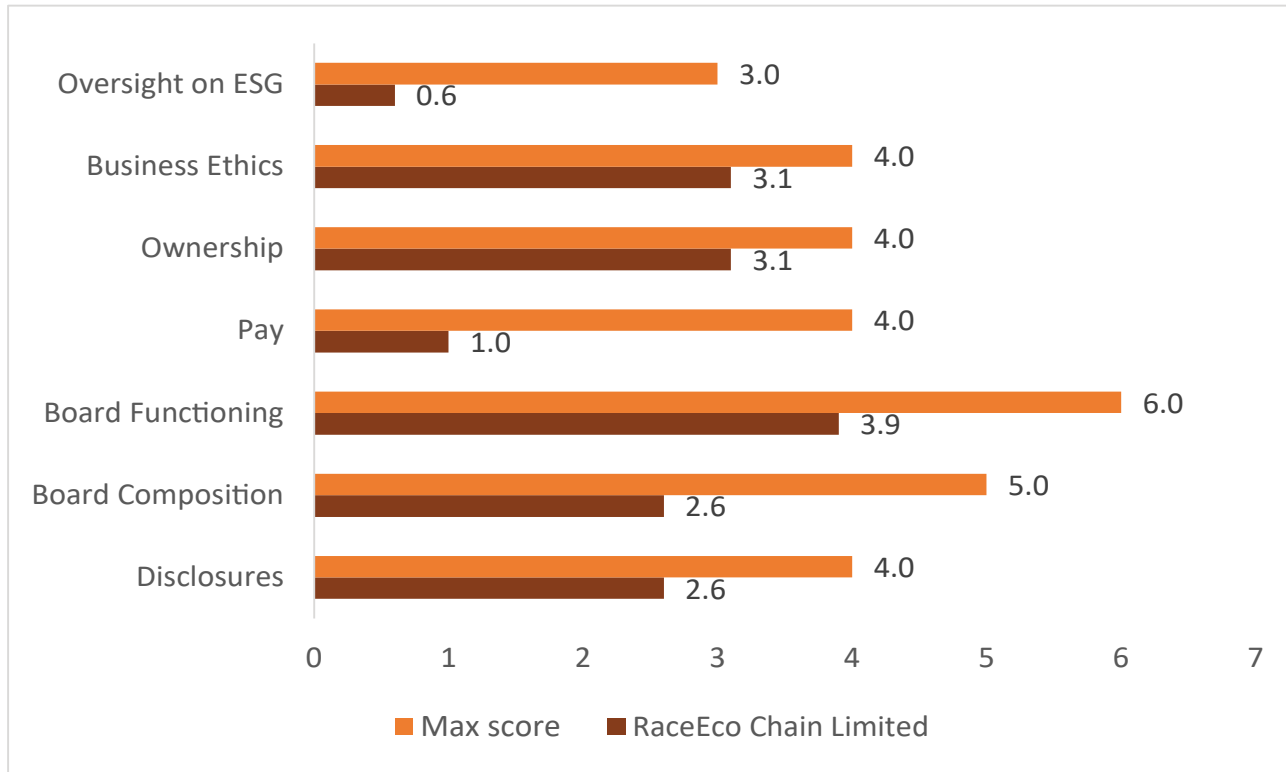
However, the company does not have an employee union considering global best practices as well as OHSAS 18001 Occupational Health and Safety Management Systems to identify and control its health and safety risks.

