||सुखिनोभवंतु||

A Monthly Newsletter

Volume 4

November, 2023

SUSTAINABILITY STANDARDS BOARD

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

Behind every successful business decision, there is always a CMA

SUSTAINABILITY STANDARDS BOARD

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November 2023

CMA (Dr.) Ashish P Thatte
Chairman, SSB

MESSAGE FROM CHAIRMAN, SSB

I trust this message finds you in good health and high spirits. In today's ever-evolving business environment, it becomes increasingly evident that the role of Cost and Management Accountants as stewards of both economic prosperity and environmental well-being is more crucial than ever before.

As key custodians of financial strategy and management within the organization, Cost and Management Accountants hold a unique position to influence and drive sustainability initiatives. It is our responsibility to integrate sustainable practices into our financial decision-making processes, aligning economic goals with environmental and social considerations.

I am happy to inform you that the Sustainability Standards Board of ICMAI has successfully organised a 'Seminar on Sustainability' in association with Western India Regional Council and Goa Chapter of ICMAI on 4th November, 2023 at Goa and also organised a Colloquium on 'Leveraging Sustainability Standards for building Sustainable Organizations' along with Professional Development & CEP Committee of ICMAI, ICMAI Social Auditors Organization in association with Global Reporting Initiative (GRI) on 8th November, 2023 at New Delhi. The Colloquium was graced by Eelco van der Enden, Chief Executive Officer GRI and Ms. Bronte Klein, Chief of Staff – Head of GRI Networks. Both the events received an overwhelming response from the participants.

I am thankful to the Members of Sustainability Standards Board for all their support in the activities of the Board. I am pleased to acknowledge the contribution of resource persons who have contributed their valuable knowledge in this volume of 'Sukhinobhavantu'.

CMA (Dr.) Ashish P Thatte
November 25, 2023

SUSTAIN THE SUSTAINABILITY

WHAT THE GLOBE IS EXPECTING FROM COP28

The COP is the world's highest decision-making body on climate issues. The Conference of Parties (COP) is the single largest and most impactful UN conference. It attracts 80,000 participants from every corner of the planet, united with one focus – climate action. 197 countries, as well as the EU, are party to the United Nations Framework Convention on Climate Change (UNFCCC). The 2-week global mega-event brings together heads of state, climate experts, political leaders, young people and civil society to collaborate on the crucial challenge of climate change.

COP28 is the 28th conferences to the United Nations Framework Convention on Climate Change, will be held in the United Arab Emirates (UAE) from 30 Nov - 12 Dec 2023 at Expo City Dubai. It will bring together world leaders, businesses, and civil society to discuss climate change and its impacts.

The recent climate havocs in various parts of the world have added the urgency for countries to correct the course of climate protection and have also made the COP28 a pertinent event.

Experts say that debates over the phasing out of fossil fuels and a new climate damage fund for the Global South are expected to take center stage in the climate negotiations at the U.N. Climate Change Conference, which will be followed by the release of the first Global Stocktake report in September. The "stocktake," which is to be conducted every five years, is designed to evaluate the world's progress toward meeting the goals of the 2015 Paris Agreement and recommend steps to address shortfalls. The report shows alarming results: Countries are far from reaching the Paris Agreement goals, and the window within which the world can still limit global temperature increase to 1.5 degrees Celcius above pre-industrial levels is "rapidly narrowing." To reach that goal, nations would have to slash global greenhouse gas emissions by 43% by 2030 and 60% by 2035 compared with 2019 levels.

The first Global Stocktake — which is a process for taking stock of the implementation of the Paris Agreement globally — will also come to an end at

COP 28. At COP28, countries must deliver a rapid response plan to the Global Stocktake that transforms every major system on Earth at a pace and depth not seen before, while also improving people's lives and advancing climate justice. The success of COP28 hinges on whether the summit makes progress in four key areas:

Responding to the UN's first Global Stocktake - Commitments reflected in the Global Stocktake outcome at COP28 will need to address transformational action in a comprehensive and balanced way across mitigation, adaptation, loss and damage, finance and support. This will be particularly important in sectors and systems such as energy, transport, food systems and land use.

Transforming Earth's systems — including energy, food and land use, and cities; - the transformation of the way the world produces and consumes food and energy to the way it designs its cities are required to address the climate change. Experts say that the fundamental role of the fossil fuels in the climate change will take the centre stage for discussion at the COP28. The debate would be on whether to 'phase out' or 'phase down' the use of fossil fuels. The International Energy Agency (IEA) finds that for energy-related sectors to reach net-zero by 2050, measures like renewable energy deployment, fuel switching and electrification must collectively reduce energy-related emissions by 15 gigatons by 2030. Addressing the shift away from fossil fuels should also come with an intensive scale-up of alternatives.

Currently, food systems contribute to and are affected by nature and biodiversity loss, climate change, and conflict. Global food and agriculture as a whole is responsible for more than one third of greenhouse gas emissions, up to 70 percent of freshwater use, and as much as 80 percent of biodiversity loss. Unsustainable food systems undermine food and nutrition security and threaten the livelihoods of frontline food systems actors. Food and land use are responsible for at least a third of global emissions, including through their outsized role in driving forest loss. At the same time, droughts, floods, heatwaves and extreme weather are disrupting growing seasons and destroying farmers' crops and livelihoods, exacerbating hunger and food insecurity across the world at a time of war, inflation and inequality.

COP28 will be the first climate summit to explicitly acknowledge the close interplay between food and land use and the climate crisis. The Food and Agriculture Organization is also expected to release a road map to reduce emissions from food and agriculture systems in line with the goal of keeping temperatures from rising above 1.5 degrees Celsius at COP 28.

Cities are critical to addressing climate change, as they account for 70% of global CO2 emissions and are on the front lines of increasingly frequent and severe climate hazards. Research shows that while urban emissions can be cut 90% by 2050 through existing technologies and policy options, municipal governments can achieve only 28% of that potential without additional collaboration with national governments. Experts think that at COP28, cities and national governments can agree on new ways to coordinate to bring down the emissions.

Building resilience to the increasingly severe impacts of climate change - A recent study found that climate disasters cost $2.8 trillion over 2000-2019, or an average of $143 billion per year. It is expected that that negotiators at COP28 help communities adapt to climate impacts and support those who lose their homes, livelihoods. The loss and damage agreement provided hope for many low-income countries that have felt the brunt of climate change, but it also left a lot of questions unanswered. Mainly who will be paying into the fund and who will be eligible to receive funding. The Loss and Demand Fund (LDF) allocation is a contentious issue, with developed and developing countries at odds over its management, and it will be a crucial topic for COP 28. India is pushing for the inclusion of developing nations, including itself, in the Loss and Damages Fund (LDF) discussions at COP 28, arguing that not only small island and least developed nations are affected by climate change.

Delivering climate finance to the world's most vulnerable nations - To keep global climate goals within reach, the world needs to reach [$4.3 trillion in annual climate-related finance flows by 2030]. High-income countries have long been criticized for failure to meet their annual goal — set in 2009 at COP 15 — to mobilize $100 billion for adaptation financing by 2020. Adaptation funding stood at just [$83.3 billion] in 2020. A [report by OECD] found that 2023 will most likely be the year the $100 billion threshold is passed, and annual funding is projected to surpass the billion goal in 2024 and 2025. High-income economies are also under growing pressure to [reform and capitalize] international financial institutions, such as the [World Bank], so they can invest more money in climate efforts. At COP28, it is expected that the negotiators can make progress in several areas to accelerate decarbonization efforts, build resilience to climate impacts and set the stage for new climate finance targets that deliver a step-change in ambition.

