



**UNLOCKING  
SUSTAINABILITY: G20  
PRESIDENCY PAVES THE  
WAY FOR AN ESG-DRIVEN  
NEW WORLD ORDER**

**TECHNICAL SESSION-I:  
GOVERNANCE OF ENERGY  
TRANSFORMATION  
THROUGH SUSTAINABLE  
SOURCES**

## What is ESG

- ESG is concept to address the society's environmental, social and governance concerns and find their value drivers in asset management.
- ESG has gained significant traction in recent years as a framework for assessing sustainability and societal impacts of all stakeholders.
- Globally, Rating Agencies have start measuring the ESG compliance; & Investors have started evaluating business proposals with ESG index.
- Numerous institutions are working to form ESG Standards & Disclosures.
  - Sustainability Accounting Standards Board (SASB)
  - Global Reporting Initiative (GRI)
  - Task Force on Climate-related Financial Disclosures (TCFD)

## Environmental Goals

- Conservation of the natural world;
- Ecosystem;
- Climate change and carbon emissions;
- Air and water pollution;
- Biodiversity;
- Deforestation;
- Energy efficiency;
- Waste management;
- Water scarcity, etc.





## Social Goals

- Consideration of people & relationships;
- Customer satisfaction;
- Data protection and privacy;
- Gender and diversity;
- Employee engagement;
- Community relations;
- Human rights;
- Labour standards;
- Animal welfare, etc.



## Governance Goals

- Standards for running a company;
- Ownership & control;
- Board composition & diversity;
- Audit committee structure;
- Bribery and corruption;
- Executive compensation;
- Transparency;
- Business ethics;
- Lobbying;
- Political contributions;
- Whistle-blower schemes, etc.



## Global Sustainability Challenges

- Global warming
- Depletion of natural resources
- Intense Drought & extreme weather events
- Flood risk and rising sea levels
- Privacy and data security
- Social & demographic shifts
- Loss of biodiversity
- Water scarcity
- Corruption & social tensions
- Regulatory pressures
- Economic pressures [caused by COVID-19 pandemic]

## The situation is already grave

- ⑩ The planet on a path to a 2.7 °C temperature rise by the end of this century
- ⑩ Annual greenhouse gas emissions is approx. 51 billion tons - well above the 1.5 °C Paris Agreement target.
- ⑩ Continuation of this trajectory would cut total global economic value by 10% by 2050, according to Swiss Re.
- ⑩ Plastic flowing into the oceans is expected to nearly triple in volume in the next 20 years, adversely affecting our ecosystems, health and economies.
- ⑩ UN estimates that agricultural production will need to increase by about 50% by 2050 to keep pace with rising demand for food.
- ⑩ Food systems cause
  - ⑩ a third of greenhouse gas emissions,
  - ⑩ up to 80% of biodiversity loss, and
  - ⑩ use around 70% of freshwater reserves.



## ESG dilemma

- ⑩ Tackling the environmental, economic and social impact of climate change requires a huge transformation across all sectors.
- ⑩ Progress is being held back by economic, political and regulatory obstacles; therefore, Governments must take a lead role.
- ⑩ Market forces alone won't solve the problem, and the onus is on governments to take a lead.
- ⑩ Meeting ambitious sustainability targets requires a bold, whole-of-society approach sustained by long-term Government commitment.



# Transformation challenges

## *What's holding governments back?*

- Political short-termism
- Competing priorities for policies and funding
- Economic pressures and industry lobbying
- Poor planning and implementation
- Lack of priority and transparency from governments
- Insufficient public engagement
- Disruption to global energy supplies
- Lack of global leadership and cooperation between countries



## TRANSFORMATION CHALLENGES



*What's holding private investors back from green projects?*

Regulatory and policy uncertainty

Poor incentives

Small, fragmented markets

Lack of market data

PPP failures

Unclear investment goals



## TRANSFORMATION CHALLENGES



*Director of UNDP's  
Sustainable Energy Hub said*

The current global challenge requires a major transformation of the global economy, driven by a complete transformation of energy systems – across all dimensions of people, society, institutions, and the environment.

Strong governance is fundamental to support this global transformation.



# TRANSFORMATION CHALLENGES

Actionable points for the Governments:



- Provide detailed action plans with clear accountability
- Incentivize the ESG compliance
- Boost innovation through increased funding
- Improve the design and delivery of green initiatives
- Act as a role model for all stakeholders
- Promote people-centred approach

## Net-Zero carbon emission target

- ⑩ Uruguay by 2030
- ⑩ Finland by 2035
- ⑩ EU, US & most other countries by 2050
- ⑩ China by 2060
- ⑩ India - our Hon'ble Prime Minister made a pledge to become carbon neutral or cut its emissions to net zero by 2070.

