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# ॥ सुखिनो भवन्तु ॥

(A Monthly Newsletter of Sustainability Standards Board)



**The Institute of Cost Accountants of India**

(Statutory body under an Act of Parliament)

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*Behind every successful business decision, there is always a **CMA***

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*\*Details awaited*



## Message From Chairman, SSB

**“Sunshine and Spring bring out the best in everyone” Kenny Chesney**

Dear Professional Colleagues,

We would like to thank all the readers for their support for observing the Sustainability Month celebrated by the Institute in the month of January 2025. We are thankful to all the Regional Councils, Chapters, Headquarters Office both at Kolkata and New Delhi for hosting multitude of activities like tree plantation, green walk, sessions on sustainability and the responses are very encouraging.

We also would like to state that the flagship event of the Sustainability Month was organized on January 30, 2025 at Taj Mahal Hotel, New Delhi as the Sustainability Summit. Mr. Jean Bouquot, President, IFAC was the Chief Guest for the event. It was also graced by Prof. Lakshman R. Watawala, Former President, SAFA and President, CMA Sri Lanka as the Guest of Honour, Mr. Ashfaq Yousuf Tola, President SAFA and Mr. H M Hennayake Bandara, Former President SAFA and Vice President, CMA Srilanka. The event was attended by professionals, sustainability experts and had technical sessions on Draft Sustainability Standards issued by the Institute, Circular Economy and BRSR.

The Institute published and released the draft edition of two ICMAI Sustainability Standards namely ICMAI Sustainability Standard (ISS 1) which covers the General Requirements for Disclosure of Sustainability-related Information and ICMAI Sustainability Standards (ISS 2) which covers the Climate related disclosures. The compendium of the last six issues of the monthly newsletter titled “Sukhinobhavantu” were also released. The Handbook on Value Chain implementation and Assurance were also released during the event. We also would be starting from March 2025 the Sustainability Guidance Cell which would be functional by resolving various queries of members in areas of sustainability. The responses would be replied with respect to various queries and the SSB will reply within 14 days in response to the queries.

We have started a new column “Ask your psychologist” and from next issue we would be starting with another series “Mandala and Sustainability”.

We are happy to announce that the results of the 1st batch of the Certificate Course on ESG were declared. We congratulate the participants who have passed and the 2nd batch examination were also held on 23rd February, 2025. We have also started the 3rd batch of the course from 16th February, 2025. The 4th batch syllabus is under revision and soon we will announce the new syllabus of the course.

The SSB is in the process of preparation of Application Guidance on the Sustainability Standards prepared by the Institute. We hope to complete it very soon for the benefit of the professionals.

We will interact again through this platform next month. We hope the new spring season will bring happiness and will be full of fun and frolic.

Yours Professionally,

**CMA (Dr.) Ashish P. Thatte**

February 25, 2025

# SDGs and Goal wise Status Report of Indian States (Part-V)

**CMA Arunabha Saha**  
Practicing Cost Accountant  
Thane

*In this series, we will review the goal-wise performance along with individual Indicators to determine the performance of Indian states based on NITI Aayog's index (2023-24). The SDG wise status of three states Jharkhand, Karnataka, and Kerala and comparison of India's stand on index creation.*

## Critical Review: Performance Indicators of SDG-1

The table below presents key performance indicators related to SDG-1 (No Poverty) across three states—Jharkhand, Karnataka, and Kerala—alongside the national average (India) and the target benchmarks. The analysis highlights disparities and progress across various socio-economic indicators.

Indicators	Jharkhand	Karnataka	Kerala	Target	India
Head Count ratio as per the Multidimensional Poverty Index (%)	28.81	7.58	0.55	17.45	14.96
% of households with any unusual member covered by a health scheme or health Insurance	50.30	31.80	57.80	100.00	41.00
Persons offered employment as a % of person who demanded employment under- MGNREGA	99.96	97.40	100.00	100.00	99.74
% of population (out of total eligible) receiving social protection benefits under PMMVY	41.83	46.08	50.40	100.00	46.29
% of household living in kachha houses	9.80	2.60	0.30	-	4.60
<b>SDG-1 Index score</b>	<b>64.00</b>	<b>73.00</b>	<b>81.00</b>	<b>100.00</b>	<b>72.00</b>

## Key Observations and Recommendations

- **Kerala's Strong Performance:** The state consistently outperforms others, particularly in poverty reduction, employment under MGNREGA, and housing. However, further improvements in social protection benefits and health insurance coverage are necessary.
- **Challenges in Jharkhand:** High poverty levels and a significant percentage of kachha houses indicate an urgent need for policy interventions in economic development, housing, and healthcare.
- **Karnataka's Mixed Performance:** While Karnataka does well in poverty reduction and employment under MGNREGA, its low health insurance coverage and moderate social protection benefits signal areas for improvement.

## Critical Review: Performance Indicators of SDG-2

The table presents key performance indicators related to SDG-2 (Zero Hunger) for Jharkhand, Karnataka, and Kerala, alongside national performance (India) and the target benchmarks. The data reflects disparities in nutrition, food production, and agricultural value addition.

Indicators	Jharkhand	Karnataka	Kerala	Target	India
% of beneficiaries covered under NFSA, 2013	99.98	100.00	100.00	100.00	99.01
% of children under 5 years who are underweight	39.40	32.90	19.70	13.30	32.10
% of children under 5 years who are stunted	39.60	35.40	23.40	23.70	35.60
% of pregnant women aged 15-49 years who are anaemic	56.80	45.70	31.40	25.20	52.20
% of women (aged 15-49 years) whose BMI below 18.5	26.20	17.20	10.10	7.76	18.70
Rice and wheat produced per unit area (3 years average) (kg/ha)	2,086.15	2,867.66	2,882.20	5,322.08	3,052.30
Gross value Added (constant price) in agriculture per worker (in lakhs/worker)	0.38	0.94	2.28	1.72	0.86
<b>SDG-2 Index Score</b>	<b>28.00</b>	<b>66.00</b>	<b>84.00</b>	<b>100.00</b>	<b>53.00</b>

### Key Observations and Recommendations

- Kerala is in a commanding position but Needs Further Progress: While Kerala performs better in most indicators, issues like anaemia and child undernutrition remain.
- Jharkhand Faces Severe Challenges: High malnutrition, anaemia, and low agricultural productivity indicate urgent intervention is required.
- Karnataka's Mixed Performance: While Karnataka has good food security coverage, malnutrition rates and agricultural productivity need improvement.
- National Trends Indicate Persistent Malnutrition: High levels of child stunting, anaemia, and underweight women highlight the need for targeted nutritional programs.
- Agricultural Productivity Needs Boosting: Increasing crop yields and improving agricultural value addition should be a policy priority.

### Critical Review: Performance Indicators of SDG-3 (Good Health & Well-being)

The table provides a comparative analysis of key health indicators for Jharkhand, Karnataka, and Kerala against national performance (India) and the target benchmarks. The data highlights disparities in maternal and child health, infectious disease control, healthcare infrastructure, and accident-related mortality.

Indicators	Jharkhand	Karnataka	Kerala	Target	India
Maternal Mortality Ratio (per 100,000 live birth)	56.00	69.00	19.00	70.00	97.00
Under 5 Mortality Rate (per 1,000 live births)	27.00	21.00	8.00	32.00	25.00
% of children in the age group 9-11 months fully immunised	97.28	98.44	85.40	93.23	100.00
Tuberculosis case notification against target in %	81.89	80.42	97.45	87.13	100.00
HIV incidence per 1,000 uninfected population	0.03	0.05	0.01	0.05	-
Life expectancy	69.60	69.80	75.00	70.00	73.63
Suicide rate (per 100,000 population)	5.60	20.20	28.50	12.40	3.50
Death rate due to road traffic accidents (per 100,000 population)	9.96	17.36	12.10	12.40	5.81
% of institutional deliveries out of the total deliveries reported	99.40	99.98	99.85	97.18	100.00

Indicators	Jharkhand	Karnataka	Kerala	Target	India
Monthly per capita out-of-pocket expenditure on health as a share of MPCE	11.00	0.80	9.80	13.00	7.83
Health worker density per 1,00,000 population	6.40	87.87	86.67	49.45	44.50
<b>SDG-3 Index Score</b>	<b>77.00</b>	<b>80.00</b>	<b>80.00</b>	<b>77.00</b>	<b>100.00</b>

### Key Observations and Recommendations

- Kerala is doing good in life expectancy, maternal health, and disease control but struggles with suicide rates and child immunisation.
- Karnataka has strong institutional healthcare access but faces challenges in accident mortality and mental health.
- Jharkhand has made progress in immunisation and maternal health but needs urgent improvements in healthcare workforce density and disease control.

Reducing out-of-pocket expenditure and increasing health workers are critical across all states to achieve universal healthcare.

### Comparative Analysis: Education Indicators (SDG-4 – Quality Education)

The table compares key educational indicators across Jharkhand, Karnataka, and Kerala against national performance and target benchmarks. The analysis highlights disparities in enrolment, dropout rates, literacy, infrastructure, and teacher quality.

Indicators	Jharkhand	Karnataka	Kerala	Target	India
Adjusted Net Enrolment Rate in elementary education (class 1-8) (%)	94.40	100.00	100.00	100.00	96.50
Average annual dropout rate at secondary level (class 9-10)	9.30	14.70	5.50	7.67	12.60
Gross Enrolment Ratio in higher secondary (class 11-12) (%)	46.40	56.60	85.00	100.00	57.60
% of students in grade VII achieving at least a minimum proficiency level in terms of nationally declined learning outcomes to the pupils at the end of the grade	74.00	76.00	77.00	100.00	77.23
Gross enrolment Ratio in higher education (18-23 years)	18.60	36.20	41.30	50.00	28.40
% of persons with disability (15 years and above) who have completed at least secondary education	16.00	20.90	24.30	100.00	19.30
Gender Parity Index for higher education (18-23 years)	1.01	1.01	1.44	1.00	1.01
% of persons 15 years and above who are literate	74.60	77.80	94.80	100.00	76.70
% of schools with access to basic infrastructure (electricity and drinking water both)	94.03	98.86	99.51	100.00	88.65
% of Schools with computers	85.20	56.40	98.30	100.00	47.50
% of trained teacher at secondary level (class 9-10)	94.90	82.90	96.60	100.00	92.20
Pupil Teacher ratio at secondary level (class 9-10)	35.00	18.00	15.00	30.00	18.00
<b>SDG-4 Index Score</b>	<b>61.00</b>	<b>63.00</b>	<b>82.00</b>	<b>100.00</b>	<b>61.00</b>

## Key Observations & Recommendations

- Kerala is consistently doing good in literacy, enrolment, and infrastructure, but still faces gaps in learning proficiency and dropout rates.
- Karnataka has strong basic education but needs improvements in dropout rates, higher education enrolment, and teacher training.
- Jharkhand struggles with higher education, learning outcomes, and pupil-teacher ratios, requiring urgent intervention.

## Comparative Analysis: Gender Equality (SDG-5)

The table compares key gender equality indicators across Jharkhand, Karnataka, and Kerala, against national performance and target benchmarks. The analysis covers sex ratio, wage disparity, gender-based violence, labour force participation, managerial positions, family planning, land ownership, mobile phone access, and decision-making power.

Indicators	Jharkhand	Karnataka	Kerala	Target	India
Sex ratio at birth	899.00	978.00	951.00	950.00	929.00
Ration of female to male average wage/ salary earnings received among regular wage/ salaried employees	0.60	0.76	0.80	1.00	0.76
% of ever married women aged 18-19 years who have ever experience spousal violence (physical/ sexual)	31.40	44.40	9.80	8.00	29.20
Ratio of the female to male Labour Force Participations Rate (15-19 years)	0.60	0.53	0.53	1.00	0.48
Proportion of women in managerial positions including women in board of directors, in listed companies (per 1,000 persons)	207.55	216.20	166.67	245.00	210.24
% of currently married women aged 15-49 years who have their demand for family planning satisfied by any modern method	67.60	90.70	72.20	100.00	74.10
% of female operated operational land holdings	11.27	20.07	22.98	50.00	13.96
% of women (aged 15-49 years) who owns a mobile phone that they themselves use	49.00	61.80	86.60	80.63	53.90
% of currently married women (aged 15-49 years) who usually participate in three household decisions	90.90	82.70	94.10	100.00	88.70
<b>SDG-5 Index score</b>	<b>42.00</b>	<b>61.00</b>	<b>68.00</b>	<b>100.00</b>	<b>49.00</b>

## Key Observations & Recommendations

- Kerala is showing good in decision-making, mobile access, and wage equality but needs improvements in leadership roles and family planning.
- Karnataka shows high economic participation and family planning access but faces challenges in spousal violence and wage disparity.
- Jharkhand has strong labour participation but struggles with gender-based violence, economic inclusion, and mobile access.

## Comparative Analysis: Water & Sanitation (SDG-6)

This comparison examines Jharkhand, Karnataka, and Kerala on key water and sanitation indicators, assessing rural water access, sanitation coverage, groundwater sustainability, and the SDG-6 performance index.

Indicators	Jharkhand	Karnataka	Kerala	Target	India
% of rural household getting safe and adequate drinking water within premises through PWS	51.91	75.79	52.46	100.00	75.75
% of rural population having improved source of drinking water	100.00	100.00	99.50	100.00	90.20
% of individual household toilets constructed against target	100.00	100.00	99.50	100.00	100.00
% of districts verified to be ODF	100.00	100.00	100.00	100.00	100.00
% of schools with functional girls toilets	97.10	97.90	99.50	100.00	94.70
Stage of ground Water extraction (%)	31.38	66.26	54.55	70.00	50.30
% of block/ mandals/ taluka over-exploited	1.90	18.80	-	-	11.23
<b>SDG-6 Index score</b>	<b>86.00</b>	<b>90.00</b>	<b>87.00</b>	<b>100.00</b>	<b>89.00</b>

### Key Observations & Recommendations

- Karnataka is doing good in piped water supply, sanitation, and overall performance but faces groundwater depletion issues.
- Kerala has strong sanitation infrastructure but needs improvements in piped water access and groundwater monitoring.
- Jharkhand has excellent groundwater sustainability but lags in piped water supply.

## Comparative Analysis: Energy Access & Economic Growth (SDG-7)

This comparison evaluates Jharkhand, Karnataka, and Kerala based on household electrification, LPG/PNG connections, and their SDG-8 Index Score, measuring their alignment with India's sustainable development goals.

Indicators	Jharkhand	Karnataka	Kerala	Target	India
% of Household Electrification	100.00	100.00	100.00	100.00	100.00
% of LPG/PNG Connections against no. of Households	74.79	116.39	100.00	100.00	96.35
SDG-8	100.00	100.00	99.50	100.00	100.00
<b>Index score</b>	<b>70.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

### Key Observations & Recommendations

- Universal electrification is no longer a challenge across the three states.
- Karnataka leads in LPG/PNG penetration, exceeding household requirements.
- Jharkhand lags in LPG/PNG coverage, needing policy intervention to improve clean cooking fuel access.
- Jharkhand's SDG-7 score (70.00) highlights the need for more efforts in sustainable energy solutions.



