




# Theory to Actions for Transformation to an ESG Intelligent Organisation

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 [https://www.youtube.com/channel/UCXvrvkrRuhM\\_6TDqM9pX3EQ/videos](https://www.youtube.com/channel/UCXvrvkrRuhM_6TDqM9pX3EQ/videos)



We must handover a **BETTER EARTH** to next generation. It is our onerous responsibility, because we inherited better

We must convert ESG into a **REVOLUTION** by actions and not let it be just another agenda of any CEO and CXO

# The World 2030 - Eleven Megatrends to Watch



1. **Demographics\***: Will be 1 Bln. more to reach 8.5 Bln. population
2. **Urbanisation\***: Two third of population will live in urban areas
3. **Transparency\***: World will become even more open and less private
4. **Climate Crisis\***: Will continue to change faster toward extreme weather everywhere
5. **Resource Pressure\***: Humanity will aggressively confront resource constraints
6. **Clean Tech\***: Zero carbon technology will surprisingly be far along
7. **Technology Shift\***: IoT will won the day and every new device will be connected
8. **Global Policy?**: Open question about how important things will get done
9. **Populism?**: The rise of nationalism and radicalism may increase .... or worse
10. **Pandemics**: Frequency of Pandemics will be more frequent
11. **World War III**: Would be fought in cyberspace. NATO countries have recently recognised cyberattacks as potential threats for its member countries

We shall continue  
to live in a  
**VUCAFU** World

## The Clarion Call

There is no option but to be an **ESG-Intelligent** organisation for risk-enabled performance management and contribute for transforming the earth to a better place.

# CRISIL's Major Observations

Source: Sustainability Yearbook, 2022

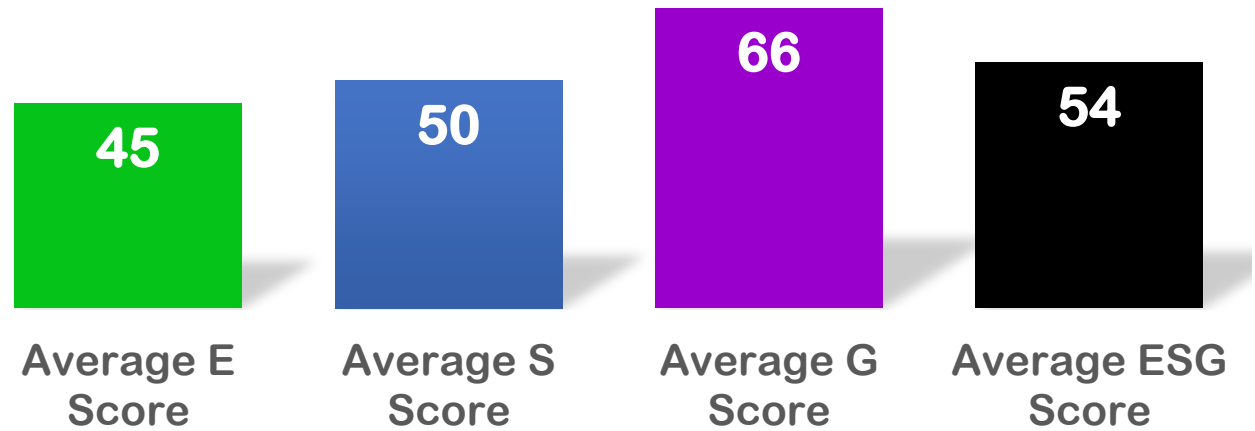
## Overall Score of 576 Companies of India

- ❑ In general, **E disclosure remained weak**, especially because small, midcap and unlisted companies yet to meet minimum of standards
- ❑ **S Scores are relatively better** because of dissemination of information related to gender diversity, employee trainings, etc.
- ❑ Average **G Score is significantly** high because more evolved regulatory obligations in terms of disclosure and governance practices