The globe is expecting that this year's event will feature the first "global stocktake," which will provide a comprehensive assessment of progress since the Paris Agreement. The objective is to align efforts on climate action, including measures to bridge the gaps in progress. It is expected that the COP28 will also spotlight climate adaptation initiatives, as well as mitigation. These will fall under four key themes: health, water, food, and nature. And finally, COP28 will be the first to feature expanded stakeholder involvement, including high-emissions sectors and private sector oil and gas organizations.

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2. www.devex.com
3. www.vaonews.com
4. www.wri-india.org
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NEWS

SUSTAINABILITY - A GLOBAL OUTLOOK

1. U.S. and China Agree to Displace Fossil Fuels by Ramping Up Renewables

President Biden prepares to meet President Xi Jinping as the world's two largest climate polluters, have agreed to jointly tackle global warming by ramping up wind, solar and other renewable energy with the goal of displacing fossil fuels. The climate agreement could emerge as a bright spot in talks that are likely to focus on sensitive topics including Taiwan, the war in Ukraine and the war between Israel and Hamas.

https://www.nytimes.com/2023/11/14/climate/us-china-climate-agreement.html

2. Germany Backs Siemens Energy in $16 Billion Rescue Package for Green Projects

The German government has agreed to extend financial guarantees for Siemens Energy, a major manufacturer of wind farms based in Munich, as part of a package worth 15 billion euros, or $16.2 billion, aimed at helping the ailing company continue to participate in large renewable energy projects. The company has said that €110 billion worth of orders were on its books and that it required help to sustain them.

https://www.nytimes.com/2023/11/14/business/germany-siemens-energy-green-projects.html

3. A Supernova 'Destroyed' Some of Earth's Ozone for a Few Minutes in 2022

A new study suggests that explosive events in space have the potential to temporarily switch off the natural shield that protects us from harmful solar radiation. There are evidence of a supernova exploding 1.9 billion light-years away. Such events are known as gamma ray bursts, and astronomers who have continued studying this one said it was the "brightest of all time." A team of scientists have discovered that this burst caused a measurable change in the number of ionized particles found in Earth's upper atmosphere, including ozone molecules, which readily absorb harmful solar radiation. The ozone layer was partially depleted but it was nothing serious. But had the Supernova closer to us it would have been a catastrophe – said experts.

https://www.nytimes.com/2023/11/14/science/gamma-ray-burst-ozone-depletion.html

4. In a U.S. First, a Commercial Plant Starts Pulling Carbon From the Air

In an open-air warehouse in California's Central Valley, 40-foot-tall racks hold hundreds of trays filled with a white powder that turns crusty as it absorbs carbon dioxide from the sky. The start-up that built the facility, Heirloom Carbon Technologies, calls it the first commercial plant in the United States to use direct air capture, which involves vacuuming greenhouse gases from the atmosphere. Another plant is operating in Iceland, and some scientists say the technique could be crucial for fighting climate change. The technique is expensive but it could help fight climate change. Backers hope fast growth can bring down costs.

https://www.nytimes.com/2023/11/09/climate/direct-air-capture-carbon.html

5. US opens way for nuclear investment in energy-hungry Philippines

The United States on Thursday (Nov 16) signed a nuclear cooperation agreement with the Philippines, clearing a path for US investment to jump-start atomic power in a country racing to expand its electricity supply. The deal signed with Blinken commits the Philippines to safeguards against the use of transferred nuclear material to produce nuclear weapons. Known as 123 agreements after their section in the US Atomic Energy Act, the pacts are critical for investment by US nuclear companies, which are wary of running afoul of laws related to proliferation.

https://www.channelnewsasia.com/asia/us-philippines-nuclear-power-energy-deal-3927931

6. EU reaches deal to stop sending waste to countries that can't process it

European Union lawmakers and member states have reached a deal to revise the bloc's waste shipment regulation and end exports of certain types of waste to third countries unable to process it properly. The European Commission in 2021 proposed a revamp of EU rules on waste shipments to make it harder for member states to offload their trash into poorer countries.

https://www.channelnewsasia.com/sustainability/eu-waste-sending-countries-process-stop-deal-3928326

7. Greenland glaciers melt five times faster than 20 years ago

Greenland's ice melt is of particular concern, as the ancient ice sheet holds enough water to raise sea levels by at least 20 feet. Glaciers in Greenland are often used to anticipate the effects of climate change on Greenland's ice sheet. Experts say, there is a very clear correlation between the temperature we experience on the planet and the changes we observe in how rapidly the glaciers are melting.

https://www.thehindu.com/sci-tech/energy-and-environment/greenland-glaciers-melt-five-times-faster-than-20-years-ago/article67531256.ece

8. Greenhouse gases hit record high in 2022: UN

Greenhouse gas concentrations in the atmosphere hit new record highs in 2022, with no end in sight to the rising trend, the United Nations warned on November 15. Experts say, "This will be accompanied by more extreme weather, including intense heat and rainfall, ice melt, sea level rise and ocean heat and acidification. "The socioeconomic and environmental costs will soar. We must reduce the consumption of fossil fuels as a matter of urgency".

https://www.thehindu.com/sci-tech/energy-and-environment/greenhouse-gases-hit-record-high-in-2022-un/article67536921.ece

9. EU reaches deal to reduce highly polluting methane gas emissions from energy sector

European Union negotiators reached a deal on Wednesday to reduce highly polluting methane gas emissions from the energy sector across the 27-nation bloc. According to experts, one of the biggest causes of climate change is methane gas emissions - second only to carbon dioxide. The gas also causes serious health problems. The deal needs to be formally approved by both the European Parliament and the Council, which represents member states, before the new legislation enters into force.

https://timesofindia.indiatimes.com/home/environment/global-warming/eu-reaches-deal-to-reduce-highly-polluting-methane-gas-emissions-from-energy-sector/articleshow/105232539.cms

10. ESG: Why companies need to change their perception and approach towards sustainability

According to the updated definition in the International Sustainability Standards Board (ISSB), sustainability is 'the ability of a company to sustainably maintain resources and relationships with and manage its dependencies and impacts within its whole business ecosystem over the short, medium and long term'.

https://economictimes.indiatimes.com/opinion/et-commentary/esg-why-companies-need-to-change-their-perception-and-approach-towards-sustainability/articleshow/104992288.cms

SUSTAINABILITY – INDIAN CONTEXT

1.New Delhi smog grows more intense as farm fires rage, world's most polluted city again

A north-westerly wind blowing over the city is carrying smoke from farm fires in nearby fields and the wind speed within Delhi is light and unfavourable for dispersion of pollutants, a meteorological department official said on condition of anonymity. Air quality in the plains of northern India worsens every winter when cold air traps emissions from multiple sources including vehicles, industries, construction dust and agricultural waste burning.

https://www.channelnewsasia.com/sustainability/india-new-delhi-world-most-polluted-city-toxic-smog-intense-3925076