## Comparative Analysis: Economic Growth, Employment, and Financial Inclusion (SDG-8)

This comparison evaluates Jharkhand, Karnataka, and Kerala based on GDP growth, employment, financial access, and banking infrastructure, which contribute to decent work and economic growth (SDG-8).

Indicators	Jharkhand	Karnataka	Kerala	Target	India
Annual growth rate of GDP (constant prices) per capita (%)	6.14	7.43	6.25	7.00	5.88
Unemployment rate (%) (15-59 years)	1.80	2.60	8.40	2.90	3.40
LFPR (%) (15-59 years)	65.70	62.90	60.30	66.90	61.60
% of regular wage/ salaried employees in non-agricultural sector without any social security	59.80	39.20	55.50	-	53.90
% of households with any unusual number with a bank or post office	95.50	94.50	96.10	100.00	95.70
Number of functioning branches of commercial banks 1,00,000 population	8.56	16.65	19.85	21.27	11.75
Automated Teller Machines per 1,00,000 population	10.21	28.29	34.03	28.00	18.39
% of women account holders in PMJOY	56.25	56.56	58.40	50.00	55.63
<b>SDG-8 Index score</b>	<b>64.00</b>	<b>86.00</b>	<b>74.00</b>	<b>100.00</b>	<b>68.00</b>

### Key Insights & Recommendations

- Karnataka is in a good position in GDP growth, banking access, and employment security.
- Jharkhand excels in low unemployment but struggles with financial infrastructure and social security coverage.
- Kerala faces a high unemployment rate but has the best ATM and banking access. Jharkhand should focus on improving banking services, ATM availability, and worker security to enhance economic inclusion.
- Kerala needs employment generation strategies to reduce its high jobless rate.

## Comparative Analysis: Industry, Infrastructure, and Innovation (SDG-9)

This analysis evaluates Jharkhand, Karnataka, and Kerala on transport connectivity, manufacturing, services, employment, innovation, and digital infrastructure, which contribute to Industry, Innovation, and Infrastructure (SDG-9).

Indicators	Jharkhand	Karnataka	Kerala	Target	India
% of targeted habitations connected by all-weather roads under PMGSY	100.00	100.00	99.50	100.00	99.70
% of Share of GVA in Manufacturing to total GVA (current price)	20.60	13.06	9.51	25.00	14.34
Manufacturing employment as a % of total employment	8.91	10.36	10.91	19.66	11.42
% of Share of GVA in Services to total GVA (current price)	43.89	65.41	64.12	63.26	54.18

Indicators	Jharkhand	Karnataka	Kerala	Target	India
Services employment as a % of total employment	22.53	32.34	44.24	52.98	27.75
Innovation score as per the India Innovation Index	13.10	18.01	13.67	100.00	36.40
% of households that own at least one mobile phone	91.50	92.80	97.30	100.00	93.30
% of inhabited villages with 3G/4G mobile internet coverage	97.10	96.86	99.86	100.00	95.08
<b>SDG-9 Index score</b>	<b>53.00</b>	<b>52.00</b>	<b>69.00</b>	<b>100.00</b>	<b>81.00</b>

### Key Insights & Recommendations

- Jharkhand is doing good in manufacturing but lacks service sector growth and innovation.
- Karnataka is strong in the service sector but weak in manufacturing and innovation.
- Kerala excels in digital infrastructure and services but has low manufacturing employment.
- All states need significant improvements in innovation and research. Manufacturing sector growth should be prioritised, especially in Karnataka and Kerala.
- Jharkhand must focus on expanding its service sector for economic diversification.

### Comparative Analysis: Reducing Inequality (SDG-10)

This analysis examines Jharkhand, Karnataka, and Kerala based on income inequality (Gini coefficient), women's representation, SC/ST reservation and crime rates, and gender equity in professional jobs, contributing to SDG-10 (Reduced Inequalities).

States	Gini coefficient	% of seats held by women in PRIs	% of SC/ST seats in State Legislative Assembly	Ratio (%) of female workers to male workers working as Professionals and Technical Workers	Rate of total crimes against SCs (per 1,00,000 SC population)	Rate of total crimes against STs (per 1,00,000 ST population)	SDG-10 Index score
Jharkhand	0.27	51.75	45.68	34.20	16.90	3.30	<b>53.00</b>
Karnataka	0.16	50.05	22.77	55.60	18.90	10.30	<b>69.00</b>
Kerala	0.10	52.42	11.43	101.60	34.50	35.50	<b>71.00</b>
Target	-	33.00	-	100.00	-	-	<b>100.00</b>
India	0.20	45.61	28.57	50.40	28.60	9.60	<b>66.00</b>

### Key Insights & Recommendations

- Kerala is the equitable state with strong women's participation in governance and skilled jobs, but needs to address high SC/ST crime rates.
  - Karnataka performs well in gender equity but must improve SC/ST representation in governance.
  - Jharkhand struggles with high inequality and low female workforce participation but is the safest state for SC/ST communities.
- All states exceed the PRI representation target, showcasing strong grassroots political participation by women.

## Comparative Analysis: Sustainable Cities & Communities (SDG-11)

This analysis compares Jharkhand, Karnataka, and Kerala on urban housing, sanitation, road safety, waste management, and sewage treatment, contributing to SDG-11 (Sustainable Cities & Communities).

Indicators	Jharkhand	Karnataka	Kerala	Target	India
% of urban households living in kachha house	1.60	1.00	-	-	0.90
% of individual household toilets constructed against target SBM (U)	135.24	112.37	125.79	100.00	95.29
Deaths due to road accidents in urban areas (per 1,00,000 population)	9.99	12.53	4.88	7.05	12.68
% of wards with 100% door to door waste collection (SBM(U))	87.18	97.22	100.00	100.00	97.00
% of MSW processed to total MSW generated (SBM(U))	54.23	87.11	88.41	100.00	78.46
% of wards with 100% source segregation (SBM(U))	80.30	85.64	99.89	100.00	90.00
Installed sewage treatment capacity as a % of sewage generated in urban area	42.32	60.83	2.82	100.00	51.00
<b>SDG-11 Index score</b>	<b>74.00</b>	<b>85.00</b>	<b>84.00</b>	<b>100.00</b>	<b>83.00</b>

### Key Insights & Recommendations

- Kerala excels in sanitation and waste management but has poor sewage treatment capacity.
- Karnataka performs well in urban development but has high road accident rates.
- Jharkhand needs significant improvements in waste processing and sewage treatment.
- All three states have successfully exceeded targets in household toilet construction.

## Comparative Analysis: Responsible Consumption & Production (SDG-12)

This analysis compares Jharkhand, Karnataka, and Kerala on fossil fuel consumption, fertiliser use, hazardous waste management, plastic waste, and biomedical waste treatment, contributing to SDG-12 (Responsible Consumption & Production).

States	Per capita fossil fuel consumption (in kg)	% use of Nitrogenous fertiliser out of total NPK	Quality of hazardous waste recycled/ utilised to total hazardous waste generated (%)	Plastic waste generated per 1,00,000 population (MT/Annum)	% of Bio Medical Waste (BMW) treated to total quantity of BMW generated	SDG-12
Jharkhand	89.85	70.33	3.25	0.53	92.95	<b>71.00</b>
Karnataka	225.93	56.45	135.94	5.52	89.26	<b>85.00</b>
Kerala	191.61	47.10	3.05	3.39	46.96	<b>53.00</b>
Target	55.00	57.00	100.00	0.62	100.00	<b>100.00</b>
India	166.43	65.24	54.90	3.04	91.52	<b>78.00</b>

## Key Insights & Recommendations

- Karnataka excels in hazardous waste recycling but struggles with high fossil fuel consumption and plastic waste generation.
- Jharkhand has low fossil fuel use and plastic waste but needs to improve hazardous waste recycling.
- Kerala needs urgent improvements in biomedical and hazardous waste management.

## Comparative Analysis: Climate Action (SDG-13)

This analysis compares Jharkhand, Karnataka, and Kerala on extreme weather events, disaster preparedness, renewable energy use, air pollution, and industrial compliance, contributing to SDG-13 (Climate Action).

States	No. of human lives lost per 1 crore population due to extreme weather events	Disaster preparedness score as per Disaster Resilience Index	% of renewable energy out of total installed generation capacity (including allocated shares)	DALY rate attributable to air pollution (per 1,00,000 population)	% of industries complying with environmental standards	SDG-13
Index score	89.85	70.33	3.25	0.53	92.95	<b>71.00</b>
Jharkhand	Null	7.50	12.65	3,117.00	75.60	<b>30.00</b>
Karnataka	10.24	18.00	65.51	2,871.00	92.56	<b>73.00</b>
Kerala	136.27	24.50	48.42	1,698.00	99.10	<b>88.00</b>
Target	-	50.00	50.00	1,442.00	100.00	<b>100.00</b>
India	15.44	19.20	43.28	3,469.00	94.86	<b>67.00</b>

## Key Insights & Recommendations

- Karnataka leads in renewable energy adoption but must improve air quality and disaster resilience.
- Kerala is the best in climate resilience and environmental compliance but struggles with extreme weather-related fatalities.
- Jharkhand performs the worst across all indicators, needing urgent reforms in disaster preparedness, renewable energy adoption, and air quality control.

## SDG-14: Life below water

Other than few sea facing states like Andhra Pradesh, Goa, Gujarat, Karnataka, Kerala, Maharashtra, Odisha, Tamil Nadu & West Bengal all other states are land lock. We have not considered the Life below water performance Indicators for comparison purpose.

## Comparative Analysis: Life on Land (SDG-15)

This analysis compares Jharkhand, Karnataka, and Kerala on forest cover, afforestation, carbon stock, land degradation, desertification, and wildlife protection, contributing to SDG-15 (Life on Land).

Indicators	Jharkhand	Karnataka	Kerala	Target	India
Forest cover as a % of total geographical area	29.76	20.19	54.70	-	21.71
Tree covered as a & of total geographical area	3.60	3.91	7.26	-	2.91
Combine of last two	33.36	24.10	61.96	33.00	24.62
% of area covered under afforestation schemes to the total geographical area	Null	0.21	Null	1.38	0.40
% change in carbon stock in forest cover	3.82	-1.92	-3.49	-	1.11
% of degraded land over total land area	16.56	27.48	7.66	5.46	27.77
% of increase in area of desertification	-0.30	0.13	11.25	-	1.50
No. of cases under Wildlife Protection Act per million hectares of protected area	41.00	14.00	20.00	-	16.00
<b>SDG-15 Index scor</b>	<b>95.00</b>	<b>70.00</b>	<b>88.00</b>	<b>100.00</b>	<b>75.00</b>

### Key Insights & Recommendations

- Kerala is doing good in total green cover but faces rising desertification and carbon stock loss.
- Jharkhand has shown impressive forest conservation and reduced desertification but struggles with wildlife protection.
- Karnataka ranks the lowest and must take urgent measures to restore degraded land, increase afforestation, and curb carbon stock decline.

### Comparative Analysis: Peace, Justice, and Strong Institutions (SDG-16)

This analysis compares Jharkhand, Karnataka, and Kerala on crime rates, human trafficking, justice accessibility, corruption, and legal efficiency, contributing to SDG-16 (Peace, Justice, and Strong Institutions).

Indicators	Jharkhand	Karnataka	Kerala	Target	India
Murder per 1 lakh population	4.00	2.10	0.90	1.44	2.10
Cognizable crimes against children per 1 lakh population	13.90	41.30	60.00	-	36.60
No. of victims of human trafficking per 10 lakh population	4.29	0.96	4.79	-	4.37
No. of mission children per 1,00,000 child population	2.94	5.74	19.13	-	18.77
No. of courts per 1,00,000 population	1.81	2.12	1.82	4.25	1.91
Cases under prevention of Corruption Act and related sections of IPC per 10 lakhs population	1.71	5.77	4.99	0.30	3.00
Charge sheeting rates of IPC crime	58.20	78.30	96.00	100.00	71.30
% of children under 5 years whose birth was registered	73.50	97.50	99.00	100.00	89.10
% of population covered under Aadhar	91.74	97.53	105.57	100.00	95.47
<b>SDG-16 Index score</b>	<b>60.00</b>	<b>81.00</b>	<b>82.00</b>	<b>100.00</b>	<b>74.00</b>

## Key Insights & Recommendations

- Kerala is doing good in legal efficiency and crime prosecution but must address high child crime rates, human trafficking, and missing children cases.
- Karnataka ranks second, performing well in law enforcement but struggling with corruption and child-related crimes.
- Jharkhand has the weakest governance, with the highest murder rate, low charge sheeting, and poor birth registration. However, it has fewer missing children and lower human trafficking cases.

## Analysis of SDG Performance (2023-24 vs. 2020-21) for Jharkhand, Karnataka, and Kerala

The table compares the Sustainable Development Goals (SDGs) performance of Jharkhand, Karnataka, and Kerala for two periods: 2023-24 and 2020-21. The composite score reflects the overall SDG performance.

	2023-24			2020-21		
	Jharkhand	Karnataka	Kerala	Jharkhand	Karnataka	Kerala
SDG-1	70	100	100	36	68	83
SDG-2	86	90	87	19	53	80
SDG-3	50	81	82	74	78	72
SDG-4	85	78	88	45	64	80
SDG-5	77	80	80	51	57	63
SDG-6	64	86	74	83	85	89
SDG-7	60	69	71	77	100	100
SDG-8	74	85	84	54	66	62
SDG-9	71	85	53	37	64	60
SDG-10	54	73	81	65	67	69
SDG-11	28	56	84	71	78	75
SDG-12	30	73	80	55	89	65
SDG-13	61	63	82	25	62	69
SDG-15	53	62	69	71	67	77
SDG-16	42	54	66	70	76	80
<b>Composite Score</b>	<b>62</b>	<b>75</b>	<b>79</b>	<b>56</b>	<b>72</b>	<b>75</b>

## Key Observations & Trends

1. Overall Performance Improvement
  - All states have improved their composite scores.
  - Jharkhand: 56 (2020-21) → 62 (2023-24) (+6)
  - Karnataka: 72 (2020-21) → 75 (2023-24) (+3)
  - Kerala: 75 (2020-21) → 79 (2023-24) (+4)
  - Jharkhand showed the highest growth (+6 points), indicating significant improvement.
2. Notable SDG Improvements
 

Biggest Gains:

  - Jharkhand: SDG-2 (+67), SDG-4 (+40), SDG-1 (+34)
  - Karnataka: SDG-1 (+32), SDG-2 (+37), SDG-9 (+21)
  - Kerala: SDG-8 (+22), SDG-1 (+17), SDG-13 (+13)

### Key Takeaways:

- All three states made remarkable improvements in poverty reduction (SDG-1) and hunger eradication (SDG-2).
- Education (SDG-4) and economic growth (SDG-8) improved across all states.
- Jharkhand made significant progress in infrastructure (SDG-9) and climate action (SDG-13).
- Kerala's performance on industry & innovation (SDG-9) slightly declined (-7).