# GLOBAL CHANGES ON ESG DISCLOSURES

- **United Kingdom** - introduced climate-change reporting by listed premium companies.
- **European Union (EU)** – mandated ESG disclosure from companies with more than 500 employees doing business in the EU.
- **New Zealand** - mandatory climate-related disclosures by all listed equity and debt issuers.
- **US Securities and Exchange Commission** - enhanced its focus on climate-related disclosures.
- **Hong Kong** - mandated disclosures on board statement and significant climate issues.
- **Taiwan** - mandated sustainability disclosures for companies above threshold of paid-up capital.
- **Singapore** - introduced sustainability reporting on a "comply or explain" basis.





## Clean Energy, a challenge

- To achieve sustainable development, there are two major energy challenges: energy poverty and climate change.
  - More than 3 billion people still lack access to clean cooking; relying on dirty fuels such as charcoal and wood.
  - The indoor air pollution from burning these fuels kills an estimated four million people each year.
- In 2015, the UN adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs).
- SDG 7—affordable and clean energy—responded to these energy challenges in its targets.



## Need for Sustainable Energy

- Energy is the story behind people's lives.
- Without energy, life on earth is not possible.
- Energy powers our economies, & fuels agriculture to feed billions of families.
- Energy is key to sustainable production activities.
- Energy keeps our homes cool or warm.
- Energy is fundamental for human development.
- Energy is both an enabler and a challenge for sustainable development.



## SDG 7: Target by 2030

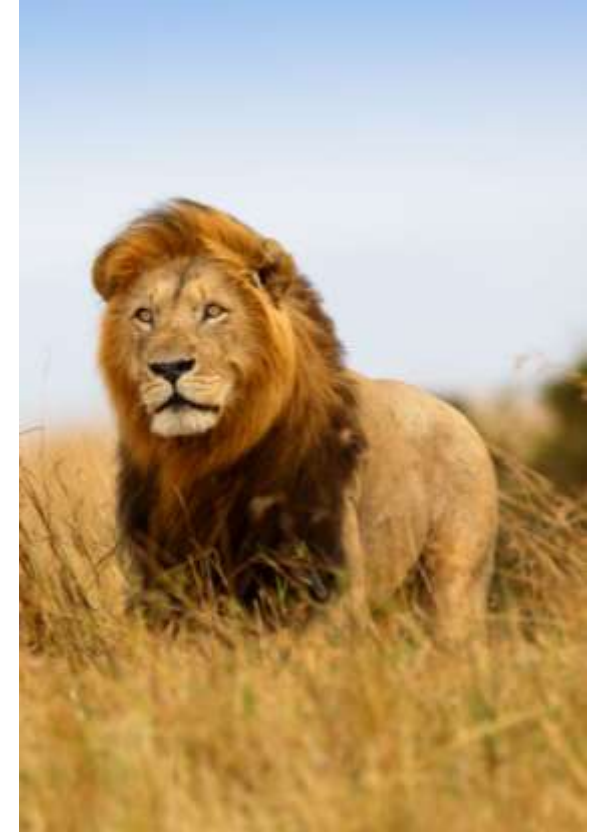
- Ensure access to affordable, reliable, sustainable and modern energy for all
  - Increase substantially the share of renewable energy in the global energy mix
  - Double the global rate of improvement in energy efficiency
  - Enhance international cooperation
  - Promote investment in energy infrastructure and clean energy technology
  - Expand infrastructure and upgrade technology



# INDIA'S CLIMATE CHANGE PROGRAMME

India's National Action Plan on Climate Change include:

1. National Solar Mission
2. National Green Hydrogen Revolution
3. National Mission for Enhanced Energy Efficiency
4. National Mission on Sustainable Habitat
5. National Water Mission
6. National Mission for Sustaining the Himalayan Eco-system
7. National Mission for a Green India
8. National Mission for Sustainable Agriculture
9. National Mission on Strategic Knowledge for Climate Change



## MAJOR STEPS BY INDIA



**Construction of green buildings as these are**

- climate-resilient,
- consume less energy & water,
- provide adequate ventilation & air quality, and
- ensure healthier living.



**Other major examples for environmental transformations include**

shift towards non-renewable energy,  
installations of rooftop Solar PV  
promote use of and electric vehicles (EVs),  
digital communication replacing paper,  
promoting use of recyclable materials [shunning use of plastics],  
reducing pollution, and  
conserve biodiversity, forests & wildlife.