2. Sustainability leadership summit to release Bengaluru declaration on 2nd Nov'23

To commemorate its 20th anniversary, the Centre for Sustainable Development (CSD) will host a Sustainable Leadership Summit in Bengaluru. During this event, the 'Bengaluru Declaration on Acceleration of Sustainable Development Goals (SDG)' will be adopted. CSD Chairman, A. Ravindra, emphasized that the declaration would set the course for sustainable development involving government, industry, NGOs, and youth.

https://economictimes.indiatimes.com/news/india/sustainability-leadership-summit-to-release-bengaluru-declaration-on-saturday/articleshow/104921288.cms

3.Vedanta improves ranking in sustainability assessment

Diversified natural resources company Vedanta Ltd has reported a significant improvement in its ranking in S&P Global's 2023 corporate sustainability assessment. Vedanta achieved a score of 81 points this year, up from 76 points in the previous year, surpassing its global peers.

https://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/vedanta-improves-ranking-in-sustainability-assessment/articleshow/104778214.cms

4. India's G20 Presidency opens doors for global investment, sustainable economic growth

India's G20 presidency has opened doors for global investment. The G20 will support the financial sector in ensuring sustainable economic growth and the stability of financial markets.

https://economictimes.indiatimes.com/news/economy/finance/indias-g20-presidency-opens-doors-for-global-investment-sustainable-economic-growth-says-mos-finance/articleshow/104785039.cms

5. India unlikely to join global cooling pledge at COP28

The pledge to cut cooling-related carbon dioxide emissions by at least 68% by 2050 compared with 2022 levels was developed by the United Nations Environment Programme's Cool Coalition and COP28 host the United Arab Emirates. The pledge would require major investments by countries to shift to sustainable cooling technologies and also raise the cost of such products.

https://economictimes.indiatimes.com/news/india/india-unlikely-to-join-global-cooling-pledge-at-cop28-govt-sources/articleshow/104745291.cms

6. Green buildings can reduce emissions by 35%, maintenance costs by 20%

Green buildings can lead to 35 per cent reduction in emissions and 20 per cent reduction in maintenance costs. The real estate sector's shift towards a more sustainable solution could contribute significantly to India's target to reduce the emissions intensity of its gross domestic product (GDP) by 45 per cent by 2030.

https://www.business-standard.com/industry/news/green-buildings-can-reduce-emissions-by-35-maintenance-costs-by-20-123110700805_1.html

IMPLEMENTING SUSTAINABILITY AT GRASSROOTS

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Introduction

The instinct to leave our footprints behind in this world is natural for the humankind. The legacy we leave behind should not only be awe-inspiring technology, huge skyscrapers and libraries of knowledge, but also the basic ingredients of life – availability of clean potable water for all, bountiful supply of wholesome food and clean air to breathe. As Maslow's hierarchy of needs shows, if the basic needs of life are not satisfied, anything else would not be of much use. We do not want to leave behind a future as envisaged in the sci-fi movie Interstellar, "Right now the world doesn't need more engineers. We didn't run out of planes or television sets. We ran out of food. The world needs farmers." The movie extrapolates the downward spiral of climate degradation that we have collectively set in motion. It takes the simulation so far that jettisoning the humankind out of the Earth in search for a new Earth is the only chance of survival. The situation may not yet be that grim, but it is high time we take efforts to stop this downward spiral.

Businesses can play a huge role in spearheading the restoration of the environment to its past glory and in bringing about awareness among the public. The regulators and the government may be prescribing ESG reporting norms for the bigger entities, however the implementation must happen at the grassroots to make the reporting have a meaningful impact. Bigger OEMs (Original Equipment Manufacturers), most of which are subject to ESG (Environmental, Social and Governance) reporting norms under SEBI or other regulators, source their raw materials and components from several relatively smaller businesses, who in turn will have their own diversified supplier base, and so on. SEBI's Business Responsibility and Sustainability Report (BRSR), which is at present applicable to the Top 1,000 listed entities by market capitalization, asks: "Does the entity have procedures in place for sustainable sourcing? If yes, what percentage of inputs were sourced sustainably?" In order for the OEMs to move in a truly sustainable direction, it is necessary that sustainable practices and sourcing be implemented up in the value chain too.

The transformation must touch the shop floor of the supplier at the first level of the value chain. And we can surely say that the transformation must also happen amongst the consumers who must be made aware of the importance of choosing sustainably-produced products. This awareness can also be brought about by businesses through their marketing efforts and by permeating a culture of sustainability-aware mindset among the employees.

Ways to Make Sustainability a Reality at the Grassroots

Top-Down Approach – Leadership Setting the Tone

The leadership of an organization must exhibit environment-conscious and socially-responsible behaviour in all their decisions and conduct. They must keep in mind that even the littlest things they do will be noticed and emulated by the employees. It is often observed that business leaders who have built their companies from scratch, the first-generation entrepreneurs, usually exhibit cost-conscious behaviour and keep in touch with their roots naturally. Such cost-conscious behaviour when combined with vocal cognizance of the ever-depleting natural resources, can set an example to be followed by the employees in the next rung and so on and so forth until the behaviour is reflected in the shopfloor. This can also be achieved by recognizing the important role played by the workers at the shopfloor in the value chain and in the ecosystem. When the workers at the shopfloor are conscious of the role they play, they are likely to participate in the work with pride and ownership, which, in turn, may lead to higher efficiency and minimization of leakages and wastages. However, this cannot be seen only from an environmental angle, as empowerment of workers also has social implications.

Due Recognition to Employees and Workers

Giving due recognition to the role of workers in the value chain cannot remain something on paper or merely stop with words of praise. Unless something tangible is done to ensure that there is no exploitation of labour, that their voices are heard, and fairness in pay is guaranteed, no amount of inspiring leadership will work. It is interesting and wonderful to observe how the concept of ESG recognizes the interplay between environmental and social aspects. There is a separate segment of BRSR that requires: "Businesses should respect and promote the well-being of all employees, including those in their value chains." Inclusion of employees in the value chain is significant because we have seen instances where big labels outsource their manufacturing on a contract basis to entities set up in countries with cheap labour, willfully turning a blind eye to exploitation of labour and abysmal working conditions. This is hoped to be curbed or at least minimized by asking the companies to report on these aspects in their sustainability reports.

Sustainable Sourcing

Sustainable sourcing of raw materials and components should become the norm. The selection of suppliers must not only be based on L1 quote but also take into account sustainable practices. While this may already have begun with the larger companies forming part of the BRSR reporting requirement, as they are required to ensure sustainable sourcing, this practice should percolate upstream till the level of the primary producer. For example, if a company is engaged in marketing potato chips, it must be ensured that the farmers engaged in growing potatoes and spices must use environment-friendly farming practices, organic fertilizers and nature-based pesticides. With the same analogy, in case of car manufacturing companies, it must be ensured that the suppliers engaged in steel manufacturing or rubber-manufacturing or ancillary processes like welding or other job work, adopt ESG practices.

Reduce-reuse-recycle philosophy must be actively implemented in the organization. Reducing the usage of materials, components, stationery, stores, spares, consumables, reusing whatever is possible to the optimum extent possible and recycling the rest should be a norm. Implementation of ERP and supply chain management systems and integrating with technologies like RFID, IoT, smart contracts not only take the organization towards paperless functioning, but also help in streamlining the linkages and achieving minimal wastage and maximum efficiency.