### 3. Areas of Concern (Declining or Low Performance)

(Significant improvements are marked with ▲)

SDG	Jharkhand (▲)	Karnataka (▲)	Kerala (▲)
SDG-1 (No Poverty)	36 → 70 (+34) ▲	68 → 100 (+32) ▲	83 → 100 (+17) ▲
SDG-2 (Zero Hunger)	19 → 86 (+67) ▲	53 → 90 (+37) ▲	80 → 87 (+7) ▲
SDG-4 (Quality Education)	45 → 85 (+40) ▲	64 → 78 (+14) ▲	80 → 88 (+8) ▲
SDG-8 (Decent Work & Economic Growth)	54 → 74 (+20) ▲	66 → 85 (+19) ▲	62 → 84 (+22) ▲
SDG-9 (Industry, Innovation & Infrastructure)	37 → 71 (+34) ▲	64 → 85 (+21) ▲	60 → 53 (-7) ✗
SDG-13 (Climate Action)	25 → 61 (+36) ▲	62 → 63 (+1)	69 → 82 (+13) ▲

### Biggest Declines:

- Jharkhand : SDG-11 (-43), SDG-16 (-28), SDG-7 (-17)
- Karnataka : SDG-7 (-31), SDG-16 (-22), SDG-11 (-22)
- Kerala : SDG-7 (-29), SDG-6 (-15), SDG-16 (-14)

### Key Takeaways:

- Sustainable urbanisation (SDG-11) saw the most alarming drop in Jharkhand (-43) and Karnataka (-22).
- Energy sustainability (SDG-7)

(Significant declines or low scores are marked with ✗)

SDG	Jharkhand (✗)	Karnataka (✗)	Kerala (✗)
SDG-6 (Clean Water & Sanitation)	83 → 64 (-19) ✗	85 → 86 (+1)	89 → 74 (-15) ✗
SDG-7 (Affordable & Clean Energy)	77 → 60 (-17) ✗	100 → 69 (-31) ✗	100 → 71 (-29) ✗
SDG-11 (Sustainable Cities & Communities)	71 → 28 (-43) ✗	78 → 56 (-22) ✗	75 → 84 (+9) ✗
SDG-16 (Peace, Justice & Strong Institutions)	70 → 42 (-28) ✗	76 → 54 (-22) ✗	80 → 66 (-14) ✗
SDG-9 (Industry, Innovation & Infrastructure)	37 → 71 (+34) ✗	64 → 85 (+21) ✗	60 → 53 (-7) ✗
SDG-13 (Climate Action)	25 → 61 (+36) ✗	62 → 63 (+1)	69 → 82 (+13) ✗


### Biggest Declines:

- Jharkhand: SDG-11 (-43), SDG-16 (-28), SDG-7 (-17)

### Conclusion:

The SDG performance of Jharkhand, Karnataka, and Kerala has improved significantly from 2020-21 to 2023-24, with all states showing progress in key areas like poverty reduction (SDG-1), hunger eradication (SDG-2), education (SDG-4), and economic growth (SDG-8). Kerala remains the top performer, while Jharkhand has shown the most significant overall improvement.

However, challenges persist. Sustainable urbanisation (SDG-11), clean energy (SDG-7), and governance (SDG-16) have declined across multiple states, indicating the need for better infrastructure planning, renewable energy adoption, and institutional reforms.

Moving forward, states must focus on addressing environmental concerns, improving disaster resilience, and ensuring sustainable industrialisation to achieve long-term progress in SDGs. 

# Sustainability – A Global Outlook

## 1. Saudi consortium to cut carbon footprint in construction sector

Saudi Arabia's NovusCrete Consortium aims to revolutionize sustainable concrete and reduce its construction sector's carbon footprint. It aims to drive innovation in sustainable concrete technologies and reduce the construction sector's environmental impact.

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## 2. BBC unveils net zero transition plan to slash emissions by 2050

BBC reveals its net-zero transition plan, outlining key sustainability measures to cut emissions and drive decarbonisation across the media industry by 2050. The BBC announced its first Climate Transition Plan on Tuesday, outlining a roadmap to achieve net-zero emissions by 2050 as part of its broader commitment to sustainability within the media industry.

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## 3. The LEGO Group expands sustainability efforts with carbon removal investments

LEGO invests DKK 19 million in carbon removal projects, supporting bio char, rock weathering and reforestation for a sustainable future. Danish construction toy company The LEGO Group announced on Tuesday a 19 million Danish Krone (\$2.8 million) commitment to four carbon removal projects to mitigate climate change

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## 4. Living with air pollution leads to reduced focus, affects social behaviour

A new study finds short-term exposure to air pollution can lead to reduced cognitive abilities, hampering day-to-day activities. Researchers emphasised more investigative study into the long-term impacts and protective measures.

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## 5. European water crisis worsens as most surface bodies stand chemically polluted

Despite the EU's efforts, the fight for clean surface water remains an uphill battle. The basic necessity to get clean water is beset with political hurdles. The importance given to defence and industry might surpass the need for cleaning water bodies.

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## 6. 2025 begins with the warmest January ever worries scientists

The global average surface air temperature for the month reached 1.75 Celsius above pre-industrial levels. What's worrying climate scientists is the fact that this record occurred despite La Nina conditions in the Pacific, which typically have a cooling effect on global temperatures.

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## 7. Accenture to scrap Global DEI Goals amid changing US political climate

Accenture has scrapped its global diversity and inclusion goals after evaluating the changing U.S. political landscape, according





to an internal memo seen by Reuters. The memo from CEO Julie Sweet states that the company will start “sun setting” the diversity goals it set in 2017, along with career development programs for “people of specific demographic groups.” Big tech companies Meta, Alphabet and Amazon are among a series of firms that scrapped their diversity, equity, and inclusion goals before and after Republican Donald Trump’s return to the US presidency.

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**8. Arctic will become ice-free as temperatures rise, scientists warn**

The world’s fastest-warming region is at its peril, stresses the new review paper. The Arctic will be ice-free for several months during summer if temperatures reach 2.7 degrees Celsius as projected.

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**9. Most countries, including India, miss UN deadline for new climate targets**

Many of the world’s biggest polluter nations have missed a UN deadline to set new climate targets as efforts to curb global warming come under pressure following US President Donald Trump’s election.

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**10. Mangroves could reduce carbon emissions in Southeast Asia by 50 percent**

Conserving and restoring carbon-rich peatlands and mangroves in Southeast Asia would reduce more than 50% of the region’s land-use carbon emissions. Southeast Asia is home to some of the world’s largest areas of tropical peatlands and mangroves with the Sundarbans in India and Bangladesh being the most important.

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# Sustainability – Indian Context

## 1. India tightens solar PV regulations under new 2025 standards

India updates solar PV regulations under the 2025 Quality Control Order, mandating stricter BIS standards in the renewable energy sector. The Ministry of New and Renewable Energy announced sweeping revisions to India's quality standards for solar photovoltaic products, reinforcing its commitment to ensuring high-performance and safe solar energy solutions.

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## 2. Odisha's green economy push could create 1M jobs, boost GDP by 23% by 2030

Odisha's green economy push could create 1 million jobs, attract ₹3.5 lakh crore investment, and boost GDP by 23% by 2030, says CEEW study. Odisha could generate as many as 1 million new jobs and attract investments worth ₹3.5 lakh crore (\$42 billion) by 2030 through a strategic transition to a green economy, according to a new study released by the Council on Energy, Environment and Water.

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## 3. India unveils ambitious green energy, ESG initiatives in Budget 2025

India boosts ESG initiatives with nuclear, clean tech investments and sustainability reforms in Union Budget 2025 to drive low-carbon economic growth. Indian Finance Minister Nirmala Sitharaman announced a sweeping set of measures to bolster

the country's environmental, social, and governance agenda, with a particular focus on sustainability, clean energy, and green technology manufacturing.

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## 4. Union Budget 2025 | Focus given to India's sustainable development, say experts

A notable provision is the expansion of the credit guarantee scheme, which is expected to unlock Rs 1.5 lakh crore in additional credit over the next five years for MSMEs, startups, and exporters.

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## 5. Union Budget 2025: Govt to implement scheme to make India toy hub of world

India's toy exports dropped from USD 177 million in 2021-22 to USD 152 million in 2023-24 due to overall decline in the global demand of these products.

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## 6. Most of Delhi's Pollution in Oct-Nov Locally Created: Study

Delhi-NCR's pollution during October-November is largely of local origin, with stubble burning in Punjab and Haryana contributing 14 percent to the overall PM2.5 levels in 2022, a study has suggested.

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**7. How India loses wheat, rice crops worth millions due to coal emissions**

While the world is in a hurry to transition from fossil fuel-generated electricity to renewable energy, moving away from coal-powered electricity is seen as the greatest challenge for India.

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**8. India Secures \$1.16 Bn in Climate Finance**

India has secured \$1.16 billion for climate projects through the financial mechanism of the United Nations Framework Convention on Climate Change, the government informed Parliament on February 6.

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**9. India's 100 GW solar installations to inspire global energy transition: NSEFI**

India's achievement of 100 GW solar capacity sets a global benchmark, inspiring nations to accelerate their energy transition and meet climate goals. Union New and Renewable Energy Minister Pralhad Joshi said that India has achieved the historic milestone of 100 GW solar capacity powered by government's commitment to a cleaner, greener future.

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**10. IEW 2025: India Presents Diverse Investment Landscape for Energy Sector**

India is scaling renewables, targeting 5mn tonnes of hydrogen by 2030, \$96bn in hydrogen investments and a gas share increase of 6% to 15% alongside the \$30bn in mining and petrochemical expansion, said the Minister of Petroleum and Natural Gas.

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# General Requirements for Disclosure of Sustainability-Related Information & Climate Risk Disclosures

The **Sustainability Standards Board (SSB)** of ICMAI has developed a **Draft Standard on Sustainability**, which marks a significant milestone for our institute. This initiative has been a long-awaited aspiration of SSB-ICMAI, aimed at establishing a structured framework for sustainability-related matters. These standards will help industries adopt and maintain sustainable practices more effectively, ensuring better transparency and accountability in sustainability reporting.

The draft standard has been structured into two key parts:

- 1. SS-1: Sustainability Standard on General Requirements for Disclosure of Sustainability-related Information**
  - This standard outlines the essential principles and guidelines that industries must follow when disclosing sustainability-related data.
  - It ensures that organisations provide clear, consistent, and reliable sustainability information to stakeholders.
- 2. SS-2: Sustainability Standard for Climate Risk Disclosures**
  - This standard focuses specifically on climate-related risks and their impact on businesses.
  - It provides guidelines on how industries should assess, measure, and disclose risks associated with climate change and environmental factors.

ICMAI takes pride in being the **first institute in India** to develop and release such comprehensive sustainability standards. This initiative sets a benchmark for organisations in India, helping them align with global best practices in sustainability reporting.

The draft standards were made available on our **official website** for public feedback. The opportunity to share opinions is still open, and we encourage professionals, industry experts, and stakeholders to **send their suggestions and feedback** to us via email at **ssb@icmai.in**.

In this issue, we are pleased to present the **Draft Standard on Sustainability – SS-1**, which will provide further insights into the disclosure requirements for sustainability-related information.

Your valuable inputs will contribute to refining and strengthening these standards, ensuring that they meet the evolving needs of businesses and regulatory requirements.

# General Requirements for Disclosure of Sustainability-Related Information

The following is the ICMAI Sustainability Standard on General Requirements for Disclosure of Sustainability-related Information (ISS1)

## 1. Introduction

This Standard deals with General Requirements for Disclosure of Sustainability-related Information which an entity is required to disclose about its sustainability-related risks, and their impact as well as sustainability-related opportunities that is useful to stakeholders.

## 2. Objective

The objective of this Standard is to bring uniformity and consistency in disclosing information about an entity's sustainability-related risks and their impact as well as sustainability-related opportunities that could reasonably be expected to affect the entity's performance, prospects and cash flows over the short, medium and long term.

## 3. Scope

An entity shall apply this Standard in preparing and reporting sustainability-related disclosures in Business Responsibility and Sustainability Reporting framework. This standard shall not apply to the preparation and reporting of Climate related disclosures.

## 4. Definitions

The following terms are being used in this standard with the meaning specified.

**4.1 Business model** - An entity's system of transforming inputs through its activities into outputs and outcomes that aims to fulfil the entity's strategic objectives and purposes and creates value for the stakeholders.

**4.2 Value chain** - A value chain comprises of full chain of an entity's activities in creating a product or service -- from initial receipt of materials through its delivery to market. The value chain framework encompasses entire range of interactions, transactions, resources and relationships connected with the entity's business model and strategic objectives encompassing inbound operations, operations, outbound logistics, marketing and sales, and services intertwined with procurement, human resource management, technological development, infrastructure and financing, in the context of geographical, and regulatory environments in which the entity operates.

**4.3 Material information** - In the context of sustainability-related disclosures, information is material if omission or misstatement of that information could reasonably be expected to lead and influence decisions of the stakeholders based on such information.

**4.4 Integrity** - Integrity encompasses moral principles of highest order and involves consistency between beliefs, decisions and actions, and continued adherence to values and principles

- 4.5 Ethics** - Ethics provides an understanding of the nature of human values, of how we ought to live, and of what constitutes right and moral conduct
- 4.6 Stakeholders** - A stakeholder is a person, group, or organization that has a vested interest in an entity's activities and who can directly or indirectly influence the entity's activities.
- 4.7 Human rights** - "Human rights" means the rights relating to life, liberty, equality and dignity of the individual guaranteed under the Constitution or embodied in the International Covenants and enforceable by the Courts in India.
- 4.8 Scenario analysis** - A structured process for identifying and assessing a potential / estimated range of outcomes and results of future events under conditions of ambiguity and uncertainty.
- 4.9 Sustainability-related disclosures** – Sustainability-related disclosures provide information about the reporting entity's sustainability-related risks- and their impact as well as sustainability-related opportunities that could reasonably be expected to affect the entity's performance, prospects and cash flows over the short, medium or long term, including information about the entity's governance, strategy and risk management in relation to those risks, their impact and opportunities, and related metrics and targets.
- 4.10 Environment:** Environment includes water, air and land and the inter-relationship which exists among and between water, air, land, and human beings, other living creatures, plants, micro-organism and property.
- 4.11 Environment Pollution:** Environmental pollution means the presence of any environmental pollutant in the environment.
- 4.12 Environmental Pollutant:** Environmental pollutant means any solid, liquid or gaseous substance present in such concentration which may injurious to environment.
- 4.13 Inclusive growth** - Inclusive growth means economic growth, the benefits of which are distributed across the society in a fair manner, creates opportunities for all and provides insurance against negative shocks as well as collective determination of rules and practices.

## 5. Principles of identification and measurement

The Principles, taken together, are designed to assist the entities in disclosing about their sustainability-related risks and their impact as well as sustainability-related opportunities that is useful to stakeholders.

### 5.1 Fair presentation

Fair presentation requires disclosure of relevant information about sustainability-related risks and their impact as well as sustainability-related opportunities that could reasonably be expected to affect the entity's performance, prospects and cash flows in the short, medium and long term and their true representation based on complete, unbiased and accurate depiction of those sustainability-related risks, their impacts and opportunities in accordance with the principles set out in this Standard.