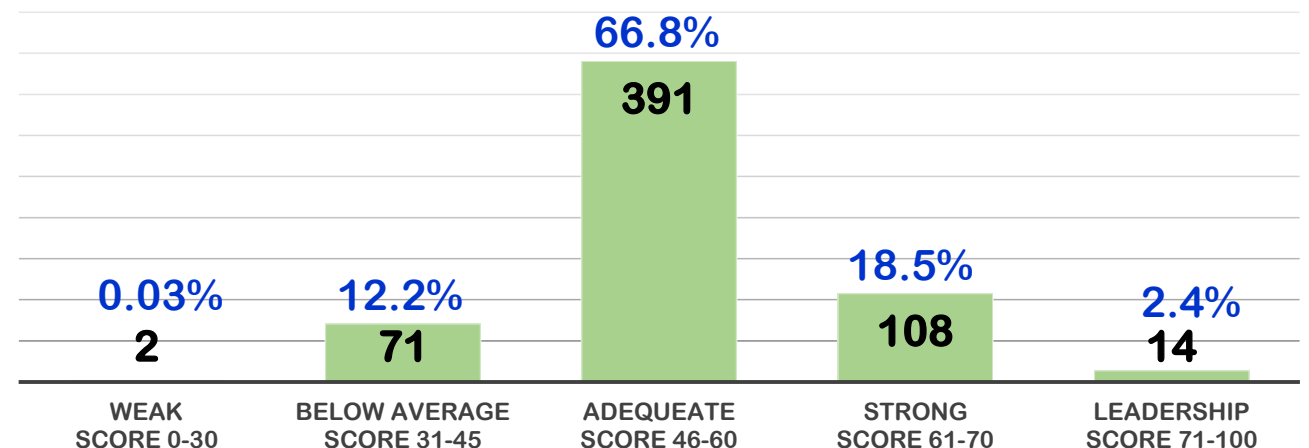
## Score Category

- ❑ **Leadership**
  - *Better disclosure*
  - *Quantitative data*
  - *Significantly better than peers*
  - *Annual improvement in ESG performance*
- ❑ **Weak**
  - Inadequate disclosure
  - Poor quality of ESG management policy
  - Compliance lapses
  - Higher number of complains