Gradual Transition to Renewable Sources of Energy

Sustainable modes of functioning may not be possible always. It is also not possible at all times to avoid dependence on fossil fuels, at least in the short term for smaller entities. An entity may be using diesel generator or thermal power for its operations. However, it may always consider shifting to renewable sources while charting out its capex plans. The transition may be slow but it must be sure. Government's efforts in subsidizing setting up of solar-energy equipment will go a long way in this regard.

Creating Awareness on Sustainable Lifestyle

Marketing efforts like awareness advertisements and campaigns, public outreach programmes, must also be made to ensure that the consumers understand the importance of a sustainable lifestyle. The benefit here is that not only will the consumers become aware of the broader issues, but also be willing to understand that sometimes a sustainably-created product may cost a tad higher than those created using cheaper but environment-unfriendly technologies like low-grade plastics.

The organization may also conduct training and awareness programmes for its employees on segregation of wastes into dry wastes, wet wastes and hazardous wastes, which can be implemented in their respective households and housing societies also. The management may put in place policies that give due recognition to employees and workers who do their part in conservation of resources both inside the organization and outside it.

Making Sustainable Alternatives for Everyday Products

A great way to truly bring about sustainable lifestyle among the public is by researching on sustainable alternatives for everyday products that are bad for the environment. For example, many businesses are now creating cruelty-free cosmetics and environment-friendly perfumes that do not use aerosol, cleaning products with nature-based ingredients and less-polluting chemicals without microplastics, vegan products that are free of animal-based ingredients, biodegradable garbage covers, products made out of cloth instead of single-use plastic, and so on. Electric vehicles deserve a special mention here. However, the lithium batteries that go inside these come under criticism for being a health hazard. As these issues are ironed out, electric vehicles are poised to become more mainstream.

Conclusion

While there are several ways to integrate sustainable practices in the DNA of an organization, to grow beyond mere reporting and effect real change, sustainability must be woven into the fabric of corporate strategy and in consumer preferences. Being aware of the needs of the posterity will bring the much-needed perspective while designing, producing and marketing products. Change must begin at the top of an organization, permeate through the layers and the entire value chain – right from raw material supplier to manufacturers of intermediate goods to the distribution channels and the message must reach the ultimate consumer. *"Lokah Samastah Sukhinobhavantu, Sarve Janan Sukhinobhavantu"* must be the mantra on the minds of every business trying to create value in the socio-economic ecosystem today.

HARMONISING PLANET AND PROFIT:

THE CRUCIAL ROLE OF COST AND MANAGEMENT ACCOUNTANT

CMA Arunabha Saha
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Thane

The phrase "सुखिनो भवन्तु" - a Sanskrit mantra that translates to "May all be happy". The beauty of this age-old blessing lies in its universality, transcending boundaries and beliefs. It is a prayer, a mantra, and an ethos. In the world of sustainability, it becomes a lighthouse, guiding us through the tumultuous seas of environmental crisis and social disparities. In today's dynamic business landscape, companies face a growing demand for sustainability, with environmental and social responsibility playing an ever-increasing role in corporate success. The dual pursuit of "Planet and Profit" has emerged as a sustainable standard, recognising that financial prosperity and ecological responsibility need not be at odds. This article explores the "Planet and Profit" paradigm and highlights the indispensable role of cost and management accountants in driving businesses toward a harmonious coexistence of economic viability and environmental stewardship.

"Planet and Profit" encapsulates the idea that companies can strive for both profitability and sustainability, simultaneously enhancing their economic and environmental bottom lines. It embodies the ethos that a prosperous business can thrive in a world where corporate social responsibility and green practices are highly valued.

The world is at a pivotal moment where environmental consciousness and economic growth converge. The idea of achieving both "Planet and Profit" is emerging as the new sustainable standard for businesses and organisations worldwide.

"Planet and Profit" is a sustainable standard that calls for a dual commitment to financial success and ecological responsibility. This paradigm acknowledges that the health of the planet and the prosperity of business can be complementary, not conflicting. It embodies a new, balanced approach to sustainability that is gaining traction across sectors.

Economic viability remains at the heart of "Planet and Profit." Successful businesses understand that long-term financial success necessitates ethical practices, resource efficiency, and cost-effective sustainable operations. Profitability is not sacrificed rather reimagined within a new framework of environmental responsibility.

At the same time, "Planet and Profit" underscores the vital importance of environmental stewardship. Businesses and organisations are recognising their roles in preserving natural resources, mitigating climate change, and reducing their ecological footprint. From embracing renewable energy to implementing circular economy practices, sustainability is no longer a choice but a necessity.

Cost and management accountants (CMA) serve as architects of the "Planet and Profit" framework, playing an instrumental role in this mission. Below are some highlights, how CMA can contribute to this duality:

1. **Cost analysis for Sustainability:** CMAs are experts in managing costs within an organisation. They play a vital role in identifying and analysing costs associated with business operations. By doing so, they can help in reducing, reusing, recycling, refurbishing, recovering, recirculating **(6R)** wastage, improving efficiency, and optimising resource use, all of which are essential for sustainability. 6R of waste and optimising resource use has a positive impact on environment, at the same time it reduces cost by eliminating misuse and improving efficiencies.

2. **Performance Metrics for Sustainability:** CMAs can establish performance metrics that incorporate sustainability criteria, enabling organisations to track their progress toward emission reduction goal. This involves tracking and reporting on environmental costs, such as energy consumption, waste management, and emissions. By quantifying these costs, organisations can make informed decisions about resource efficiency and reducing their environmental impact. Conversion of fossil fuel usage to renewable energy consumption is a critical step toward addressing environmental sustainability. CMAs play a significant role in this transition by facilitating the financial and strategic aspects of this transformation.

3. **Lifecycle Costing:** CMAs can perform lifecycle costing (LCC) analysis, which takes into account the total costs associated with a product or service from its creation to its disposal. This perspective helps organisations make informed decisions

about the environmental and economic impacts of their products and services in each step. Incorporating life cycle costing into sustainability accounting is essential for making informed and responsible decisions that consider both financial and environmental aspects. CMAs play a critical role in implementing LCC, ensuring that organisations have a comprehensive understanding of the true costs (*explained below) and impacts associated with sustainability initiatives. This, in turn, contributes to a more sustainable and environmentally responsible approach to business and decision-making.

4. **Continuous Improvement:** CMAs are skilled in continuous improvement techniques like Six Sigma and Lean accounting, which can be applied to make business processes more sustainable. These methodologies aim to reduce waste, enhance quality, and increase overall efficiency. CMAs are instrumental in driving continuous improvement in a sustainable business environment. Their (CMAs) expertise in financial analysis, data collection, and performance evaluation enables organisations to make informed decisions, set targets, and continually enhance their sustainability practices. This, in turn, contributes to long-term business success and a positive impact on society and the environment.