### 5.2. Accuracy

Sustainability-related information shall be accurate. The precision needed and attainable, and the factors that make information accurate, depend on the nature of the information and the nature of the matters to which it relates. For example, accuracy requires that:

**5.2.1** Information is factual and is free from material error;

**5.2.2** All descriptions are specific and precise;

**5.2.3** Estimates, approximations and forecasts are clearly identified as such and

**5.2.4** Assertions and inputs used in developing estimates, approximations and forecasts are reasonable and based on information of sufficient quality and quantity;

**5.3 Verifiability**

Information is verifiable if it is possible to corroborate either the information itself or the inputs used to derive it. Verifiability helps to give users confidence that information is complete, neutral and accurate.

**5.4. Materiality**

An entity shall disclose material information about the sustainability-related risks and their impact as well as sustainability-related opportunities that could reasonably be expected to affect the entity's environmental, social and financial performance, prospects and cash flows over the short, medium and long term. In the context of sustainability-related disclosures, information is material if omission or misstatement of that information could reasonably be expected to lead and influence decisions of the stakeholders based on such information.

**5.5 Consistency**

Data and assumptions used in preparing the sustainability-related disclosures shall be consistent—to the extent possible.

**5.6 Assessing the circumstances**

An entity shall use an approach for disclosure of sustainability-related information that is appropriate and commensurate with its context and circumstances as at the time the entity provides sustainability-related Information.

To assess its context and circumstances the entity shall consider:

**5.6.1** The entity's exposure to sustainability-related risks and opportunities: - and

**5.6.2** The skills, capabilities and resources available to the entity for the sustainability-related disclosures.

**5.7 Exposure to sustainability-related risks and opportunities**

An entity shall consider its exposure to sustainability-related risks and their impact as well as sustainability-related opportunities in its assessment of its context and circumstances when providing sustainability-related disclosures which may be quantitative or non – quantitative.

**5.8 Assessing Impacts**

Each type of sustainability risk exposure shall be treated as a distinct activity, if material and identifiable. The process for determining material sustainability risk exposure shall be as under:

- Understand the entity's context and circumstances:
- Identify actual and potential risks and their likely impacts:
- Assess the significance of the risks and their impact:
- Prioritize the most significant risks and their impacts for sustainability reporting.

### 5.9 Time frame

Entities should consider the time frames used to conduct their assessments of risks and their impact as well as opportunities. The sustainability-related risks and their impact as well as sustainability-related opportunities may manifest and have implications for an entity over a longer period. It is, therefore, important for entities to consider the appropriate time frames both short term and long term when assessing sustainability-related risks and opportunities.

### 5.10. Selecting inputs for scenario analysis

The inputs to the scenario analysis exercise shall be relevant to the entity's context and circumstances.

**6.1 Value to Cost Balancing** - Cost incurred and value created are related to resources consumed. As a result, value measurement should be commensurate and concurrent to the incurrence of cost and its traceability.

**6.2 Strategic Cost Analysis in Value Chain** – Strategic cost analysis in value chain is a process where an entity identifies its primary and support activities that add value to its final product or service and then analyses these activities to optimize costs across the life cycle right from the raw material source till product is discarded after use.

## 7. Resources Consumption Model (RCM)

A resource consumption model is a decision support methodology and a tool that can facilitate assessment of resource consumption effectiveness, identifying areas for improvement, minimizing resource usage and waste and enhancing environmental, social and commercial viability of an entity.

**7.1 Impact Analysis** - Impact Analysis is a structured approach for looking at a proposed change, with a view to identifying its impact on environmental, social and financial performance and prospects as well as cash flows of the entity over the short, medium and long term.

**7.2 Social Cost Benefit Analysis** – Social Cost -Benefit analysis is an economic tool that helps organizations make decisions by evaluating the costs and benefits of a social project or policy. It is a systematic way to compare the social costs and benefits of a project and considers both financial and non-financial effects.

**7.3. Environmental Cost Benefit Analysis** - Environmental cost-benefit analysis (CBA) is the application of Cost Benefit Analysis to projects or policies that are aimed at environmental protection, improvement or actions that affect and impact the natural environment as an indirect consequence. Environmental costs can be classified in four categories - prevention cost, detection cost, internal failure cost and external failure cost.

**7.4 Activity Based Management** - Activity-based management (ABM) facilitates identification and evaluation of activities that an entity performs, leveraging activity-based costing, value chain analysis or a re-engineering initiative to improve strategic and operational decisions in an entity.

## 8. Process of Identification and Measurement

### The Entity and Its Environment:

**8.1.** Describe the nature of the entity, including its operations covering business processes, major inputs, joint & by-Products and wastages etc.



- 8.2 Describe the entity's ownership, relevant industry, regulatory, and other external factors including all the applicable reporting framework.
- 8.3. Description of entity's internal control mechanism.
- 8.4 Description of IT Architecture, Systems and programmes in use in the entity.

## 9. Governance

- 9.1 Describe the governance body(ies) (which can include the board or a Committee) responsible for oversee sustainability -related risks and their impacts as well as sustainability-related opportunities.
- 9.2. Describe how responsibilities for sustainability -related risks and their impacts as well as sustainability-related opportunities are reflected in mandates, role descriptions.
- 9.3 Describe the process how the body(ies) or individual(s) determine (s) whether appropriate skills and competencies are available to respond to sustainability - related risks and their impacts as well as sustainability-related opportunities over short, medium and long term.
- 9.4 Provide information about how the controls and procedures are applied to the management of sustainability-related risks and their impacts as well as and sustainability-related opportunities and their integration with governance strategies, performance, and prospects.
- 9.5 Describe the process by which the body(ies) or individual(s) take(s) into account sustainability - related risks and their impacts as well as sustainability-related opportunities when overseeing, reviewing and guiding the entity's strategy, major plans of action, risk management policies, annual budgets, setting the entity's performance objectives, monitoring performance and progress against goals and targets, overseeing major capital expenditures and acquisitions and progress against goals and targets.
- 9.6 Describe the process for delegating authority from the highest governance body to senior executives and other employees for dealing with sustainability risks and their impacts as well as sustainability-related opportunities.
- 9.7 Describe the Processes for consultation between stakeholders and the body(ies) or individual(s) on sustainability-related risks and their impacts as well as sustainability-related opportunities.
- 9.8 Describe the process by which the body(ies) or individual(s) review (s) and approve (s) the entity's sustainability report and ensure(s) that all material topics are covered.

## 10. Strategy

- 10.1 The objective of disclosures on sustainability-related strategy is to enable stakeholders to understand an entity's strategy for managing sustainability -related risks and their impact as well as sustainability-related opportunities over short, medium and long term.
- 10.2 Specifically, an entity shall disclose information to enable the stakeholders to understand:
- 10.3 The sustainability -related risks and their impact as well as sustainability-related opportunities that could reasonably be expected to affect and impact the entity's performance, prospects and cash flows over the short, medium and long term.
- 10.4 The current and anticipated effects of those sustainability-related risks and their impacts as well as sustainability-related opportunities on the entity's business model and value chain: -

- 10.5 The effects of sustainability -related risks and their impact as well as sustainability-related opportunities on the entity's strategy about adaptation, mitigation and / or its sustainability -related transition plan:
- 10.6 The resilience of the entity's strategy and its business model to sustainability -related changes, taking into consideration the entity's identified sustainability -related risks and their impact as well as sustainability-related opportunities over short, medium and long term:
- 10.7 Information about how the entity has responded to, and plans to respond to, sustainability -related risks and opportunities in its strategy and decision-making, including the entity's plans to achieve sustainability -related targets it has set internally /is required to meet by law or regulation:
- 10.8 Current and planned direct or indirect sustainability risk mitigation and adaptation efforts (for example, through changes in production processes or equipment, relocation of facilities, workforce adjustments, and changes in product specifications); and
- 10.9 Quantitative and qualitative information about the progress of plans- programs and projects as disclosed in previous reporting periods.

## 11. Sustainability-related risks and opportunities

An entity shall disclose information that enables stakeholders to understand the current and anticipated effects and impacts of sustainability - related risks, and their impact as well as sustainability-related opportunities on the entity's business model, strategy and value chain over short, medium and long term. The entity shall specifically provide:

- 11.1 A description of the current and anticipated effects and impacts of sustainability -related risk and, their impact as well as sustainability-related opportunities on the entity's business model, strategy and value chain over short, medium and long term and the key assumptions the entity made about sustainability -related policies in the jurisdictions in which the entity operates;
- 11.2 A description of current and anticipated direct and indirect mitigation and adaptation efforts (for example, through working with customers and supply chains);
- 11.3 A description of any sustainability -related transition plan the entity has formulated including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies;
- 11.4 A description of current and anticipated changes to the entity's business model, including its resource allocation, to address sustainability -related risks and their impact as well as sustainability-related opportunities over short, medium and long term; and
- 11.5 The entity's capacity to adjust or adapt its strategy and business model to emerging sustainability related changes over the short, medium and long term, including the availability of, and flexibility in action to address sustainability -related risks, their impacts and to take advantage of emerging sustainability -related opportunities by the entity's ability to redeploy, repurpose, upgrade or decommission existing assets;

## 12. Risk management

- 12.1 The objective of disclosures on sustainability-related risk management is to enable stakeholders to understand an entity's processes to identify, assess, priorities and

monitor sustainability -related risks and their impact as well as and sustainability-related opportunities over the short, medium and long term and inform the entity's overall risk management architecture.

To achieve this objective, an entity shall disclose information about:

- 12.2** The processes and related policies the entity uses to identify, assess, prioritize and monitor sustainability -related risks and their impact in the context and circumstances in which the entity operates including information about the inputs and parameters and the activities and processes the entity uses;
- 12.3** A description of how the entity assesses the nature, likelihood, magnitude effects and impacts (such as the qualitative factors, quantitative thresholds and other criteria used) associated with sustainability related risks.
- 12.4** A description of how the entity identifies and monitors sustainability -related risks in the context and relative to other types of risk; and
- 12.5** Describe how, the architecture and processes for identifying, assessing, prioritizing and monitoring sustainability -related risks and their impact as well as and sustainability-related opportunities over the short, medium and long term are integrated into the entities overall risk management architecture and process.

### 13. Performance, prospects and cash flows

An entity shall disclose information about:

- 13.1** The effects of sustainability -related risks and their impact as well as sustainability-related opportunities over the short, medium and long term on the entity's performance, prospects and cash flows;
- 13.2** A description of how sustainability -related risks and opportunities are included in the entity's business model and business planning; and
- 13.3** A description of how the entity expects its performance, prospects and cash flows to change over the short, medium and long term, given its strategy to manage sustainability -related risks and their impact as well as and sustainability-related opportunities, taking into consideration: its investment and disposal plans (for example, plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements)

### 14. Metrics and targets

- 14.1** The objective of disclosures on sustainability-related metrics and targets is to enable stakeholders to understand an entity's performance, prospects and cash flows over the short, medium and long term in relation to its sustainability -related risks and their impact as well as sustainability-related opportunities, including progress towards any sustainability -related targets it has set / is required to meet by law or regulation.

To achieve this objective, an entity shall disclose:

- 14.2** A description of targets set by the entity/ the entity is required to meet by law or regulation, to mitigate or adapt to sustainability -related risks and their impact over the short, medium and long term or to take advantage of sustainability -related opportunities,
- 14.3** A description of industry-based metrics that are associated with particular business models, activities and circumstances; and

- 14.4** A description whether the targets the entity has set to manage sustainability -related risks and their impact as well as sustainability-related opportunities over the short, medium and long term have been validated by a third party.

In describing its targets, organizations should consider including the following

- whether the target is absolute or intensity based,
- time frames over which the target applies,
- base year from which progress is measured;
- key performance indicators used to assess progress against targets; and
- description of the methodologies used to calculate targets and measures

## 15. Judgments, Assumptions and Errors

- 15.1** In the process of preparing sustainability-related disclosures, an entity makes various judgements, apart from those involving estimations, that can significantly affect the context and relevance of information reported in the entity's sustainability- related disclosures.

- 15.2** When amounts reported in sustainability-related disclosures cannot be measured directly and can only be estimated, measurement uncertainty arises. In some cases, an estimate involves assumptions about possible future events with uncertain outcomes. The use of reasonable estimates is an essential part of preparing sustainability-related disclosures.

## 16 General requirements

An entity shall apply judgement to identify information that:

- 16.1** is relevant to the decision-making of stakeholders; and
- 16.2** faithfully represents sustainability-related risks and their impact as well as sustainability-related opportunities over short, medium and long term.

## 17. Presentation

- 17.1 Information related to sustainability risk, its impact and opportunities** pertaining to all Principles of BRSR except Principle 6 (Appendix 1 ) shall be presented as under

- 17.1.1** Overview of the entity's material responsible business conduct issues.

This information shall be presented separately as required in Paragraph 26 of Section A - General Information of BRSR namely.

- 17.1.2** Specific commitments, goals and targets set by the entity with defined timelines, if any – This information shall be presented separately as required in Paragraph 5 of Section B – Management and Process Disclosures of BRSR.

- 17.1.3** Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met. - This information shall be presented separately as required in Paragraph 6 of Section B – Management and Process Disclosures of BRSR.

- 17.1.4** Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements- This information shall be presented separately as required in Paragraph 7 of Section B – Management and Process Disclosures of BRSR.

- 17.1.5** Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). - This information shall be presented separately as required in Paragraph 8 of Section B – Management and Process Disclosures of BRSR.
- 17.1.6** Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. - - This information shall be presented separately as required in Paragraph 9 of Section B – Management and Process Disclosures of BRSR.
- 17.2 Disclosures**
- 17.2.1.** Disclosures shall be made only where material, significant and quantifiable.
- 17.2.2** Disclosures should be presented in sufficient detail to enable stakeholders to assess the entity’s exposure and approach to addressing sustainability-related risks and their impact.
- 17.2.3** Disclosures should be presented using consistent formats, language, and metrics from period to period to allow for inter-period comparisons.
- 17.2.4** For quantitative information, the disclosure should include an explanation of the definition and scope applied. For future-oriented data, key assumptions used should be clarified.
- 17.2.5** Disclosures should provide clear explanations of issues. Terms used in the disclosures should be explained or defined for a proper understanding by the shareholders and maintain an appropriate balance between qualitative and quantitative information.
- 17.2.6** Disclosures should be defined, collated, recorded, and analysed in such a way that the information reported is verifiable to ensure it is high quality.
- 17.2.7** Where estimates are made of future / expected sustainability related risks and their impact the basis of estimate shall be disclosed separately.
- 17.2.8** Any change in the methods applied for the Identification and measurement of sustainability related risks and their impact during the period covered by the BRSR report which has a material effect on the performance, prospects and cash flows shall be disclosed. Where the effect of such change is not ascertainable wholly or partly the fact shall be indicated.
- 17.2.9** Related risks and their impact during the period covered by the BRSR report which has a material effect on the performance, prospects and cash flows shall be disclosed. Where the effect of such change is not ascertainable wholly or partly the fact shall be indicated.