## RaceEco Chain's performance on Social Themes

Social Themes	Theme Overview	RaceEco Chain's performance
Labour Management	This theme evaluates the performance on labour management practices which include Human Rights practices, employee attrition rate, employee harassment policy & grievance handling mechanism.	RaceEco Chain Limited has various effective policies in place such as Human Rights, Child Labour and Sexual Harassment for the well-being of employees. However, the company does not have policy on freedom of association.
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.	The company has implemented several health and safety measures, including quantitative disclosures and employee insurance policies, with no fatalities and plans for business continuity. However, the company lags third-party audits and disclosure related to health and safety-related incidents.
Prevention of Counterfeit Product Trading	This theme ensures the integrity of products by implementing robust measures to prevent counterfeit trading and protect consumer trust	The company has not disclosed any specific measure for prevention of counterfeit product trading
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.	The Company has Equal Opportunity Policy and procedures to create a framework which promotes Diversity and Inclusion within the organisation. It offers stock option plan and provides the skill training to its employees. However, the company lags initiatives to improve gender diversity in the workforce.
Communities	This theme evaluates the company's commitment towards community through CSR projects and active engagement with them.	RACE has provided disclosure on CSR initiatives. It has Community Grievance Redressal Mechanism in place with no community complaints during the year. However, the company lacks a documented CSR policy
Supply Chain	This theme evaluates the company's suppliers and vendors are incorporated into their code of conduct, ensuring ethical conduct across its supply chain.	The company has formulated Supplier Code of Conduct to assure complete compliance by its value chain partners on matters connected to business ethics.



## Governance Assessment



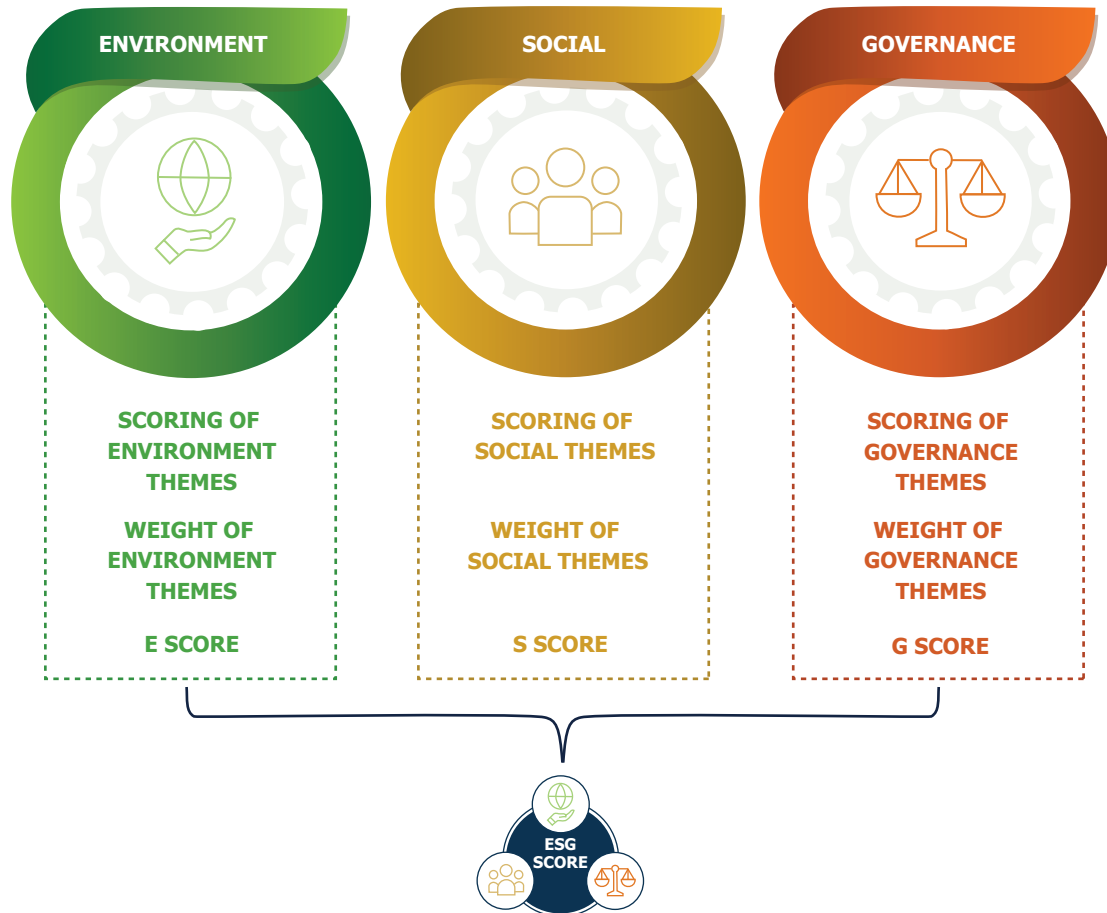
RaceEco Chain Ltd. exhibits moderate performance in its governance pillar of ESG. They exhibit strong compliance with regulatory disclosure requirements, providing comprehensive information on provisions for taxation and financial risks while having no non-audit fees. Additionally, the company transparently discloses board member details and their training initiatives, maintaining an effective governance system. The company has an effective system to counter bribery and corruption. Moreover, it has also adopted key policies such as whistle-blower and code of conduct, giving it an additional edge in effective governance practices. Additionally, the company has reported zero whistle-blower cases during the year. The company has its ESG Policy in place along with future plans of doing the materiality assessment.