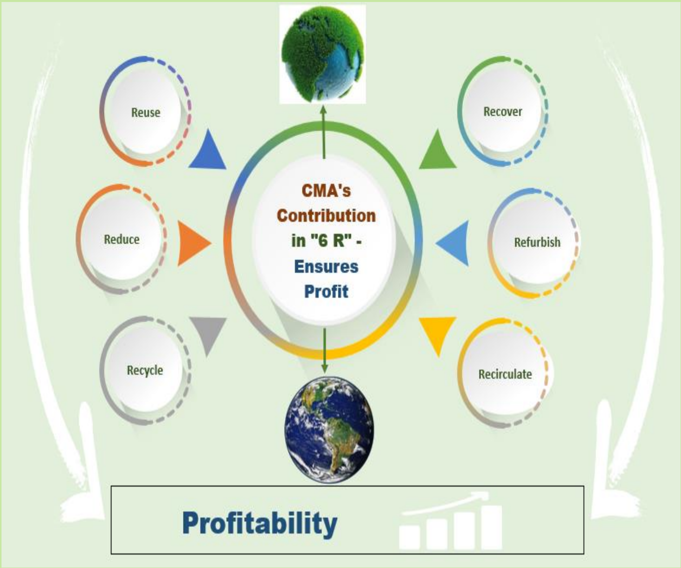
5. **Carbon Market**: CMAs are instrumental in helping organisations participate in carbon markets, simultaneously addressing the dual mission of planet and profit. Their expertise in financial analysis, regulatory compliance, emissions reduction strategies, and carbon credit management enables organisations to achieve both environmental sustainability and financial viability in a rapidly evolving and critically important aspect of the business world.

6. **Circular Economy:** By integrating the principles of the circular economy into financial and management decision-making processes, CMAs can help organisations reduce waste, minimise environmental impact, improve resource efficiency, and contribute to a more sustainable and responsible business model. Their expertise in financial management and analysis can support the successful adoption of circular economy practices.

Planet and Profit is a concept that underscores the necessity of harmonising environmental sustainability with financial prosperity. It recognises that businesses must consider their impact on the planet while pursuing profit. This balance is not only ethically commendable but also increasingly becoming a competitive advantage in today's market. Companies that embrace sustainability often experience enhanced reputation, better risk management, and cost savings in the long run.

CMAs play a crucial role in the Planet and Profit paradigm. Their expertise in financial management and data analysis equips them to guide organisations towards more sustainable practices while ensuring profitability.

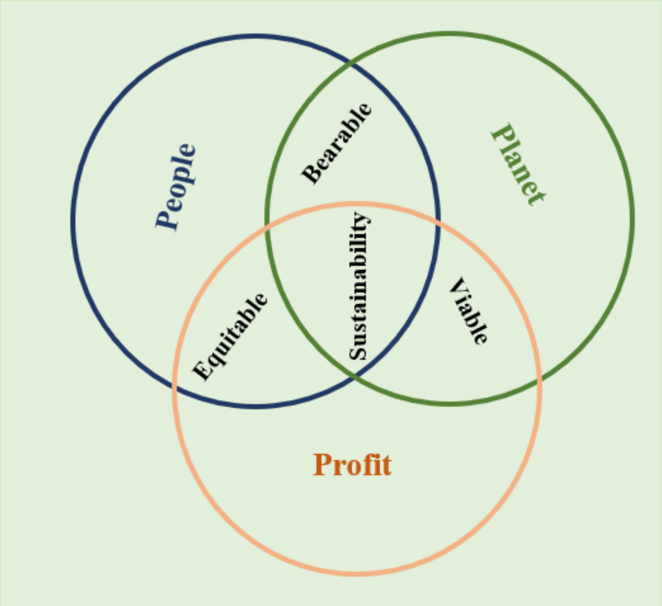
The "Planet and Profit" paradigm epitomises the integration of ecological stewardship and financial success. CMAs are the driving force behind this transformation through its various Astras – *True Cost Accounting (TCA) is an Astra for account and



financial analysis that aims to assess and incorporate the full economic, environmental and social costs of products, services, or activities. It goes beyond conventional accounting, which primarily focuses on financial costs, and account for the broader impacts and externalities associated with various actions. By quantifying externalities and hidden costs, TCA aims to promote more informed decision-making, particularly in sustainability and corporate responsibility contexts.

People use plant to earn profit (directly or indirectly). To earn profit from the planet while respecting the environment, people should adopt sustainable resource management practices. "People, Planet, and Profit" is not merely a catchphrase; it is a holistic approach to sustainability. It acknowledges that these three dimensions are interconnected and interdependent. By embracing the mantra- सुखिनो भवन्तु, we acknowledge that we cannot compromise the well-being of people or the health of our planet for the sake of profit. Conversely, we understand that sustainable profitability is essential to fund the positive changes we want to see in the world.

"People, Planet, and Profit" is the mantra for sustainability, a reminder that our choices and actions must benefit not just one aspect of our existence but all three. Sustainability, rooted in this mantra, is our roadmap to a brighter and more responsible world. It is a path we must all walk together, for the benefit of ourselves, future



generations, and the planet we call home.

When we apply "सुखिनो भवन्तु" to sustainability, it becomes a powerful call to rekindle our compassion.

Sustainability is not just about reducing carbon emissions or conserving resources; it is about a deep-rooted empathy for all living creatures and our shared home, the planet. It is about recognising that we are all interconnected, and the suffering of one is the suffering of all. "सुखिनो भवन्तु" and sustainability are interconnected, both pointing to a path of love and care for all life. It is an embodiment of our shared duty to protect the planet and foster happiness for all beings. As we navigate the complexities of sustainability, let us remember that it is not just about numbers and statistics; it is about touching the hearts and lives of every being, and that is a truly touchy and profound concept.

"May our pursuit of profit always be in harmony with the well-being of people and the preservation of our planet, for this balance, सुखिनो भवन्तु - may all be happy."

A CMA's role extends beyond numbers & figures; it includes the responsibility to promote harmony between people, planet, and profit. Let us strive for prosperity for all, keeping 'सुखिनो भवन्तु' in mind.

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CSR AND ESG:

THE DIFFERENCE BETWEEN THESE NORMS IN INDIA

Sandhya Nair
Practicing Company Secretary
Pune

Businesses are deeply connected with environmental, social, and governance concerns. Two terms that we often hear in connection with sustainability, and sometimes used interchangeably are Corporate Social Responsibility (CSR) and Environmental, social, and governance (ESG). While there are many areas these two terms overlap each other, still there is difference in both terms and their real implications. While CSR aims to make a business accountable, ESG criteria make such business' efforts measurable.

CSR is about how companies manage the business processes to produce an overall positive impact on society. Environmental, social, and governance (ESG) criteria are a set of standards for a company's behaviour used by socially conscious investors to screen potential investments.

Whilst ESG and CSR are both concerned with a company's impact on society and the environment, the major difference between them is that CSR is a business model used by individual companies, but ESG is a criterion that investors use to assess a company and determine if they are worth investing in. In this Article we are looking at the legal difference in both ESG and CSR. How it is implemented in India and framework adopted for application of both.

Reason for Introduction of CSR for Companies:

Corporate Social Responsibility is a commitment to improve community well-being through discretionary business practices and corporate resources.

Ministry of Corporate Affairs' Second High-Level Committee Report, 2018, "The (CSR) law intends to mainstream the practice of business involvement in CSR and make (businesses) socially, economically and environmentally responsible…to address social and environmental concerns of the local area and other needy areas in the country"

Legal Provisions for CSR in India:

Section 135 of the Companies Act, 2013 ("Act") provides that certain companies must mandatorily contribute a certain amount towards CSR activities. As per the Act, 'Corporate Social Responsibility' means and includes but is not limited to:

- ➢ Projects or programs relating to activities specified in Schedule VII to The Act.
- ➢ Projects or programs relating to those activities which are undertaken by the Board of Directors of a company in ensuring the recommendation of the CSR Committee of the Board as per declared CSR Policy along with the conditions that such policy will cover subjects specified in Schedule VII of the Act.