### Effective Date

#### This Sustainability Standard (ISS 1)

General Requirements for Disclosure of Sustainability-related Information shall be effective from 1<sup>st</sup> April, 2025 and will apply for collation and reporting of sustainability related information by the entities covered under BRSR from the financial year 2025-26.



# Interim Budget 2024-25 – Promises and Achievements

The Interim Budget 2024-25 presents a strong vision for sustainability, laying out a comprehensive roadmap for green growth and environmental protection. It demonstrates the government's commitment to addressing climate change and promoting sustainable practices across various sectors.

## Promises on Sustainability:

- Green Growth:** By reiterating the goal of net-zero emissions by 2070, the budget underscores India's dedication to combating climate change and driving green growth in energy, agriculture, and transportation sectors. The focus on these key areas demonstrates an integrated approach to environmental and economic development.
- Energy Transition:** The substantial allocation for renewable energy, including solar, wind, and green hydrogen, signals a strong push towards clean energy sources. The focus on energy storage solutions, especially battery storage, is vital for supporting renewable energy's intermittent nature.
- Sustainable Agriculture:** The budget places emphasis on promoting organic and natural farming methods and efficient irrigation practices. This is a crucial step in reducing the dependency on chemical fertilizers and pesticides, making agriculture more resilient to climate impacts.
- Environmental Protection:** The emphasis on protecting India's forests, biodiversity, and water resources, along with controlling pollution, is essential in maintaining the country's natural assets. Waste management initiatives and stricter pollution control measures are key to long-term sustainability.

## Achievements Till Date:

- Renewable Energy Capacity:** India has made remarkable strides in renewable energy, especially solar and wind power, solidifying its position as a global leader in green energy.
- Energy Efficiency:** The implementation of energy-efficient programs has led to notable energy savings across multiple sectors, further reducing India's carbon footprint.
- Sustainable Agriculture:** Initiatives such as the Soil Health Card scheme and PM Fasal Bima Yojana have empowered farmers to adopt sustainable practices, ensuring their livelihoods while promoting climate resilience.
- Forest Cover:** The increase in India's forest cover reflects successful afforestation and reforestation efforts, contributing to carbon sequestration and biodiversity preservation.
- Pollution Control:** With stricter norms for air and water pollution, India is actively improving environmental quality, creating a cleaner and healthier ecosystem for future generations.

To keep the same pace the union budget-2025 aligns with the vision of a green and sustainable future for India, integrating sustainability into economic development. The focus on renewable energy, sustainable agriculture, and pollution control lays a solid foundation for long-term growth while addressing environmental concerns.

# Union Budget 2025-Sustainability, Green Growth, and Climate Action

## Union Budget 2025: Sustainability, Green Growth, and Climate Action

The **Union Budget 2025** sets a strong foundation for sustainability and climate resilience, emphasizing clean energy, green technology, and environmental conservation. With a clear commitment to India's **net-zero emissions target by 2070**, the government has introduced several initiatives aimed at boosting renewable energy, green manufacturing, and climate adaptation.

### Accelerating Renewable Energy and Clean Technology

A significant portion of the budget is dedicated to scaling up **renewable energy infrastructure**, particularly in **solar, wind, and green hydrogen**. The government has also strengthened incentives for **electric vehicle (EV) production**, battery storage solutions, and grid modernization.

To drive self-reliance in **clean energy manufacturing**, the government has introduced the **National Manufacturing Mission**, which aims to promote domestic production of **solar PV cells, wind turbines, EV batteries, and electrolyzers**. The removal of **basic customs duties on critical minerals** such as cobalt, lithium, and lead further supports this initiative, ensuring a stable raw material supply for the green industry.

### Nuclear Energy: A Viable Alternative

Recognizing the need for a **low-carbon energy transition**, the budget includes the launch of the **Nuclear Energy Mission**, focusing on **Small Modular Reactors (SMRs)**. These next-generation nuclear reactors are expected to provide a stable power supply, reduce dependency on fossil fuels, and help India meet its clean energy goals.

### Climate Adaptation and Urban Resilience

The budget introduces several initiatives to combat climate change and enhance climate resilience:

- **Prime Minister Dhan-Dhaanya Krishi Yojana:** Aimed at improving **agriculture sustainability**, enhancing post-harvest storage, and promoting crop diversification in **100 low-productivity districts**.
- **Urban Challenge Fund:** With an allocation of **₹1 lakh crore**, this fund supports projects focused on **modernizing urban infrastructure, water conservation, and climate-proofing cities** under programs like:
  - 'Cities as Growth Hubs'
  - 'Creative Redevelopment of Cities'
  - 'Water and Sanitation Improvement'

### Tackling India's E-Waste and Recycling Challenges

As the **third-largest e-waste producer globally**, India faces mounting challenges in waste management. Industry leaders have proposed key measures, including:

- A **Production-Linked Incentive (PLI) scheme** for the recycling sector.
- A **rollback of the GST hike (from 5% to 18%)** on waste management services.
- Increased investments in **advanced recycling technologies**.

### Strengthening Environmental Conservation

The **Union Environment Ministry's budget** has been increased by **9%**, reaching **₹3,412.82 crore**. This additional funding will support:

- **Forest expansion and biodiversity conservation.**
- **Wildlife protection initiatives.**
- **Programs to restore degraded ecosystems.**

### Bridging the Gaps: Concerns of the EV Industry

Despite significant support for **EV infrastructure and battery production**, the **automobile industry** has raised concerns over the lack of tax incentives for electric and hybrid vehicles. Stakeholders continue to seek clarity on **GST reductions, subsidies, and financing support** for widespread EV adoption.

### Making India the Global Toy Hub: Special Manufacturing Package

Recognizing the decline in India's toy exports from **USD 177 million (2021-22) to USD 152 million (2023-24)**, the government has announced a **special package for toy manufacturing** to establish India as a global toy hub. Key highlights include:

- **Cluster Development:** Strengthening toy manufacturing clusters to promote MSMEs and local artisans.
- **Sustainable Toy Manufacturing:** Encouraging the use of eco-friendly and biodegradable materials.
- **Design & Innovation Support:** Providing incentives for R&D in educational and Science Technology, Engineering and Mathematics (STEM) -based toys.
- **Export Growth Strategy:** Expanding global market reach through trade incentives and brand positioning.

### Shipbuilding with Circular Economy: Sustainable Maritime Industry

The Union Budget 2025 has introduced a transformative initiative to promote shipbuilding with a circular economy by utilizing materials from shipbreaking yards. This policy aims to position India as a global leader in sustainable maritime manufacturing while enhancing domestic shipbuilding capacity.

#### Key Announcements:

##### 1. Ship Recycling and Green Shipbuilding:

- The government will expand shipbreaking yards under the Recycling of Ships Act, 2019, ensuring eco-friendly disposal of decommissioned ships.

- Steel and other reusable materials extracted from shipbreaking will be used for manufacturing new vessels, reducing raw material costs and promoting circular economy principles.

##### 2. Investment in Modern Shipyards:

- Financial incentives for Indian shipyards adopting sustainable shipbuilding practices.
- Technology upgradation programs to enhance ship design, repair, and manufacturing capacity.

By integrating shipbreaking with green shipbuilding, the Union Budget 2025 aims to strengthen India's maritime industry, reduce environmental impact, and support a self-sustaining shipbuilding ecosystem.

### Strengthening Social Security and Workforce Protection

#### Social Security for Gig Workers

The government has prioritized **gig and platform workers** by:

- **Registering them on the e-Shram Portal** to provide employment benefits.
- **Extending healthcare coverage under PM Jan Arogya Yojana (PM-JAY)**, ensuring **affordable medical treatment** for gig workers employed by **e-commerce, ride-hailing, food delivery, and online service platforms**.

These measures reflect the government's recognition of the **growing gig economy and the need for social safety nets for informal workers**.

### Sustainable Textile and Footwear Industry

#### Sustainable Cotton Farming for Climate-Resilient Agriculture

The budget introduced incentives for **climate-resilient cotton farming**, including:

- **Encouraging organic and rain-fed cotton farming** to reduce water consumption.
- **Subsidies for eco-friendly cotton production** to promote sustainable textile manufacturing.
- **Strengthening the supply chain for domestic and global cotton markets**.



## Promoting Non-Leather Footwear Production

Recognizing the demand for sustainable footwear, the budget supports:

- **Production incentives for non-leather footwear** to boost exports.
- **Encouraging the use of bio-based and recycled materials** for eco-friendly alternatives.
- **Developing technology parks for sustainable footwear production.**

## Transforming Infrastructure with Sustainability

- **Greenfield Airports Development:** New airports with sustainable infrastructure to enhance connectivity while minimizing carbon footprints.
- **Urban Challenge Fund:** Allocation of ₹1 lakh crore for climate-resilient city redevelopment, water sanitation improvements, and smart city expansion.
- **Digital Infrastructure & TReDS (Trade Receivables Discounting System):** Strengthening digital trade and SME financing to enhance economic efficiency.

## Sustainable Tourism and Regional Development

### Tourism Development Initiatives

- **50 New Tourism Sites:** Developed in partnership with state governments to promote regional tourism, economic growth, and employment.
- **Enhancing Regional Connectivity:** Strengthening transportation infrastructure to improve access to tourism hotspots.
- **Medical Tourism Boost:** Expanding medical loan access for home-stay businesses, making it easier for individuals to offer lodging services.
- **Buddhist Tourism Development:** Special focus on sites associated with the life and teachings of Lord Buddha, fostering spiritual and heritage tourism.

## Infrastructure for Tourism and Connectivity

- **Greenfield Airports Development:** Establishing new sustainable airports to enhance regional connectivity while minimizing carbon footprints.

## Education and Digital Infrastructure for Sustainability

### Bharatiya Bhasha Pustak Scheme

- **Digital Books in Indian Languages:** Making regional language books accessible to students, promoting linguistic diversity and inclusivity in education.
- **Improved Broadband Connectivity:** Enhancing digital infrastructure in rural schools under the BharatNet project, bridging the urban-rural education gap.

## Transformative Reforms for a Sustainable Future

Finance Minister **Nirmala Sitharaman** emphasized that the budget reflects India's vision for a **Viksit Bharat (Developed India)** by fostering:

- **Sustainable economic growth**
- **Social welfare and inclusive development**
- **High-quality education and affordable healthcare**

## Conclusion: A Roadmap to a Low-Carbon Future

The **Union Budget 2025** lays a strong groundwork for India's transition towards a **sustainable, low-carbon economy**. While the roadmap is promising, success will depend on **effective implementation, industry collaboration, and sustained policy support** to drive India's leadership in **green growth and environmental & social stewardship**. 

- This report has been researched and compiled by **CMA Arunabha Saha**, ensuring a comprehensive analysis on sustainability.

The views expressed are the personal views of the author. The write-up is given as a general information and does not constitute the views of SSB and ICAI. Readers are expected to take professional guidance from an expert whenever needed.

# Perspectives on Management of Climate Risk by Banks

**Dr. S K Gupta**  
Managing Director  
ICMAI Registered Valuers Organization

*Climate change poses a significant challenge for the businesses and human being the world over. There are multifaceted and multidimensional initiatives and action plans which are required to effectively deal with this issue. Banks being the intermediaries in the economic architecture must recognize the emerging climate change risks and take appropriate actions by reviewing their internal operations as well as by incorporating climate risk in credit risk framework.*

## The Perspective

Climate change is emerging as a key challenge across the entire global economy. Organizations need to prepare for adaptation and mitigation of climate risk and its likely impact on businesses.

Mr. Kofi Annan, the erstwhile Secretary-General of the UN, remarked at the Paris Climate Agreement- "The world is reaching the tipping point beyond which climate change may become irreversible. If this happens, we risk denying present and future generations the right to a healthy and sustainable planet - the whole of humanity stands to lose". This statement reflects the reality of the world today.



Banks and financial institution may appear not to be on the forefront of these emerging risks but because of their linkages with various businesses spanning varied sectors across geographies they are directly or indirectly exposed to the effect and impact of climate change.

## What is Climate Change?

The long term shifts in the nature and pattern of the weather on earth which may be the result of a natural phenomena or human intervention including business operations by corporates is termed as climate change. Climate change manifests in terms of variations over a long period of time in the average temperature and rainfall in a geographical region. These climate changes are caused by increase in the levels of greenhouse gases in the atmosphere and consequent warming of the environment of the planet due to the greenhouse effect. Projections are that warming of the earth is likely to continue over the next few decades If serious and focused collaborative efforts including required policy changes are not carried out to reduce current levels and trends of emission.

## Climate Change Risks for Banks

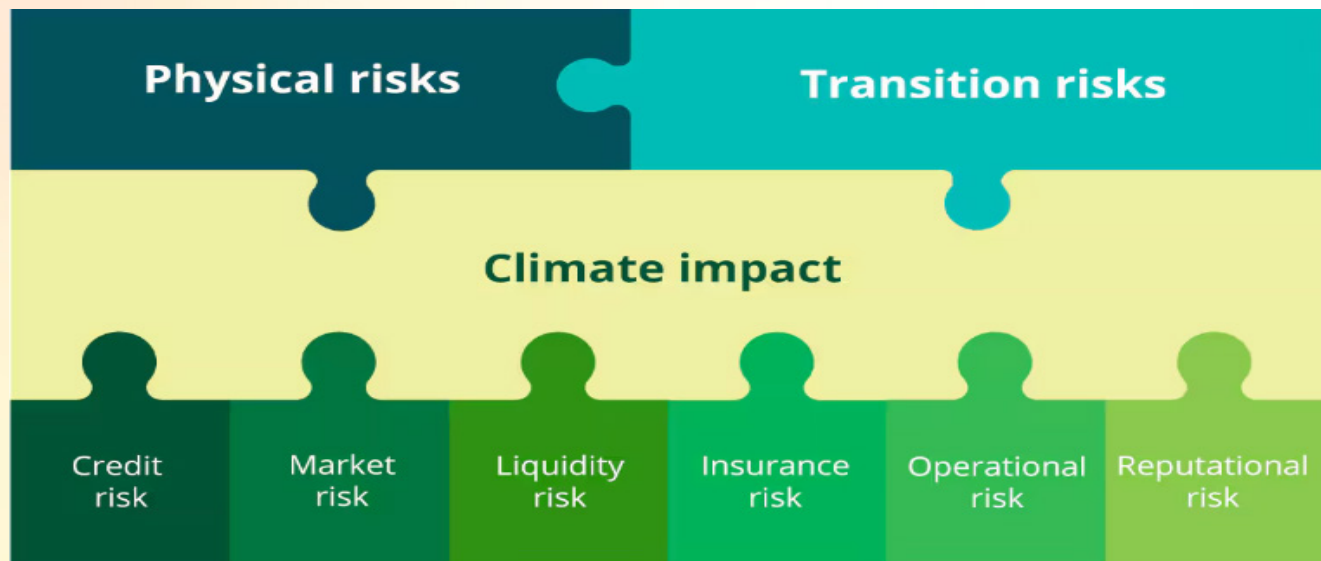
Climate change is expected to manifest itself in three kinds of risks :

**Physical risks :** Physical risks resulting from climate change can either be driven by some events or may manifest due to longer-term shifts in climate patterns. These risks are likely to impact the premises and operations of the bank, its financials as well as the borrowing organization's possibly due to damage to / destruction of assets, disruption of supply chains, availability and quality of energy / water, thus eroding the creditworthiness and

debt servicing capacity of borrowers besides adversely affecting asset prices. Banks are more vulnerable to physical risks than transition risks.