However, the company needs to improve its board composition as it has only 44.44% independent directors on board which is less than the regulatory compliance of 50%. Also, the Chairman of the company is an executive member of the board and there is no separation in the role of Chairman and CEO. The company has not disclosed variable pay in the form of fixed financial returns and lags in disclosing corporate political donation during the year.

## RaceEco Chain's Performance on Governance Themes

Governance Themes	Theme Overview	RaceEco Chain'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 ensuring vivid disclosures on provisions for taxation and identification of financial market risk, credit risk and liquidity risk. Moreover, the company does not pay any non-audit fees.
Board Composition	Board composition include composition of directors and key board committees. Whether board diversity policy is implemented by the company.	The company does not have risk management and corporate social responsibility committee. Moreover, the company has 44.44% Independent director composition and lags in disclosing Lead Independent director which is considered as industry best practices
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 it checks on the company's disclosures on governance guidelines, Directors orientation programs and material related party transactions	RACE discloses details of board members and their commitments on other company boards. Furthermore, the company has provided disclosures on ongoing training of its directors alongside regular board meetings during the financial year. However, the company has only 44.44% independent directors which is less than the regulatory compliance. The role of Chairman and Managing Director isn't separated. Also, independent assessment of board performance needs to be conducted- considering global best practice.
Pay	This theme evaluates transparent disclosures on Pay practices, such as pre-defined metrics relevant for CEO's variable compensation, Cap limit on Executive's Bonus and Compensation paid to CEO and the median of the annual compensation of all other employees.	Company has transparently disclosed details pertaining to executive pay practices of key management personnel and has ensured the Remuneration committee comprises of Independent/Non-executive members. However, the company lags disclosure on financial metrics of CEO variable pay and also lags clawback mechanism.
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 provides transparent disclosure of its shareholding pattern and AGM details along with no government holding in the company.
Business Ethics	This theme determines the ethical conduct of the company with key aspects like code of conduct, whistleblower mechanism, anti-competition and anti-bribery policies etc.	The company has an effective system to counter bribery and regularly sensitizes its employees on the Code of Conduct through various training programs. Moreover, the company has reported zero whistle-blower cases during the year.
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	The company has recently initiated its ESG journey by establishing an ESG Policy, planning materiality analysis, and aiming to align with UNSDGs. Although there is no prior record of ESG performance and trends by the company.

## 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 <b>Excellent.</b>
CareEdge ESG 2	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be <b>Very Good.</b>
CareEdge ESG 3	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be <b>Good.</b>
CareEdge ESG 4	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be <b>Average.</b>
CareEdge ESG 5	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be <b>Below Average.</b>
CareEdge ESG 6	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be <b>Poor.</b>
CareEdge ESG 7	The ESG performance and preparedness across environment, social and governance pillars for this entity is expected to be <b>Very Poor.</b>

## Disclaimer

The analyses and conclusions contained in this Environmental, Social and Governance (ESG) report is prepared based on to information and data available to CARE Advisory Research and Training Limited ("CareEdge Research"). The analyses contained herein were undertaken by CareEdge Research as of the dates noted herein. Future events which may have significant material impact on the company may warrant re-evaluation of the ESG assessment.

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.