As per section 135(1) of the Companies Act 2013, the CSR provision applies to companies which fulfils any of the following criteria during the immediately preceding financial year: –

- Companies having net worth of rupees five hundred crore or more, or
- Companies having turnover of rupees one thousand crore or more, or
- Companies having a net profit of rupees five crore or more.
- As per Rule 3, Every company, including its holding company, subsidiary, and foreign company with a branch office or project office in India that has a net worth of rupees 500 crore or more, a turnover of rupees 1000 crore or more, or a net profit of rupees 5 crore or more during the immediately preceding financial year will also be subject to the CSR provision
- According to Section 135, sub-clause 5 of the Act, all the companies which satisfy the criteria mentioned under Section 135(1) need to spend at least 2% of the average net profit earned during the immediately preceding three financial years in accordance with the company's corporate social responsibility policy.

Framework for implementation of CSR:

CSR Committee	CSR Policy	CSR Report
Companies that meet conditions given in Section 135 of the Companies Act, 2013 are obligated to establish a Corporate Social Responsibility Committee, which will create and oversee the company's CSR policy.	CSR Policy elaborates the activities to be undertaken by the Company as named in Schedule VII to the Act. The CSR committee is tasked with formulating an annual action plan in accordance with CSR policy and recommending it to the board in accordance with Rule 5 sub-rule (2) of the CSR Rules, 2014	Every company which falls under section 135 of the act shall include CSR Annual Report in form the format prescribed in the board report. The report must contain the relevant details related to CSR activities undertaken by the company and the company is required to make the contents of CSR policy available on the company's official website.
Committee must comprise a minimum of three directors, including at least one independent director.	The plan must include the following: a list of authorised projects that are expected to be carried out in connection with the topics or areas covered by Schedule VII of the Act.	In the case of a foreign company, the balance sheet filed shall contain an Annexure regarding a report on
the CSR Committee might be formed with these two directors if a private company's Board of Directors consists of just two people.	Clarify the procedure for implementing the approved programs or projects as outlined in Rule 4, sub-rule (1) of the CSR rules of 2014.	Impact Assessment: Every company having average CSR obligation of ten crore rupees or more in pursuance of sub-section (5) of Section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of

		their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
A foreign firm's CSR Committee must consist of at least two members, one of whom must reside in India and the other of whom must be chosen by the foreign corporation.	Outline the method for allocating and utilizing funds allocated to such projects, along with the designated schedule for their implementation.	The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR. Impact assessment related expenditure may be booked as a CSR expense as long as it does not exceed 5% of the total CSR spending or INR 50,00,000, whichever is less
If the required amount to be spent by the company under section 135(5) of the Companies Act, 2013 doesn't exceed 50 lakhs rupees then such companies are not required to form CSR committee.	Mention the details of impact and need assessment if required, for such projects.	Furthermore, as per the new amended rules, every company covered under section 135 shall furnish a report on CSR in E-Form CSR-2 to the Registrar. The CSR-2 is to be filed as an addendum to Form AOC-4/AOC-4 XBRL/AOC-4 (Ind AS) as the case may be.
The CSR Committee will formulate and recommend a CSR policy to the Board. CSR policy shall point out the activities to be undertaken by the company as enumerated in Schedule VII of the Act	As per the rule 4 of CSR Rules the company has the option to either take on the responsibility of implementing the CSR project itself or execute the approved CSR projects by other means.	
CSR Committee will recommend the amount of expenditure to be incurred on the CSR activities to be undertaken by the company	By other means includes: 1.By Section 8 companies of the Act, public trust, societies registered under section 12A and 80G of the Income Tax Act, 1961, may be established by the company, itself or with any other company. 2.By Section 8 companies of the Act, public trusts, and societies registered under section 12A and 80G of the	

	Income Tax Act, 1961, either established by the state or central government 3.By Section 8 companies of the Act, public trust, societies registered under section 12A and 80G of the Income Tax Act, 1961, and holds the experience of undertaking such activities of at least three years. 4.By body or entity constituted under the parliament Act, or by the state legislature.	
The CSR Committee will establish a transparent controlling mechanism for the implementation of the CSR projects or programs or activities undertaken by the company.	Contents of CSR Policy should be placed on the company's website by the Board.	

Reason for Introduction of ESG for Companies

ESG disclosures allow companies to identify potential transition risks, self-assess its ability to sustain in the future, and undertake necessary steps to adapt to the likely future changes. In case companies are not conscious of this exercise, they not only stand the risk of losing profit-making capacity, but also market reputation. At the same time, ESG disclosures help companies in identifying certain opportunities for innovation that might yield high results in the future. They also help companies in reassuring their stakeholders about their values and respect towards responsible business

India has emerged as a conscious aspirant and shown promise and capability to take great initiative in paving the way in combating climate change and meeting the Sustainable Development Goals (SDGs) of the United Nations in many of its regulatory schemes internally such as introduction of the Business Responsibility and Sustainability Reporting (BRSR) by SEBI in 2021 and the sustainability reporting format is based on the nine principles of National Guidelines for Responsible Business Conduct (NGRBC) introduced by SEBI.

The original Business Responsibility Reporting (BRR) guidelines were framed by the Ministry of Corporate Affairs (MCA) in 2009. BRR served as a platform upon which a ESG reporting framework having much broader scope could be developed and it served as the launchpad for BRSR which took a decade to refine and broaden its horizons to meet the complex ESG disclosure requirements and meet the global quality requirements and standards that exist in today's sustainable reporting landscape.

The expanding ambit of sustainability is paving the way for creation of wealth without compromising on superlative innovations and ever evolving customer needs. The concept of Environmental, Social, and Governance ('ESG') has become a crucial framework for companies to follow. It evaluates a company's sustainability and societal impact. Sustainability reports are being used for benchmarking and assessing sustainability performance with regards to existing frameworks, demonstrating how the organisation influences and is influenced by expectations about sustainable development, and also facilitating peer comparison over time and enabling communication with stakeholders.

Legal Provisions for ESG in India

There are various laws and regulations that companies must adhere to, some of which include Water (Prevention and Control of pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981, Forest (Conservation) Act, 1980, Wildlife Protection Act, 1972 etc. The Companies Act of 2013 serves as the primary legislation governing Indian companies and provides a comprehensive framework for their governance.

Section 166 of the Companies Act 2013 establishes the duty of a director to act in the best interests of the company, its members, shareholders, the community, and the environment. Non-compliance with this provision can result in penalties. Section 134(m) mandates companies to include a report by their Board of Directors on conservation of energy, along with annual financial statement. This requirement is further detailed under Rule 8(3)(A) of the Companies (Accounts) Rules, 2014, which mandates the board to provide information regarding conservation of energy. In addition to this, companies are mandated to include disclosures on opportunities, threats, risks and concerns as part of their annual reports under Regulation 34(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 ("LODR Regulations"). However, such disclosure requirements do not seek details about the metrics and processes adopted by companies to identify such opportunities or risks nor mandates the companies to chart its progress over the course of time.