## Overall Average E, S, G and ESG Scores

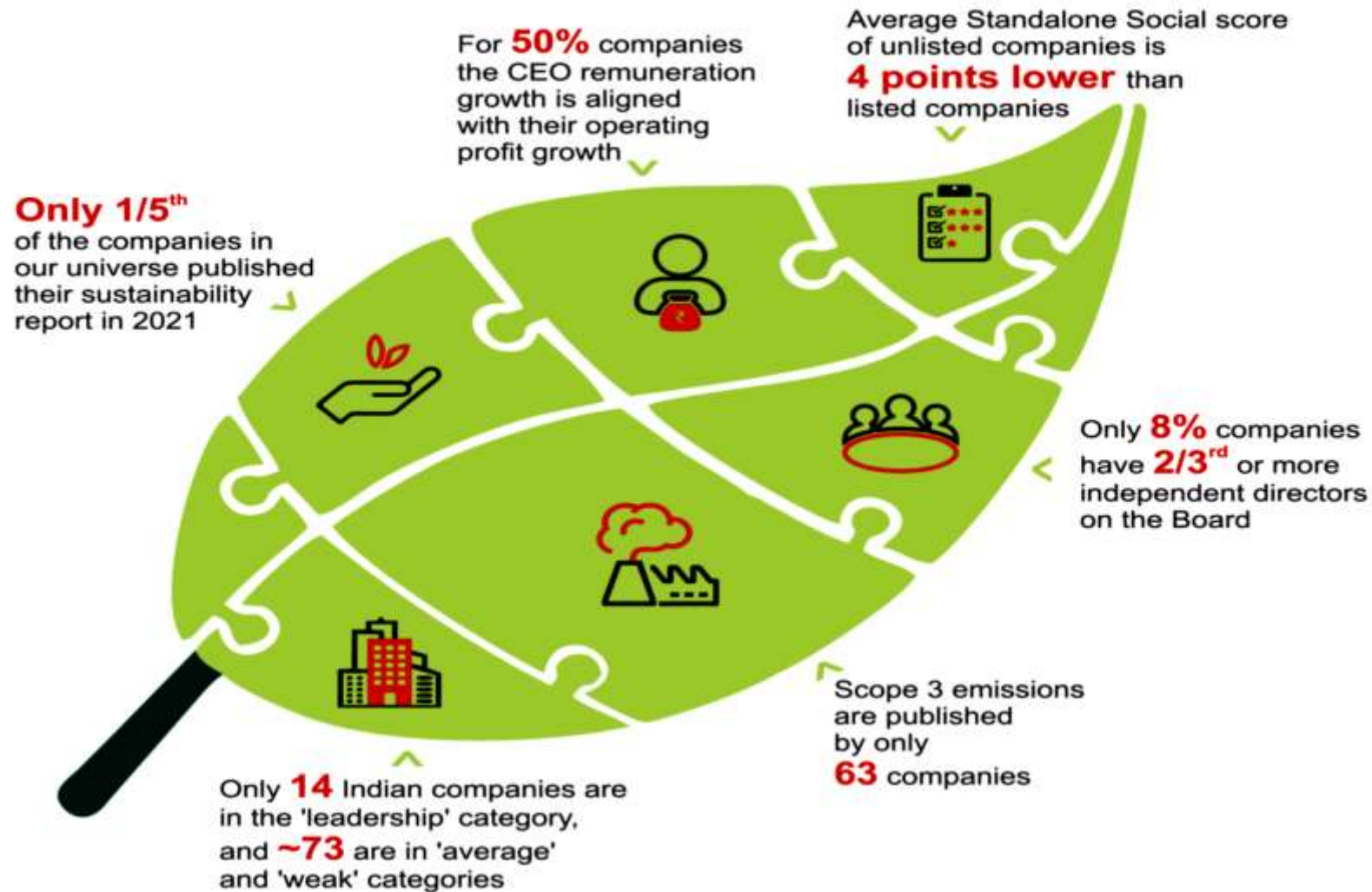


## Score Category-wise No. of Companies



# Summary of CRISIL's Observations

## Key Insights from CRISIL Sustainability Yearbook, 2022



Based on publicly available information

**518**

LISTED INDIAN COMPANIES ASSESSED

**68**

UNLISTED INDIAN COMPANIES ASSESSED

**95%**

Equity AUM COVERED

**94%**

Debt AUM COVERED

**53**

SECTORS COVERED

**100**

EVALUATION PARAMETERS

# Global Scenario - Excerpts from a deliberation in Davos meet, 2022

- ❑ Circa USD 2.7 Trln. of assets now managed in more than 2,900 ESG Funds (Financial Times)
- ❑ Despite growing momentum towards a coherent systems for corporate disclosures
  - Tracking and measuring ESG Commitments vs. Actual performance remains uneven
  - Lack of standardization on ESG Scoring is leading to 'aggregate confusion'
  - Greater attention is called towards how the data underlying ESG rating is generated
  - Need common metrics and consistent reporting for value creation



## 6P Bottom Line for ESG - The Strategic imperative for sustainability

Peace for humanity is one of the ultimate objectives of sustainability

Prioritization of each P factor would depend upon specific features of the industry sector and firm



Let us strive for:

- Inclusive growth
- Inclusive fortune
- Inclusive smile
- Inclusive happiness

## Approaches to ESG Management

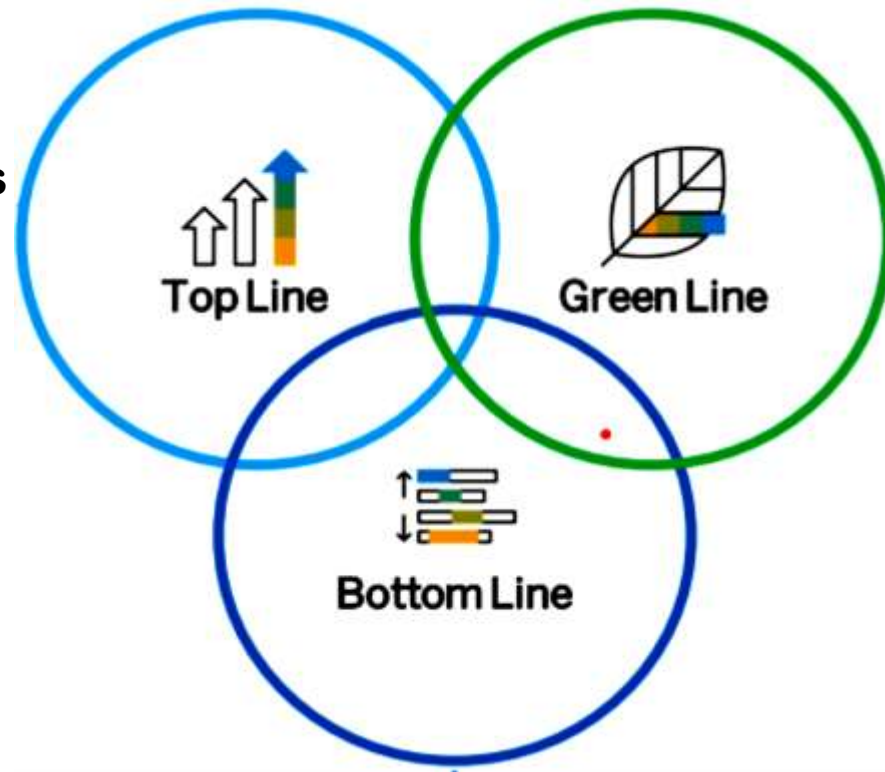
<b>Conformist</b>	<b>Pragmatic</b>	<b>Strategic</b>	<b>Idealistic</b>
<p>“I believe in financial return and consider ESG as just a regulatory boundary.”</p>	<p>“I believe that ESG is an important factor that influences the firm’s performance.”</p>	<p>“I believe that ESG is a part of the firm’s purpose and that it will ensure long-term success.”</p>	<p>“I believe that ESG is my purpose, and, in living that purpose, I can maximise sustainability.”</p>



