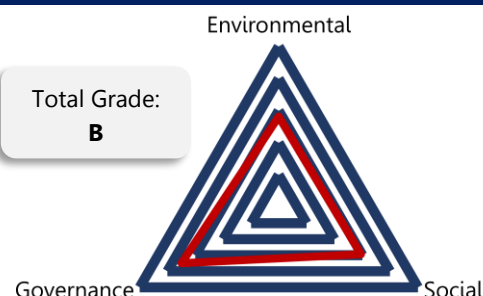


Figure 1: ESG Grading

Table 1: Environmental Grading

Resource Use	0.37	C
Emissions Reduction	0.73	B+
Env. Innovation	0.67	B+

Table 2: Social Grading

Workforce	0.48	C+
Human Rights	0.57	B-
Community Score	0.50	B-
Product Responsibility	0.75	B+

Table 3: Governance Grading

Management	0.74	B+
Shareholders	0.73	B+
CSR Strategy	0.44	C+

GENERAL

A detailed ESG analysis was performed for KRI-KRI milk industry, with guidance from Refinitiv database. By utilizing the fitting weights for dairy industry and evaluating the methodology recommended by the said database, KRI-KRI's aggregate ESG score was classified as a **B**, marginally above its peers' average, which was B-. The company, generally, displays compliance to ESG issues by possessing an above average score, although there are several criteria and requirements that should be improved. An individual analysis of each pillar is followed below:

ENVIRONMENTAL PILLAR

GRADE: B-

For the environmental pillar, KRI-KRI has recently meliorated its environmental responsibility, leading to a grade of B-, unlike its competitors' grade, which was C-. A considerable performance was succeeded on both Environmental Innovation and Emissions subcategories, with notable mentions being the company's environmental investment in a biogas station, the recent use of environmental packaging and the initiatives regarding waste and e-waste reduction. Furthermore, the ISO 1400 system, which KRI-KRI has been using, minimizes the environmental damage produced by the company's operations, leading to a positive impact for our evaluation. On the contrary, the poor performance in Resource Use subcategory originates from the neglect of water and energy efficiency and the lack of an environmental management team, which can be concerned for the aforementioned weaknesses. Overall, the company considers the environmental issues and attempts to adjust accordingly each year.

SOCIAL PILLAR

GRADE: B

Heading to KRI-KRI's most important evaluation, the company managed to succeed a grade of B, slightly surpassing their peers' average, which was B-. The score primarily originated from the Product Responsibility, Community and Human Rights subcategories. More specifically, KRI-KRI aims for their products' health and safety in order to satisfy their consumers, while at the same time the continued upgrade of the ISO 9000 system ensures their quality. Also, the awards the company has received for its working environment in combination with its business ethics regarding human rights further amplify the Social pillar's grade. KRI-KRI holds a lower grade on the Workforce subcategory, mainly due to the lack of ESG training programs and the absence of gender diversity, with the percentage of women working in the company being considerably low (15.5%). This is offset by the training of their employees in health & safety, strengthened with the use of the OHSAS 18001 system and the day care services the company provides. A general conclusion is that KRI-KRI respects both its customers in the retail market and the working policies for the employees, even though it has not been active in any human rights related agreement (i.e. ETI). It is suggested that KRI-KRI should attempt to improve their social pillar, with the Workforce subcategory being their main priority.

GOVERNANCE PILLAR

GRADE: B+

Proceeding to the governance pillar, KRI-KRI managed a sufficiently good grade of B+, which is attributed to the company's performance in Management and Shareholders subcategories. Particularly, the Board of Directors is, for the most part, skilful and efficient on the policies it must follow. It is composed of 5 highly experienced members, with 3 of them being independent (60%) and 4 of them being non-executive (80%), indicating the independence in the Board's authority. The shareholder policies seem to be respected and grant shareholders benefits such as equality on their voting and the right of participation and representation, among others. Nevertheless, this does not negate the fact that a percentage of 73% -soon to stand 79.7%- of the company's shares is possessed by the family Tsinavos, leaving no margin for individuals to obtain a majority voting, while the roles of CEO and chairman position belong to the same person, Panagiotis Tsinavos,

displaying a significant absence of distinction between the company's management and the board's authority. Lastly, the CSR strategy mainly lacks in the provision of information, which is exacerbated by the fact that those criteria are well considered recently.

CONTROVERSIES

GRADE: A+

Although, controversies are not included in the total grade of ESG, due to receiving a higher grading from the main body, it would be valuable to mention KRI-KRI's achievements on this additional pillar. The company's only issue was management departures, with 5 former members of the Board of Directors resigning over a period of 2.5 years, resulting in a decline of the Board's members from 7 to 5 in 2019. Despite that, KRI-KRI's score was an impressive A+, which is attributed to its ethical policies and the compliance with the ESG's international norms and principles.

Table 4: Controversies Grading

KRI-KRI	0.93	A+
---------	------	----

*The European peers for KRI-KRI's ESG valuation were chosen due to the lack of public-listed Greek dairy companies and the already existed valuations in Refinitiv.

Author:

Despoina Damaskou

*Member of Corporate
Finance Dept.*



Disclaimer

About the article

This article has been compiled by the author mentioned above and published by her via the Finance Club UniPi platform. The club confirms that the author is an active member at the time this article is published but emphasizes the fact that opinions and views given by the author in this article are her own views. Finance Club UniPi takes no responsibility for the completeness or correctness of information provided. No investment advice is given with the text above and the reader should not take any financial position based on the information published in this article. The Club recommends extensive research by the reader before investing in any financial asset.

General

The article may be based on the information extracted from various sources including but not limited to various companies' and statistical agencies' websites, online portals, third-party research, annual reports etc. No representation or warranty of any kind is or may be made with respect to the accuracy or completeness of, and no representation or warranty should be inferred from, any projections or futuristic statement contained herein or any underlying assumptions. This article may include descriptions, statements, estimates and projections/futuristic statements with respect to current and anticipated performance of the underlying. Such statements, estimates and projections reflect various assumptions and best estimates made by the participants concerning anticipated results, whose assumptions and estimates may or may not prove to be accurate or correct. There are no assurances whatsoever that any statements, estimates or projections contained in this article, including without limitation any financial or business projections, accurately present in all material respects the underlying's financial and/or business position as of the respective dates specified and the results of its operations for any respective periods indicated. No copyright or trademark infringement is intended in any form.

© Copyright 2021. Finance Club UniPi