**Transition Risks** : Transition risks include efforts and process of shifting to a lower-carbon economy including identification and consideration of

adaptation and mitigation related measures shall require changes in policy and action plans across technology and market dimensions. The impact on banks would depend upon the extent to which a bank funds the transition initiatives as well as the current exposure of banks in organizations which emit greenhouse gases.



The climate related physical and transition risks may generate various other forms of risks viz. credit risk, market risk, financial risk, liquidity risk, insurance risk, operational risk and reputational risk

**Financial Risks** : The financial impacts of climate-related issues on organizations are not always clear or direct, and therefore their identification and assessment may be challenging due mainly to : limited understanding of climate-related risks and their impact within organizations, Organizational focus mainly on short term risks rather than risks that may arise in the longer term; and the difficulty in measuring and quantifying the financial effects and impacts of climate-related risks.

**Liability risks** : Liability risks may arise due to non - compliance with the regulatory directions or litigation with the stakeholders due to inadequate response to the effects and impact of climate change.

**Climate Change and its impact on Banks**

Climate change affects the value of assets provided as collateral by the borrowers and it

also has profound influence on the operations and performance of the organizations due to significant impact on cash flow and income which in turn impairs the ability of the Borrower organizations to service the debt. A high proportion of Non – performing assets of the banks are likely to be attributed to the effects of climate change in coming future. This will impact the balance sheet and the operations of banks, leading to both risks and opportunities.

**Managing Climate Risk**

The impact of climate change over time will inevitably affect banks’ operations and balance sheets. The suggested response framework is as under:

- Identify the processes, methodologies, and tools they will need to manage climate risk
- Incorporating climate risk in credit risk assessment architecture
- Incorporating climate risk into strategic planning
- Building scenarios and carry out stress testing

- Identify tools and techniques for identifying and measuring climate risks
- Deciding how to integrate climate risk factors in overall risk management framework of banks
- Deciding which clients to lend / not to lend in the future,
- Offer dynamic credit interest depending on what sustainability score of borrowers
- Assessing which sectors / industries to finance
- Determining the nature and structure of financial instruments
- Review of bank's internal operations for transitioning to green operations

### Reviewing the prudential framework for banks

The climate change poses significant systemic risk to the financial system and there appears to be an imperative need for review of the prudential framework as the methodology of Basel Pillar 1 framework is not appropriate to deal with nature, dimensions and uncertainty surrounding climate related risks

### Climate change : Opportunities for Banks

The impact of climate change will require substantial structural adjustments to the global economy and its various sectors. The United Nations estimates that developing countries will need around \$1.1 trillion in climate finance from 2025 and \$1.8 trillion by 2030. The OECD estimates that developing economies will need \$2.4 trillion a year between now and 2030. This offers potential opportunities for the banks to fund these climate risk management initiatives and action plans. Forward looking banks can strategically identify these opportunities which would help them to reduce their overall risks and also improve their balance sheet. Banks being the life line of economy can play a leading role in building a sustainable planet.

### Climate Risk : The role of the Bank's Board

Understanding risk and the likely impact of climate change requires knowledge of scientific, macroeconomic and policy parameters. If the bank fails to appropriately deal with, respond or disclose climate related risks the Board members may be exposed to legal action. The risk of exposure is particularly high for directors of companies that operate in sectors that are especially vulnerable to climate risks, namely energy; transportation; agriculture, food and forest products; materials and buildings and financial services.

In order to appropriately assess and manage climate related risks and opportunities it is important for the Board of the Bank to lay down and follow a structured governance architecture based on following considerations


- What are the key climate-related risks for the company and what is their likely impact?
- How to determine the materiality of risks?
- How does the board ensures integration of climate change risks and opportunities into the risk management architecture of the bank
- How does the board prescribe key performance indicators and monitor progress and performance of the bank in relation to climate-related risks?
- how does the board create awareness and understanding of climate risk amongst the board members
- How does the board keeps track of the emerging climate-related risks and regulatory mandates

### Best Practices for climate risk management by banks

- Board's of Banks need to become an active part of this transition to a low carbon economy by adopting a strategic approach at the board level and allocating necessary resources

- Constitute a climate risk oversight and management committee of the Board
- Bank should organize one Board meeting every year with climate change being the only agenda
- Leverage advanced data analytics and technology to gather, analyze climate risk related data to make more informed decisions
- Clear credit risk decision criteria and control architecture based on consideration of climate risk factors and their likely impact including : Identification/classification of sustainable assets, offering of sustainable financing to customers refinancing with sustainable instruments.
- Leverage United Nations Environment Programme Finance Initiative (UNEP FI) which provides banks with a comprehensive framework for creating decision-useful, board-level climate dashboards.

### Conclusion

Banks are an important bridge to the future. In view of the emerging physical, transition and financial risks arising out climate change, banks shall have to review and realign their business models, objectives and strategies. The imperative for the banks is to manage their own climate related financial exposures and to facilitate financing of green initiatives and projects. Those banks which consider climate risks as critical and strategically exploit opportunities arising out of climate-risk shall be able to build resilient business model and enjoy competitive advantage. 

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# World Beyond Financial Reporting - Navigating ESG & Sustainability

**CMA Arunabha Saha**  
Practicing Cost Accountant  
Thane

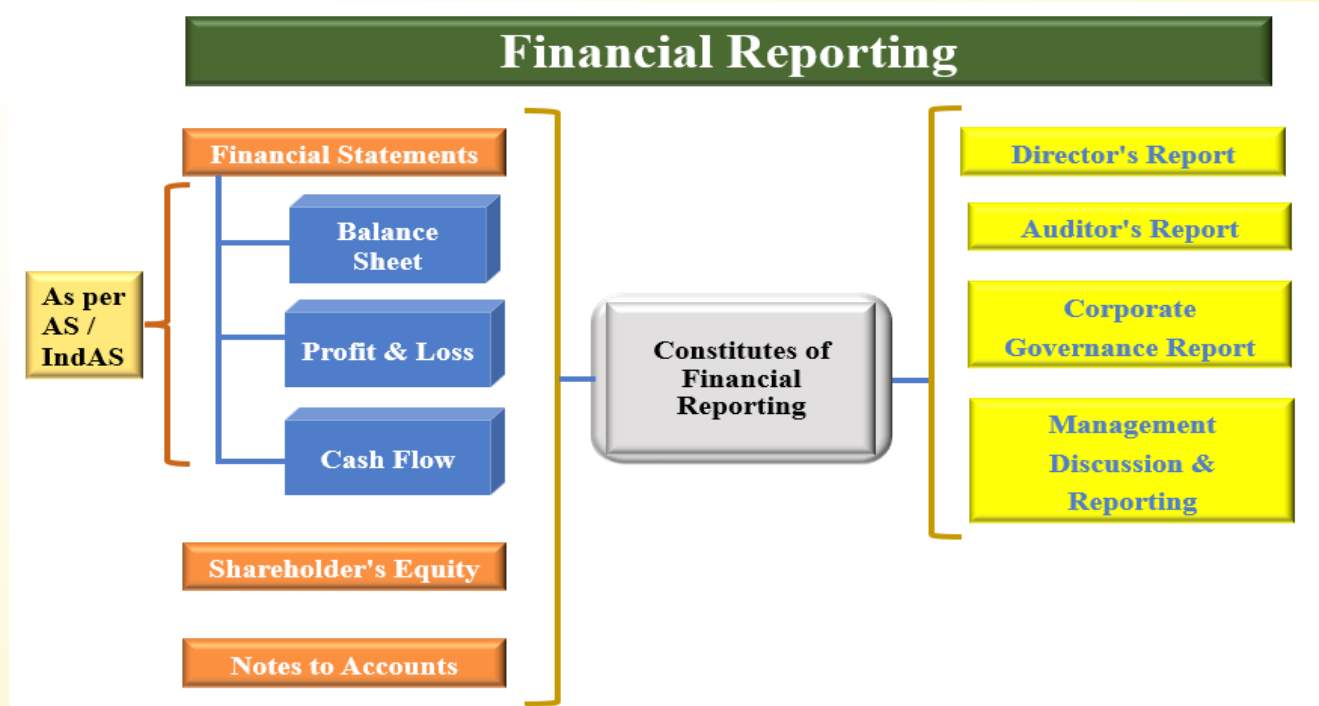
*The evolution of financial reporting extends beyond traditional metrics to encompass environmental, social, and governance (ESG) factors, aligning with Sustainable Development Goals (SDGs). Integrating environmental and socioeconomic accounting and True Cost Accounting (TCA) provides a holistic understanding of an organisation's financial and non-financial impact. Embracing this broader approach enhances transparency, risk management, and investor confidence while fostering sustainable and responsible business practices.*

## Introduction:

In today's rapidly evolving business landscape, financial reporting is crucial for stakeholders, providing them with essential insights into an organisation's financial health and performance. However, there is a growing recognition that focusing mainly on financial metrics may not provide a complete picture of an organisation's sustainability, social impact, and long-term viability. This gives rise to the concept of "World Beyond Financial Reporting,"

## The Evolution of Financial Reporting:

Traditionally, financial reporting includes statements such as the profit & loss statement, balance sheet, cash flow statement, statements of shareholders' equity, ratio analysis, risk management (FRM) etc, which provide a brief of an organisation's financial position.



Financial reporting is essential for transparency, decision-making, accountability, investor confidence, regulatory compliance, and strategic planning.

### The Limitations of Traditional Reporting:

Focus on only financial numbers alone fails to capture the intricacies of an organisation's role in the world at large. Covering environmental and societal expectations have evolved in an increasing recognition that businesses must be accountable for more than just their bottom line.

### Charting the Evolution:

The reporting over traditional financial metrics reflects a widening of corporate social responsibility (CSR) reporting to environmental, social, and governance (ESG) factors reporting, culminating in an alignment with Sustainable Development Goals (SDGs) reporting. It emphasises the importance of transparency in areas such as environmental sustainability, ethical business practices, employee well-being, and contributions to society. The World Beyond Financial Reporting movement is behind this precious evaluation.

### Environmental & Socioeconomic Accounting and Its Reporting:

**A. *Ecosystem Service Supply and Use:*** Ecosystem service accounting is a way for businesses to track how they use nature and its impact with nature. It involves measuring both the benefits they receive from nature (like clean water / minerals) and the negative effects they have (like pollution/ destruction). This helps them understand their environmental footprint and make better decisions.

1. *Carbon Accounting and Reporting:* Carbon accounting is a systematic method to measure an organisation's greenhouse gas emissions, quantifying carbon dioxide and other gases released, providing transparent and standardised information about its carbon footprint.
2. *Water Pollution Accounting and Reporting:* Water pollution results

from the introduction of contaminants into water bodies, adversely affecting ecosystems and posing risks to human health. It stems from industrial discharge, agricultural runoff, and improper waste disposal.

3. *Land Cover/Land Use:* It involves a comprehensive assessment of Earth's Surface Dynamics Reporting, accounting for changes in land cover and use over time.
  4. *Accounting of Residual Flow and Reporting:* These accounts quantify and report on the generation, treatment, and disposal of residuals, offering insights into resource efficiency, waste management, and circular economy opportunities based on the nature and potential reuse/recycling/disposal of materials.
- B. *Socioeconomic Accounting and Reporting:*** Socioeconomic accounting tracks a company's impact on both the economy and society. This includes things like jobs created, community involvement, and how well they treat people.





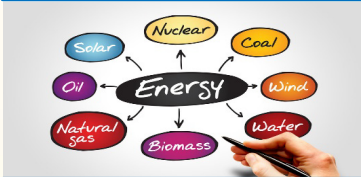


Environmental and socioeconomic accounting and its reporting by an organisation is essential for achieving a balanced and sustainable approach to development. It facilitates decision-making that considers the interconnectedness of economic, social, and environmental systems, promoting responsible and inclusive growth.

### Domains Beyond Financial Reporting:

Companies need to report more than just profits; they must show how they affect the environment and society. This builds trust with everyone involved and creates a more sustainable business.


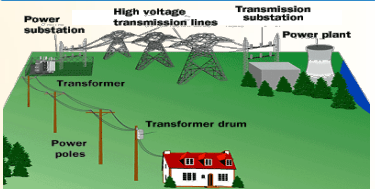



Below a study dig into the interconnected domains of material cost, labour cost, repairs and maintenance cost, energy and fuel consumption, freight & transport, capital expenditures (CAPEX), and depreciation disclosure in financial reporting and non-disclosing effects which goes beyond the

balance sheets and income statements. It aims to provide a holistic understanding of an organisation's operations and its impact on both financial and non-financial realms.