# INDIA'S ECONOMIC & SOCIAL TRANSFORMATION PROGRAMME

- Launched series of socially benefitting schemes in every domain area
  - Cleanliness, sanitation, housing, electricity, gas, potable water, education, healthcare, skill development, etc.
- Government initiatives are fast tracking agrarian India into the IoT era
  - 'Make in India', 'PLI Scheme', 'Digital India', 'Strat-up India', and 'Atmanirbhar Bharat'
- Mission eGovernance - a paradigm shift in engaging with citizens.
- Mission to create value propositions by improving citizen's environmental, social, and economic values.
- Citizens are made an epicentre of transformation.



## HOW INDIAN BUSINESSES CAN GROW SUSTAINABLY WITH ESG APPROACH

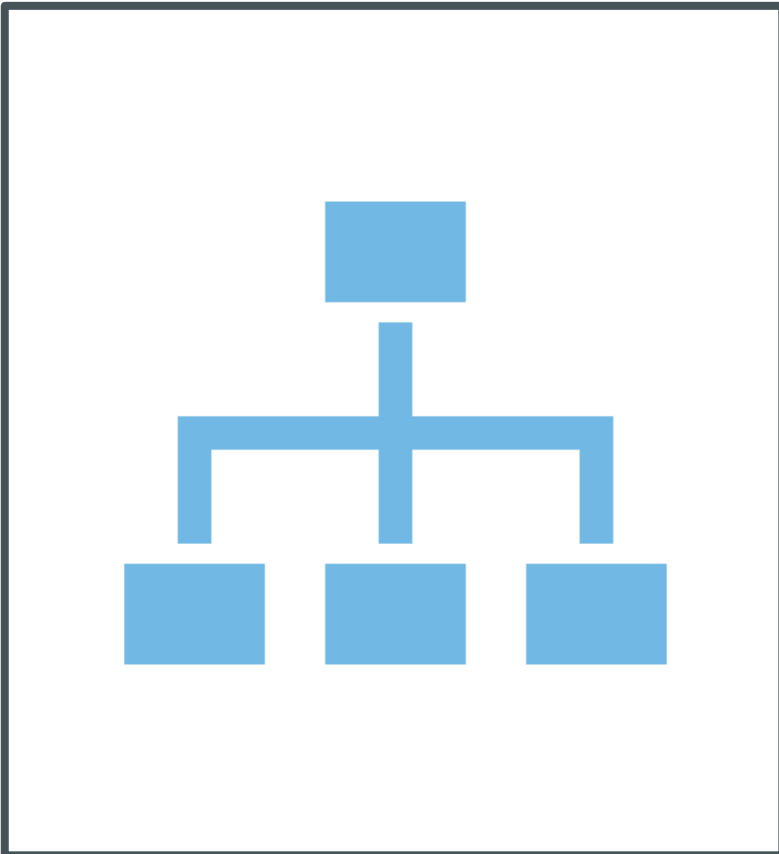
*Develop an ESG architecture by assuming 360-degree approach which covers risk mitigation, adaptation and accountability frameworks.*

### **The steps include:**

- Go Beyond Environment
- Develop Tools for ESG Data Management
- Prepare for ESG Reporting
- Measure and Manage Emissions
- Use ESG Communication for Business Edge

### **The institutional framework include:**

- CDP (formerly Carbon Disclosure Project)
- Global Reporting Initiative
- International Integrated Reporting Council
- Sustainability Accounting Standards Board
- Task Force on Climate-related Financial Disclosures
- United Nations Global Compact



# SEBI – BUSINESS RESPONSIBILITIES & SUSTAINABILITY REPORT (BRSR)

BRSR framework for listed companies giving greater emphasis on ESG indicators

- **Section A - General disclosures:** The section contains details of the listed entity; products/services; operations; employees; holding, subsidiary and associate companies (including joint ventures); CSR; transparency and disclosure compliances.
- **Section B - Management and process disclosures:** It contains questions related to policy and management processes, governance, leadership and oversight.
- **Section C - Principle-wise performance disclosures:** Companies are required to report upon KPIs in alignment with the nine principles of the National Guidelines on Responsible Business Conduct (NGRBC). The section classifies KPIs into two sub-categories:
  - Essential indicators (mandatory)
  - Leadership indicators (voluntary)

# ROLE OF PROFESSIONAL ACCOUNTANTS



Become Energy Accountant



Measure & analyze energy consumption



Help achieve globally consistent metrics



Contain costs & address billing anomalies



Identify energy saving opportunities



Provide assurance over climate change disclosures

THANK  
YOU!

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