The BRSR framework has been developed after years of evolution, as can be seen from the table below:

Year	Event
2009	Ministry of Corporate Affairs ("MCA") issued the National Voluntary Guidelines ("NGVs") on CSR.
2012	SEBI mandated the top 100 listed companies by market capitalization to file BRR based on the NGVs along with their annual reports.
2015	BRR was extended by SEBI to the top 500 listed companies by market capitalisation.
2017	SEBI advised that IR may be adopted by companies on a voluntary basis from financial year 2017-18 by the top 500 listed companies.
2019	MCA released the NGBRC.
2019	BRR was extended by SEBI to the top 1000 listed companies by market capitalisation.
2021	SEBI introduced BRSR in May 2021.

The Key differences between CSR and ESG:

1. Corporate Social Responsibility (CSR) covers the overarching social, environmental, and economic concerns in a company's policies, practices, and decision-making.
2. Whereas ESG practices can be used to evaluate how well a company is adhering to the sustainability and corporate responsibility goals they set.
3. Though CSR is about accountability, the qualitative nature of CSR makes it difficult to pin down.
4. ESG criteria focus on quantitative results that help investors make better decisions about the risks and ethics of particular companies.
5. CSR starts with recognizing the key sustainability concerns in your industry and incorporating improvement as part of your culture.
6. Implementing ESG is a more involved process than implementing CSR because it requires measurable goals, data collection, and reporting.
7. CSR activities are structured to motivate employees while also improving a company's public image among customers and invested communities through related reports.
8. Conversely ESG reporting and disclosure is mainly devised to meet the requirements of investors and stakeholders.
9. CSR considers how a company treats its employees, customers and suppliers, whereas ESG broadens this scope to consider how a company monitors and reduces its environmental footprint in addition to workforce treatment and governance transparency.
10. CSR initiatives may be goal-oriented and include reporting, yet ESG is the more systematic of the two. Companies engaging in ESG will require a larger scope of quantitative information to disclose - though qualitative data also plays an essential role. Furthermore, worldwide frameworks, standards, questionnaires, as well as ratings, offer some uniformity for gauging ESG exposure & performance, while CSR outcomes generally depend on each company's own efforts.
11. CSR may reflect values held within the company itself, but ESG reporting focuses solely on materiality in order to identify potential areas for improvement.

In conclusion:

CSR is predominantly the social element of 'Environmental, Social and Governance'. It involves how a company impacts society in areas including diversity & inclusion efforts, donations, volunteering activities and grants. ESG may be in its nascent stage at the moment, however, with the global economies' focus shifting to sustainable development, reducing carbon footprint, fulfilling beneficial social and environmental goals, it will make investors closely assess ESG and CSR factors in identifying their potential investments to have an impact. The diligence exercises carried out by investors will indeed have dedicated focus on ESG norms. These initiatives form part of an organisation's CSR strategy, which it defines itself.

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SUSTAINABILITY MUSING!

BLUE, YELLOW AND TRANSISTION BONDS AND ITS FUTURE FOR THE GLOBE AND ROLE OF CMAs IN ITS COST EFFECTIVE IMPLEMENTATION

CMA (Dr.) Aditi Dasgupta
Joint Director
ICMAI

Our planet is often referred to as the blue planet since around 70% of the Earth's surface is covered with water. However, over the years, our water bodies have been flooded with pollutants, making marine pollution a serious problem.

To tackle this problem, there has been a rise in initiatives and projects geared towards climate change, sustainability, and the restoration of our ecosystem. One initiative is green bonds, which are instruments that finance climate-friendly projects. Green bonds have been around since 2008. The green bond market's remarkable success, currently valued at over US $500 billion, shows how bond finance is an effective way to raise substantial capital for climate-related investments. Following on this success, recently, a new type of sustainability bond has emerged as the latest financing instrument: Blue bonds. They are emerging as the newest trend in sustainability investing poised to make waves. The concept of blue bonds is relatively new and comes at a time when trends suggest that there is a high demand for instruments that support sustainability issues.

The challenges faced by the marine ecosystem are recognized by the United Nations (UN) Sustainable Development Goals (SDG) as Goal 14, which aims to "conserve and sustainably use the ocean, seas and marine resources for sustainable development."

Blue bonds are pioneering financial instruments that are designed to support sustainable marine and fisheries projects. They are a subset of the green bonds. The World Bank defines blue bonds "as a debt instrument issued by governments, development banks or others to raise capital from impact investors to finance marine and ocean-based projects that have positive environmental, economic and climate benefits." Blue bonds are not only a long-term investment product, but also have become an opportunity for organisations and investors to contribute to the protection of marine ecosystems and, generally, to the preservation of the planet.

Every year around $25 billion is invested in financing ocean conservation. Unfortunately, that's about $150 billion short of what's needed, and that is a concern. The oceans act as a carbon sink, having absorbed roughly 40 per cent of carbon emitted by human activities since 1850. The crisis of a warming planet won't be solved without tackling the impact on oceans.

Financial markets need to plug this funding gap, and oceanic 'blue bonds' may provide one way of doing so. These, like their terrestrial 'green' counterparts, channel funds raised by investors towards sustainable projects, although blue bonds focus on marine conservation. Why is this market so far behind and what can be done to accelerate its expansion? To start, blue bonds are generally issued by low-income countries that are heavily reliant on oceans and their resources. They tend to have poor credit ratings and are more exposed to extreme weather events, enough to turn-off large swaths of investors.

But sovereign blue bond issuances are not doomed to fail. One issued by The Bahamas last year was backed by a $200 million policy-based guarantee (PBG) approved by the Inter-American Development Bank (IDB). Not only did the PBG make the bond a healthy size ($385 million), it also helped to reduce risk, lending the deal a triple-A rating. Further collaboration between sovereign issuers and development banks could make the market more investable.

Although they're new vs. green bonds, the blue bond market is poised to take off as governments, companies, and investors begin to realize the importance of the blue economy and the relationship between climate change and the oceans. The Republic of Seychelles issued the first blue bond in 2018, with funds dedicated to expanding marine protected areas and improving fisheries governance. To date, only 25 other blue bonds have been issued. The future of the blue bond market hinges on aligning financial incentives with environmental objectives, fostering innovation, and building a robust infrastructure that inspires trust and commitment from a diverse set of stakeholders.

Another sub category of green debt securities is the yellow bonds which comprise of funds raised for solar energy generation and the upstream industries and downstream industries associated with it. It is hoped that the success of green bonds in leveraging capital markets to tackle environmental issues will create a blueprint for the emergent blue bond and yellow bond market. As with any nascent market, this may take some time.

Transition bonds on the other hand, are a new class of bonds, the proceeds of which are used to fund a firm's transition towards a reduced environmental impact or to reduce their carbon emissions. The proceeds can be used exclusively to finance new and/or existing eligible transition projects. Unlike green bonds, where the focus is on the direct use of the debt proceeds for environmentally friendly projects or the profile of the issuer, transition bonds focus on an issuer's commitment to becoming greener. These bonds require the issuer to commit to shifting to more sustainable business practices. Transition bonds do not require the project or the issuer to be classified as "green" but the issuer is required to use the proceeds for climate transition related activities. Transition bonds offer the potential to enable firms that would not qualify to issue green bonds to obtain sustainable-related financing. They also have the potential to help to fulfil increasing demand for sustainable investment opportunities that risk being unmet due to the limited supply of green bonds. The Intergovernmental Panel on Climate Change (IPCC) reported that an average of $3.5 trillion CAD in investments is required each year between 2016 and 2050 to support the necessary clean energy infrastructure to limit global warming. Transition bonds offer a vehicle for helping to fulfil this investment gap.