Disclosure and Non Disclosure of Activities in Financial Reporting		
Discloses	Particulars	Not Discloses
<ul style="list-style-type: none"> <li>Total Cost of Raw Material Consumed</li> <li>Opening, Purchase &amp; Closing Stock Values</li> </ul>	<p><b>RAW MATERIALS</b></p> 	<p><b>Cost of :</b></p> <ul style="list-style-type: none"> <li>Environmental Effect Due to Sourcing of Material</li> <li>Resource Efficiency</li> <li>Carbon Footprint</li> <li>Community Impact</li> <li>Ethical Sourcing</li> <li>Waste Reduction</li> </ul>
<ul style="list-style-type: none"> <li>Total Cost of Packing Material Consumed</li> <li>Opening, Purchase &amp; Closing Stock Values</li> </ul>	<p><b>PACKING MATERIALS</b></p> 	<p><b>Cost of :</b></p> <ul style="list-style-type: none"> <li>Environmental Effect Due to Sourcing of Material</li> <li>Carbon Footprint</li> <li>Biodegradability</li> <li>Ethical Sourcing</li> <li>Recyclability</li> <li>Waste Reduction</li> </ul>
<ul style="list-style-type: none"> <li>Total Employee Benefits Expenses</li> </ul>	<p><b>EMPLOYEES</b></p> 	<p><b>Cost of :</b></p> <ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Diversity &amp; Inclusion</li> <li>Community Engagement</li> <li>Work Space Condition</li> <li>Employee Well-being</li> </ul>
<ul style="list-style-type: none"> <li>Total Repairs &amp; Maintenance expenses. (including Stores &amp; Spares consumption)</li> </ul>	<p><b>REPAIRS &amp; MAINTENANCE</b></p> 	<p><b>Cost of :</b></p> <ul style="list-style-type: none"> <li>Environmental Impact</li> <li>Resource Efficiency Matrix</li> <li>Carbon Impact Matrix</li> <li>Governance of Contractors</li> <li>Emergency Response</li> </ul>
<ul style="list-style-type: none"> <li>Total Energy &amp; Fuel Expenses</li> </ul>	<p><b>ENERGY &amp; FUEL</b></p> 	<p><b>Cost of :</b></p> <ul style="list-style-type: none"> <li>Carbon Emission</li> <li>Community Impact</li> <li>Energy Efficiency Programs</li> <li>Health &amp; Safety</li> </ul>
<ul style="list-style-type: none"> <li>Total Freight Transport Expenses</li> </ul>	<p><b>FREIGHT TRANSPORT</b></p> 	<p><b>Cost of :</b></p> <ul style="list-style-type: none"> <li>Carbon Emission from the Fleet</li> <li>Fleet Fuel Efficiency</li> <li>Shifting of Mode of Transportation</li> <li>Driver's Well-being</li> </ul>
<ul style="list-style-type: none"> <li>CAPEX Expense</li> <li>Classification</li> <li>Depreciation Method</li> <li>Useful Life and Residual Value.</li> <li>Impairment</li> </ul>	<p><b>CAPEX &amp; DEPRECIATION</b></p> 	<p><b>Cost of :</b></p> <ul style="list-style-type: none"> <li>Sustainable Capital Expenditure</li> <li>Human Capital accounting</li> <li>Depreciation due to Depletion of Natural Resources</li> <li>Depreciation due to Pollution</li> <li>Lifecycle Cost</li> </ul>



Similarly Financial Reporting in case of service sector does not disclose non-financial factors of the business operations. Here are some points considered in view of Environment focusing aspects other than employees, community and governance & ethics in case of Service Industries:

Examples of Non Disclosures of Cost in Financial Reporting of Service Industries		
Discloses	Industry	Not Discloses
<ul style="list-style-type: none"> <li>Networking &amp; Operating Expenses</li> </ul>	<p>TELECOM</p> 	<p>Cost of :</p> <ul style="list-style-type: none"> <li>Hazard Due to Radio Frequency Emissions from the Towers</li> <li>E-waste Management</li> </ul>
<ul style="list-style-type: none"> <li>Cost of Fuel</li> </ul>	<p>THERMAL POWER</p> 	<p>Cost of :</p> <ul style="list-style-type: none"> <li>Carbon Footprint</li> <li>Water Pollution</li> </ul>
<ul style="list-style-type: none"> <li>Cost of Software Packages</li> <li>Manufacturing Expenses</li> <li>Data Center Expenses</li> </ul>	<p>IT</p> 	<p>Cost of :</p> <ul style="list-style-type: none"> <li>Energy Efficiency Matrix</li> <li>E-waste Management</li> <li>Impact on Extraction of Rare Earth Elements</li> </ul>
<ul style="list-style-type: none"> <li>Purchase of Medical Consumables &amp; Drugs</li> </ul>	<p>HEALTH CARE</p> 	<p>Cost of :</p> <ul style="list-style-type: none"> <li>Medical waste Management</li> <li>Chemical waste Management</li> <li>Biodegradability</li> </ul>
<ul style="list-style-type: none"> <li>Purchase of Fuel</li> <li>Aircraft Rentals</li> <li>Airport Fess and Charges</li> </ul>	<p>AVIATION INDUSTRY</p> 	<p>Cost of :</p> <ul style="list-style-type: none"> <li>Contrail Formation</li> <li>Airborne Particulate Matter</li> <li>Ozone Depletion</li> </ul>

The inclusion of ESG factors and alignment with SDGs represent a significant evolution in the new era of financial reporting. Understanding the importance of sustainability factors of an organisation,

### Cost ascertainment and Cost Audit Report Vs. Sustainability Reporting:

Though sustainability reporting vs. cost ascertainment and cost audit reports serves different purposes and focus on different aspects of an organisation's operations, there are some connections between the two, especially in the context of resource efficiency and cost considerations within sustainability initiatives. Below are a few points of connection between them:

- a. *Resource Efficiency and Cost Savings:* Cost audit reports highlight areas where cost-saving measures and operational efficiency improvements can be made. These efforts can lead to cost savings in areas such as energy consumption, waste management, and water usage. These measures are aligned with the resource efficiency goals outlined in sustainability reports.
- b. *Integrated Reporting:* Organisations are moving towards integrated reporting, which seeks to provide a comprehensive view of an organisation's financial and non-financial performance in a unified report. In this context, sustainability information and cost-related details could be presented together to provide a more holistic picture of the organisation's value creation.
- c. *Supply Chain Management:* Sustainability reporting includes information about an organisation's efforts to promote sustainable practices within its supply chain. Cost audit reports also can analyse the costs associated with supply chain management and highlight areas where sustainability practices have influenced costs or efficiency.
- d. *Product Lifecycle Costs:* Sustainability reporting involve analysis about the environmental impact of an organisation's products throughout their lifecycle. Applying Costing methods one can examine the costs associated with different stages of a product's lifecycle, including production, distribution, and end-of-life considerations.
- e. *Employee Engagement and Training Costs:* Sustainability initiatives often involve employee engagement and training programs to promote environmental and socially responsible behaviour. Cost audit

reports address the costs associated with these programs and can assess their impact on employee productivity and overall operational efficiency.

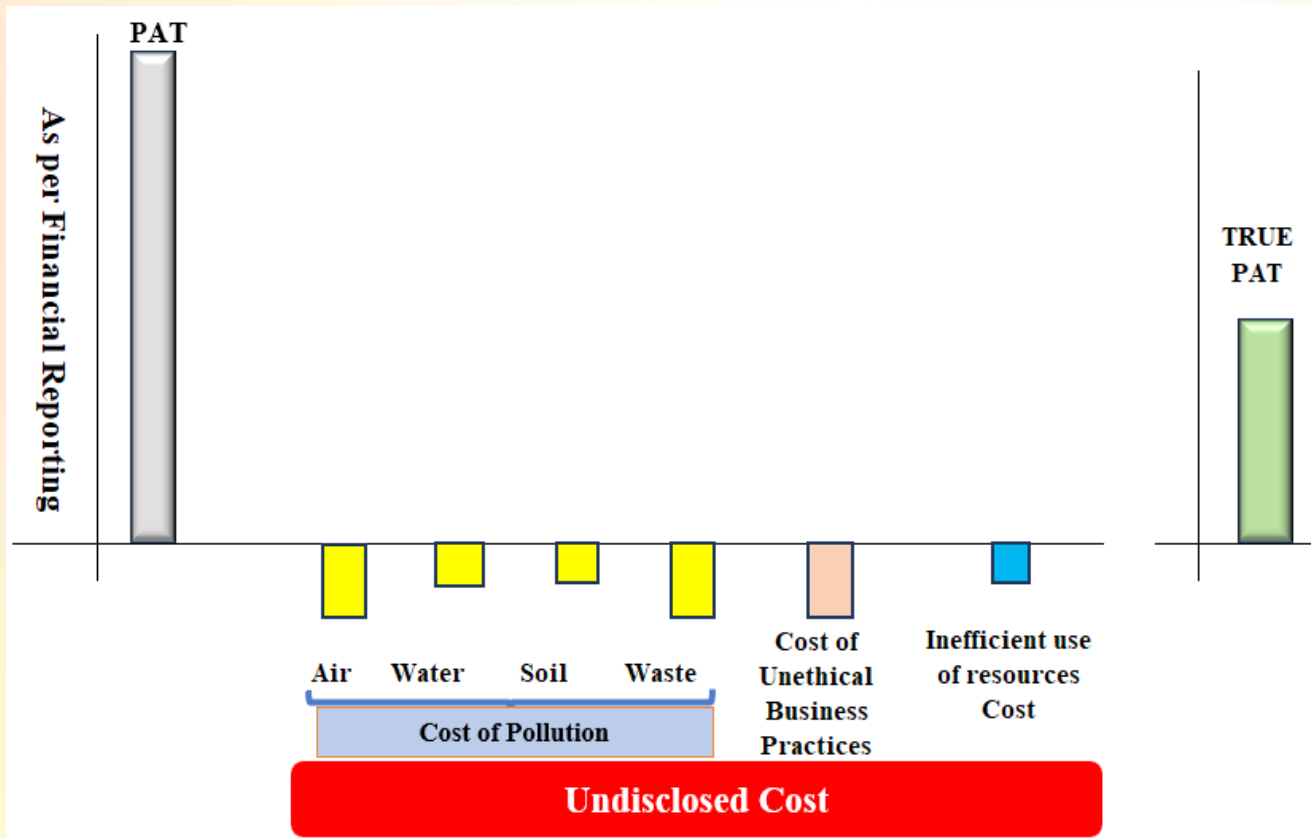
- f. *Innovation and Research Costs:* Sustainability initiatives associated with investments in innovation and research to develop environment friendly technologies or practices. Cost audits explore the costs associated with these research and development activities.
- g. *Return on Investment (ROI) Analysis:* Both sustainability initiatives and cost-related measures can be subjected to ROI analysis. Understanding the financial returns on sustainability investments and cost-saving measures, provide a comprehensive view of the economic impact.

Organisations should aim for a more integrated and comprehensive approach in reporting which find synergies in aligning these two reporting processes.

True Cost Accounting (TCA) is accounting 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 cost 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.

Concept of Costing and Cost Audit Report may be enriched by introduction of TCA concept in its reporting to assess the impact to evaluate actual cost involved & True PAT from the final product or services as below:


1. Carbon emission cost.
2. Cost due to contamination of water.
3. Cost of pollution due to waste discharge.
4. Soil degradation cost.
5. Inefficient energy / resource usage cost.
6. Cost of unethical business practices.



PAT = Profit after Tax.

### Benefits of Embracing Beyond Traditional Financial & Cost Reporting:

- Enhanced Transparency:** These reporting provides a more holistic view of an organisation's operations, promoting transparency and accountability.
- Improved Risk Management:** By addressing ESG & SDG factors, organisations can better identify and mitigate risks related to environmental, social, and governance issues.
- Attracting Responsible Investors:** Investors increasingly consider ESG & SDG criteria when making investment decisions. Organisations that embrace reporting beyond traditional financial and cost reporting, are more likely to attract responsible investors who prioritise sustainability.
- Competitive Advantage:** Demonstrating a commitment to sustainability and social responsibility can differentiate an organisation in the market and attract environmentally and socially conscious customers.

Companies are now expected to report more than just financial results. Showing how they impact the environment and society is key. This creates a more transparent and responsible business world. 

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## Sustainability Summit Organized On 30<sup>th</sup> January, 2025

The Sustainability Standards Board, The Institute of Cost Accountants of India (ICMAI) organized the Sustainability Summit on January 30 2025 at Taj Mahal Hotel as a part of celebrations of the Sustainability Month in January, 2025. Mr. Jean Bouquot, President, IFAC graced the event as the Chief Guest along with Prof. Lakshman R. Watawala, Former President, SAFA and President, CMA Sri Lanka. It was also graced by Mr. Ashfaq Yousuf Tola, President SAFA. The event was also attended by Mr. H M Hennayake Bandara, Former President SAFA and Vice President, CMA Srilanka. CMA Neeraj Joshi, Council Member provided his special address. CMA Manoj Kumar Anand, Council Member gave the vote of thanks.

CMA (Dr.) Ashish P. Thatte started the proceedings and in his opening speech he briefed about the sustainability activities undertaken by the SSB, ICMAI. He pointed out that ICMAI is the only Institute to bring out the Sustainability Standards which is a carve out of the International Standards of IFRS SS1 and SS2. The ethical standards, guidance note and auditing standards would be brought out by SSB very soon. He stated at length the activities of SSB especially the newsletter titled *Sukhinobhavantu* which is the monthly newsletter published every month on 25<sup>th</sup> day of each month. He briefed about the *Vasudhaiva Kutumbakam* the fortnightly webinars organized by SSB, ICMAI on every 2<sup>nd</sup> and 4<sup>th</sup> Fridays were also stated by him. He stated about the ESG Certificate course, activities undertaken in the Sustainability Month, Green Awards which has been recently been approved by the Council, He invited all to take the sustainability pledge thereafter and read it for the audience.

CMA Neeraj D. Joshi started his special address and stated that the model code of ethics of IFAC which would be undertaken by the Institute and he also stated that the Artificial Intelligence Committee has been formed for capacity building of the Artificial Intelligence activities

undertaken by the Institute. He stated that Management Accounting Committee every year is observing the Management Accounting Day on May 6 for last three years. He also stated that the 1<sup>st</sup> international conference at Dubai is being hosted in the month of February, 2025 on the sensitization of Management Accounting to the global audience. He stated that the representation in IFAC and CAPA of CMA bodies can be enhanced for smoother transition process for the Management Accounting Bodies to have a sizeable representation. He also briefed the auditing functions which is at risk due to advent of AI for the sustenance of the professional accounting professions.

CMA T.C.A. Srinivasa Prasad, Vice-President, ICMAI in his speech spoke in French and translated it in English and congratulated the wonderful achievement of releasing the Draft Sustainability Standards to the SSB. He stated that the presence of global heads in this event will add value to the sustainability activities undertaken by the Institute.

CMA Bibhuti Bhusan Nayak in his presidential speech welcomed all guests, past presidents and council members and Chief Guest and the Guest of Honour for their august presence and stated the objective of the world is *Sukhinobhavantu* and *Vasudhaiva Kutumbakam* concepts which if not achieved sustainability goals cannot be reached. He also stated the ideologies of Micheal Porter and he stated the objectives of the Institute and broad objective of cleanliness has to be inculcated by everybody. He also stated the Maslow's theory of needs hierarchy and the objective of social needs to fulfil the growth and need of the society for good for all.

Prof. Lakshman R. Watawala, Former President, SAFA and President, CMA Sri Lanka as a Guest of Honour welcomed all and he stated the sustainability is a practical concept. He stated that integrated reporting awards has been

started by ICAI Srilanka and appreciated the new Sustainability Standards and acknowledged the compliance of BRSR by top 500 Companies in India. He iterated that the Integrated Council was set up and the integrated reports primary objective was to provide value for all stakeholders. The SSB making using the International Integrated Reporting Council has taken cognizance in the Sustainability Standards. He stated at length the importance of the integrated reporting framework in the sustainability reporting process is paramount. The risk and opportunities of the Companies in SS1 which is for financial information has to be properly assessed was a part of his deliberation. The material facts are to be properly checked he repeated. He informed that the financial information and non-financial information is very important and Management Accounting Bodies role is very crucial. Incase of SS2 and the climate disclosures will have a huge impact in the sustainability aspects to the world. The impact of integrated reporting is felt very important and he appreciated that global reporting initiatives are being followed by India and Srilanka. In his speech he stated that we also have to take consideration of the food security and the availability of water. The commercial aspect of Power Sector has to be assessed and green technology are to be practised and also renewable sources are to be judiciously used was his thought process. The continuously professional development is to be undertaken for betterment of the country and sustainability is very vital for the growth of the profession and the country he repeated. Management Accounting bodies are now working closely with IFAC and four articles in IFAC gateway were published. IFAC plays a vital role for the growth of the Management Accounting bodies and sustainability standards will be useful for the country was his parting thoughts.

Mr. Jean Bouquot , President of IFAC welcomed all and appreciated the hospitality provided by the Institute in welcoming him to the country. He highlighted the role of IFAC and the spread of their presence across the world through it's members. He stated that the accounting profession is a global profession and professional quality, integrity and membership is very vital.