# Add to Top Line and Bottom Line the Green Line

## Top Line (Revenue)

- Maximise from revenue streams
- Create new business models
- Create ne revenue models



## Green Line (Profit)

- Deliver sustainable products
- Reduce carbon footprint
- Be proactively compliant
- Report transparently

## Bottom Line (Profit)

- Maximise value creation
- Minimise value destruction
- Strategic cost management
- Apply NEM and RAGE Analyses

# Actions for Transformation to an ESG Intelligent Organisation

## Enhance physical and digitalised capabilities to

- ❑ Select the right organisational practices that are aligned with its **strategic orientation** towards ESG
- ❑ Craft business model, revenue model and organizational context with **6P Bottom Line**
- ❑ Train and sensitise all to apply **ESG-Intelligent practices**
- ❑ **Enhance intelligence** for augmenting capacity to capture for once and synthesize all needful information
- ❑ Convert data to information and then to knowledge
- ❑ Understand difference and linkages between new information and previous knowledge
- ❑ Apply the resulting insights at scale through decision support tools like that of **AI, ML and DL**
- ❑ Apply the right digital technologies for the right purpose with **ESG imperatives** in mind




# Digital Transformation for Risk-enabled Intelligent ESG Management

## DT of ESG - Not a statement of intent but the strategic imperatives for CEOs

- ❑ Industry 4.0 has brought in overwhelming changes in processes for creating, preserving, sharing and exchanging values
- ❑ Technologies are fast evolving by merging, physical, digital and biological worlds into one
- ❑ DT and ESG are moving up the CEO's imperatives and strategic agenda as inseparable twins
- ❑ DT of entire value chain for smarter generation desirable results for all stakeholders

## Digital Technologies for DT of ESG Management

- ❑ Blockchain Platform(s) for end-to-end management of
  - Complaints from stakeholders and closure thereof
  - Management of Government grants and subsidies
  - Exchange for Green Bonds issued by corporates and governments
  - Collecting and monitoring of data from Sensors, IoTs, IIoTs, AIIoTs
  - ESG credentials by authorized agencies to corporates and skilled p
  - Tokenized carbon credit transactions both at domestic and global eM
- ❑ AI, ML, DL, GenerativeAI (selectively)
- ❑ Humanoids, Robots, Robotic Process Automation
- ❑ Web3, Metaverse and 3D Printing



ESG is neither a  
Lipstick project,  
nor a Destination. It  
is a Journey

## Certain Action Points for Coordinated Actions and Collaboration

1. Adopt Digital Technologies to establish one version to truth
2. Work towards globally consistent ESG Standards
3. Elevate the S Agenda and leverage social reporting and audit
4. Effective ESG Strategies require top-down driven change
5. Introduce Objective Measurement What can't be measured can't be done and controlled
6. We need a scientific approach to target for Social Reporting
7. Link compensation to specific, numerical targets
8. Document the financial impact of Non-financial Indicators
9. Transparency, Consistency and Comprehensiveness of reporting

**Thank you**

**Best wishes for your building ESG Intelligent Organisations**