Garnering public trust in transition bonds as a solution for climate change, rather than as vehicle for firms to make themselves appear more environmentally friendly (often referred to as "greenwashing"), is difficult. To avoid greenwashing and distrust, there needs to be well-defined and widely accepted criteria for eligible transition bond projects and transparent reporting requirements.

The transition bond market is in its early stages, and the regulations are not yet in place for the commitments required by companies to be eligible for transition bonds. However, firms will likely be required to commit to specific targets and broader sustainability goals. If the number of firms seeking financing for environmental projects continues to increase and institutional investment grows, transition bonds may experience growth.

Cost-effective implementation of bonds, whether they are yellow or blue bonds, is crucial for governments and organizations looking to raise funds for specific purposes. Cost and Management Accountants (CMAs) can play a significant role in this process by providing financial expertise and strategic guidance. CMAs can perform cost-benefit analyses to determine whether the proceeds from the bonds will outweigh the costs associated with issuance, such as underwriting fees, legal expenses, and interest payments. They can help identify cost-saving strategies and structures to maximize the bond's cost-effectiveness. They can identify and assess the various financial risks associated with bond issuance, such as interest rate risk, credit risk, and liquidity risk. By quantifying these risks and developing risk management strategies, CMAs can help reduce potential losses and optimize bond pricing. CMAs can advise on tax-efficient structures and strategies that can reduce the tax burden associated with bond issuance and interest payments. This can lead to cost savings for the issuer. CMAs can develop key performance indicators (KPIs) and monitoring mechanisms to track the progress and outcomes of projects funded by yellow and blue bonds. Regular performance evaluation ensures that funds are used effectively and that the intended goals are achieved. They can facilitate effective communication with stakeholders, including bondholders, regulatory authorities, and the public. Clear and transparent communication is essential for maintaining trust and support for the bond programs. In summary, CMAs play a vital role in ensuring the cost-effective implementation of yellow and blue bonds by providing financial expertise, risk management, and strategic guidance. Their involvement helps maximize the financial efficiency and effectiveness of these bonds, which are critical for funding sustainable and socially responsible projects and initiatives.

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SUSTAINABILITY AND ANCIENT SCRIPTURES

SUSTAINABILITY IN KAUTILYA'S ARTHASHASTRA

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Arthashastra, written by the ancient Indian politician Kautilya, offers advice on how to run a government and maintain order. Kautilya, the author of the Arthashastra, describes dharma as "the basic principle that controls the operation of the state and society" (dharma tattvam samhitah). Dharma is the moral and ethical standard that directs people, organisations, and communities towards the good life. In the scripture few aspects of sustainability can be found. Kautilya emphasizes the importance of efficient resource management, including land, water, and forests. He suggests that these resources should be used judiciously and not depleted to the extent that they become unsustainable. The text discusses the idea of "Kshetra" (territory) and "Koshtha" (treasury), which implies that the state should manage its resources effectively. The "Arthashastra" acknowledges the significance of agriculture in sustaining a kingdom. Kautilya advises on various agricultural practices, irrigation systems, and measures to ensure a steady food supply for the population. These practices reflect early notions of sustainable agriculture. In the Arthasastra of Kautilya, we can find very strict rules for hygiene, some of which we do not find even in modern society. People had to pay fines of throwing dirt on the road and for blocking it with dirty water. Kautilya was aware of various types of natural calamities like, fire, flood, disease, famine, rats, wild animals, serpents and evil spirits. And well. Kautilya' perception for disaster management is worth noting. Prevention of fire is explained in 'Rules for the City Superintendent' and in Rules for the Royal Residences and prescribed in Slokas [II/36/(15-220], for Prevention of Flood Hazards in Slokas [IV/3/(6-9)], for Famine Hazards in sloka [IV/3/17] etc.

Kautilya also advised the worship of fire, rivers lord of Saci (in case of draught) Ganga and Mountains [7,8]. This can be considered as the way to encourage common citizens to conserve water bodies etc. Kautilya identifies four main components of dharma, which are: Raja Dharma, Praja Dharma, Ashram Dharma and Varna Dharma. The dharma teachings of Kautilya emphasise the need of acting responsibly and making judgements that consider the long-term consequences of one's actions. This is particularly significant in the contemporary world, when climate change and environmental harm are a growing concern. Governments and organisations may strive towards sustainable development that preserves the environment and utilises natural resources responsibly if they adhere to dharma.

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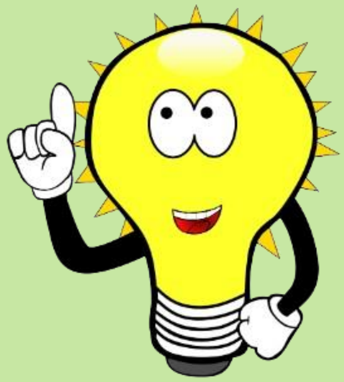
DO YOU KNOW!



Munich shows what is possible for sustainable event management with earth-friendly infrastructure.

Munich is regarded a global leader in environmental sustainability. It has shown the world what is possible for sustainable event management by implementing earth-friendly infrastructure that enables massive achievements.

But how did they achieve this? Disposable tableware is BANNED. Munich Airport has a new terminal with energy efficient heating, cooling, lighting, people moving, with a goal to reduce carbon emissions by 40%. The Zero Energy Hotel in Munich provides clean and green lodgings. Messe Munich is the only convention centre with its own geothermal plant, along with massive solar panels and clever use of rainwater.

We are in pursuit of improvement and are keen to know your views.
Please write to us at ssb.newsletters@icmai.in

SUSTAINABILITY QUIZ – RAPID FIRE ROUND

1. _________ is ranked number 1 in the achievement of SDGs in 2023.
2. BRSR Core Assurance is mandatory for top _______________ listed companies by market capitalisation for FY 2024-25.
3. India's target for Ethanol Blending is _____% by 2025
4. Assessing a Product's Life Cycle includes examining environmental impact and _________ impact.
5. Respecting the interests of and being responsive to all the stakeholders is enshrined in Principle ___ of the BRSR.

WINNERS NAMES	
SL. No	**NAME**
1	CMA. Arunabha Saha
2	CMA. Mukesh Shrimal
3	FCMA. Manoj Kumar

CONGRATULATIONS TO ALL THE WINNERS!

CORRECT ANSWERS OF PREVIOUS QUIZ

1. 3 (three)
2. 150
3. 5 (Five)
4. Sustainable Development Goals
5. Climate Related Disclosures

The names of first 5 participants giving correct responses will be declared in the ensuing newsletter. The responses may be sent to ssb.newsletters@icmai.in

Call for Articles

Sukhinobhavantu is inviting articles on the theme ESG/ Sustainability or related themes for publishing in DECEMBER'2023 edition. The articles should be relevant and original. The article should clearly cover/depict the scope, opportunity and potential for cost accountants. It should not exceed 2200 words and references/ sources are to be given wherever required. It should reach us latest by December 14, 2023, by email to ssb.newsletters@icmai.in The right for selection of articles vests with SSB. Decision of SSB will be final and binding.

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