ICMAI was the founder member and appreciated the presence of the Institute from the start of their journey. He appreciated the impact and role in IFAC as the country progressed leaps and bounds in the economy. The IFAC with other international bodies are very impactful and their alignment with global reporting baseline is vital. ICAI ,SSB is working in alignment with SS1 and SS2 with their standards and he also stated that the importance of their role in the area of sustainability. IFAC has an empowering approach and they are now enablers and a tool to the accounting professionals to meet the challenges of the professionals in their journey. Initially we have to embrace the sustainability and PIO will lead the way of transform enablers. IFAC will develop expertize, thought leadership and regulators work will have to work in tandem. The upskilling of the knowledge of students and skill development is very important for the development of the profession he iterated.

He also appreciated the course on ESG by SSB, ICAI which was launched by the Institute and he also applauded the Institute and process of collaborating with SAFA, IFAC and fusion of news ideas and views in their endeavours. He also stated that IFAC will provide help to ICAI in areas of sustainability. IFAC will provide and host issues in their gateway. IFAC wants to embrace, develop and engage the skills development and collaborate as per their charter. He stated there will be bumps in the pathway but we have to be undeterred. The high standards of IFAC has to be properly kept and sustainability reporting is to be done in a holistic manner. He appreciated the thought leadership for the persons who were present.

The summit also felicitated best Article Awards in *Sukhinobhavantu* which is the monthly newsletter of SSB, ICAI. CMA Arunabha Saha was judged was the best article award and Shri Rakesh Kumar Sharma was judged as the 2<sup>nd</sup> best article award. The articles were from the period from October 2023 to September 2024. The topic of the best article was "Navigating Sustainability: An evaluation of the Environment, Social and Governance Framework " published in January 2024. The 2<sup>nd</sup> best article was on the topic of "The Pitfalls of Greenwashing: Why organizations must

refrain and focus on genuine sustainability?" published in August 2024.

The draft edition of two ICMAI Sustainability Standards were also released in virtual mode namely ICMAI Sustainability Standard (ISS 1) which covers the General Requirements for Disclosure of Sustainability-related Information and ICMAI Sustainability Standards (ISS 2) which covers the Climate related disclosures were released.

The compendium of the last six issues of the monthly newsletter titled " *Sukhinobhavantu* " were also released.

The Handbook on Value Chain implementation and Assurance were also released during the event. CMA Siddhartha Pal was also appreciated by the dignitaries for his contribution in the publication.

The release of the Sustainability Guidance Cell was also done. It is an initiative w.e.f. 1<sup>st</sup> March, 2025 the Sustainability Guidance Cell would be functional by resolving various queries of members in areas of sustainability. The responses would be replied with respect to various queries and the SSB will reply within 14 days in response to the queries.

Mr. H M Hennayake Bandara, Former President SAFA and Vice President, CMA Srilanka was also felicitated by President, ICMAI, Vice-President, ICMAI and other dignitaries.

CMA Manoj Kumar Anand, Council Member provided the vote of thanks and acknowledged the presence of the IFAC President, President CMA Srilanka and Vice-President CMA Srilanka and other council members present in the event. He stated the recycling is the forte of the Indian culture and appreciated the BRSR mandate of top 1000 companies in India. He thanked Vice-President, ICMAI for his speech in French and also appreciated the endeavors of the SSB for their wonderful endeavour to make a successful event.

The 1<sup>st</sup> technical session as a panel discussion was on the theme of role of CMAs and ICMAI in setting sustainability standards. CMA Venkateswaran Ramakrishnan, General Manager, SEBI & Member of SSB, ICMAI, CMA (Dr.) S.K. Gupta, CEO, ICMAI Social Auditors Organization and was moderated by CMA Siddhartha Pal, SSB Member.

CMA (Dr.) S.K.Gupta provided a presentation on the two draft standards issued by the Sustainability Standards Board in line of ISS1 and ISS2 issued by IFRS which is carve out of the international standards. He explained the genesis of the sustainability and the need of the standards which was explained at length by him. He stated the draft ICMAI Sustainability Standard (ISS 1) on General Requirements for Disclosure of Sustainability-related Information and ICMAI Sustainability Standards (ISS 2) on Climate related disclosures. He stated the base reference of the standards from the various BRSR and other international standards and is customized to the Indian context. The standards have been sector agnostic and in line with the framework of Cost Accounting Standards. The standards are useful of all stakeholders. He explained the two draft standards and the framework and general requirements of standards were explained by him for each aspects in detail.

CMA Venkateswaran Ramakrishnan, General Manager, SEBI and Member SSB stated the regulatory perspective of the draft standards issued by the SSB. He categorized the concept of " *Vasudhaiva Kutumbakam* " in the *Upanishad* and origin of the standards in the perspective of SDGs. He stated that disclosures are overriding for each organization to do and the regulator wants such information for adherence in proper principles. He stated that the principles of sustainability related disclosures and explained the risk and materiality concept in his presentation. He stated that the role of the mutual funds who are investing in ESG schemes, ESG Rating Agencies and ESG Rating Providers are to be properly apprehended. The global standards rationale for sustainability standards is to prevent the disclosure fragmentation and reduce greenwashing. He stated that the various disclosures of BRSR and how it is useful for an environment of proper disclosures. The key performance indicators parameters were also highlighted in his speech. The reporting format of the various aspects of the BRSR in proper disclosures were also discussed.

CMA Siddhartha Pal put the final takeaways of the session as per the inputs provided by the two speakers and he highlighted the aspect of greenwashing and rationale of the rating agencies.

He stated that opportunities are galore for CMAs in the field of sustainability.

The session was concluded with a questions and answers session.

The 2<sup>nd</sup> session in post lunch was on the theme on the topic of need for uniformity of sustainability standards in sub-continent and Mr. Ashfaq Yousuf Tola, President SAFA was the speaker. Mr. Ashfaq Yousuf Tola, President SAFA started his presentation and simplified the concept of sustainability and provided the linkage with economy and daily activities. He also appreciated the exposure drafts of the ICMAI Sustainability Standards and provided his inputs. The inter-linkage with sustainability and economy has to be properly defined be explained with practical examples. The connect with lifestyle, infrastructure with sustainability was deliberated by him in simple language. He also explained the tariff war and the deleterious impact it has with the economy and threat it imposes to the sustainability was apprehended by him. He stated that the economy was in shambles in Pakistan and explained the negative impact of FDI on the economy in the sub-continent. The objective of sustainability which brought about a visible change in the lives of the people. Economic Development is of a paramount importance for sustainability he iterated in his speech. He appreciated the hospitality of the country and his homecoming to India.

The 3<sup>rd</sup> technical session was on the theme Achieving Circular Economy through SDGs. Ms. Priya Subbaraman, Co-Founder and Director Dhira Skilldev Foundation was the speaker and was moderated by Dr. Ranjith Krishnan, Sustainability Consultant, SSB Member. The resource person started her presentation with the carbon emissions of each country and deliberated the per capita carbon emissions. Her presentation was divided into six segments starting with introduction, key principles, SDGs, challenges, India opportunity and financial services. She stated that the objective of the circular economy was to reduce, reuse and recycle. She then provided an overview of the Sustainability Development Goals starting from SDG 6 to 15. She explained the various practical examples of use of circular economy which was done in our daily lives. Thereafter, her presentation focussed on the

challenges to achieve the circular economy. She delved into the various Government initiatives in India and the various Indian opportunities in the sphere of circular economy. Various case studies covering both the local, national and international aspects were touched upon in her presentation. Finally, financial services, products and key implementation areas and emerging opportunities were highlighted. The role of CMAs and scope were also discussed. Dr. Ranjith Krishnan provided the concluding remarks and summed up the session answering various queries from the participants.

The 4<sup>th</sup> technical session was on the theme of BRSR- The low hanging fruit for CMAs. CMA A. Sekar, Practising Company Secretary & Member of SSB, ICMAI was the speaker. He started his presentation of the four pillars of sustainability and provided a ringside view of Business Responsibility and Sustainability Reporting (BRSR). He highlighted the significant benefits of BRSR and ESG and the background of BRSR. He covered the format of BRSR and the various disclosures including general disclosures, management and process disclosures. He emphasized the nine principles and mapping with the Sustainability Development Goals (SDGs). The presentation also highlighted the principle wise performance disclosures and various data points. He stated that the skillsets required by Directors for proper implementation of BRSR and the role of CMAs. He also iterated about the compliance framework of BRSR and the implementation of it including the BRSR core assurance covering the limited and reasonable assurance. The assurance standard, role of audit committee, double materiality, format of BRSR core were also discussed in his presentation.

The event concluded with the National Anthem.

The event was attended by more than 150 participants comprising of practicing CMAs, representatives from Government and Regulators, Heads of Public Sector Organizations and independent consultants in the field of sustainability.

The YouTube link for the event can be viewed as per the following link:

[https://youtu.be/\\_alFrw1g99Y](https://youtu.be/_alFrw1g99Y)

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SUSTAINABILITY SUMMIT



**Mr. Jean Bouquot,**  
President, IFAC  
addressing in the  
Sustainability Summit  
on 30<sup>th</sup> January, 2025.

**CMA (Dr.) Ashish P. Thatte,** Chairman,  
SSB addressing in the  
inaugural session in the  
Sustainability Summit  
on 30<sup>th</sup> January, 2025



**Mr. Lakshman R. Watawala,** Former  
President, SAFA and President,  
CMA Srilanka (3<sup>rd</sup> from left )  
graced the occasion as Guest of  
Honour and Mr. H.M. Hennayake  
Bandara, CMA Srilanka (5<sup>th</sup> left )  
also graced the event along in  
the Sustainability Summit on 30<sup>th</sup>  
January, 2025.

**Mr. Ashfaq Tola,**  
President, SAFA (2<sup>nd</sup>  
from left ) and other  
dignitaries in the  
Sustainability Summit  
on 30<sup>th</sup> January, 2025.







CMA (Dr.) Ashish P. Thatte, Chairman, SSB, ICMAI felicitating CMA Siddhartha Pal, SSB Member



CMA (Dr.) Ashish P. Thatte, Chairman, SSB, ICMAI felicitating CMA Venkateswaran Ramakrishnan, General Manager, SEBI and SSB Member



CMA (Dr.) Ashish P. Thatte, Chairman, SSB felicitating CMA (Dr.) S.K. Gupta, CEO, ICMAI SAO



Dr. Ranjith Krishnan, SSB Member being felicitated by CMA D.C. Bajaj, Past President, ICMAI



Ms. Priya Subbaraman, Co-Founder and Director, Dhiraas Skilldev Foundation felicitated by CMA D.C. Bajaj, Past President, ICMAI



CMA A. Sekar, SSB Member is felicitated by CMA D.C. Bajaj, Past President, ICMAI



CMA Arunabha Saha the Best Article Award Winner of Sukhinobhavantu is felicitated by IFAC President and other dignitaries

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VK Webinar Series of the Sustainability Standards Board

## 26<sup>th</sup> Webinar

# BRSR Reporting: Some Anomalies

February 14, 2025 from 4 to 5:15 p.m.



Shri Kishor M. Parikh



CMA Dibbendu Roy

Shri Kishore M. Parikh, Chartered Accountant started the webinar on the topic of “BRSR Reporting: Some Anomalies” and the genesis of the enactment of Business Responsibility & Sustainability Reporting (BRSR ) and how it impacts the Companies and it’s correlation on the Environment, Social and Governance (ESG ). He deliberated the whole gamut and the compliance blueprint of BRSR as per the latest provisions. He stated at length the anomalies in the broad guidelines and how it impacts the reporting of the BRSR. He pointed out the various ESG disclosures and how proper good corporate governance and stakeholders reporting can be exhibited through the BRSR Reporting.

He underscored the various parameters like incorrect data and inaccurate data which can handicap the impact of proper BRSR Reporting. He viewed that the stakeholders’ interests can be hampered with incorrect disclosures of information through improper BRSR Reporting for both the financial and non-financial data which are useful for all stakeholders to exhibit proper transparency and good governance. It is known that corporate decision making can be hampered with incorrect data compilation. The shareholders trust is also getting tarnished with improper BRSR Reporting. The quality of reporting and third party data has to be properly verified in the BRSR Report. He highlighted that the recent

provisions of BRSR of assurance and assistance provisions of SEBI on BRSR had how Companies are to be vigilant with such change of provisions.

We also know that unified standardized matrix has to be developed for different industries so that we can have a uniformity and proper reporting in BRSR which would enable consistency and coherence of reporting. Business Responsibility & Sustainability Reporting must consider the materiality aspect and the report should not be subjective. The principles and judgement of the concept of materiality has to be properly assessed.

He provided an insight with the premise that the alignment with proper and correct sustainability reporting has to be done in order to enable proper disclosures. ESG disclosures with proper recording of parameters has to be done. Compliance of parameters has to be done otherwise penal provisions are applicable including legal parameters. Inconsistency leads to lack of credibility and transparency. Investors' confidence is deterred by improper reporting. He underlined that internal governance and audit mechanism is paramount for proper disclosure which would enable a Company to perform better and comply as per the norms.

He constructed that navigating multiple ESG frameworks has to be complied and best practices of the world like GRI are to be compared for implementation of best practices. He highlighted the SDGs and present 17 goals. He finally stated that the standards are also released on IFRS. He highlighted the role of ICMAI and ICAI in their Sustainability Boards are assessing the various criteria of climate change and different norms including TCFD and other parameters for assessed in their standards. In case of foreign funding such compliance is mandatory. BRSR and global standards should be in sync.

All companies are not following the integrated reporting and long term value creation is impacted due to incorrect disclosures, inadequate information and improper formats and inaccurate data points.

He also stated the present manual process and the integration of software is not aligned so results are to not proper. He stated that as per the new SEBI provisions the vendors are a part of value chain partners reporting from 2025-26 in both downstream and upstream partners. He stated various aspects of green washing and various methods undertaken by Companies of Greenwashing.

He finally highlighted the Artificial Intelligence practises and authenticity of data in such practise has to be checked. He also stated that both the short term and long term process has to be integrated. Benchmarking has to be undertaken for ESG reporting. Inconsistent anomalies and challenges are there which can be arrested by better control mechanism.

The webinar ended with concluding remarks and vote of thanks by CMA Dibbendu Roy, Secretary, SSB, ICMAI.

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VK Webinar Series of the Sustainability Standards Board

**Renewable Energy in Germany,  
Key take aways**  
Friday | February 28, 2025 | 4 pm to 5:15 pm  
Organised by: Sustainability Standards Board (SSB)

**SPEAKER**

- CMA Bibhuti Bhusan Nayak, President, ICMAI
- CMA T C A Srinivasa Prasad, Vice President, ICMAI
- Mahesh Krishnan, Project Developer, Solar Energy Berlin - Germany

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VK Webinar Series of the Sustainability Standards Board

**Integrating Sustainability and  
Technology in Supply Chain Operations**  
Friday, 14th March, 2025 from 4 to 5:15 pm  
Organised by: Sustainability Standards Board (SSB)

**SPEAKER**

- CMA Bibhuti Bhusan Nayak, President, ICMAI
- CMA T C A Srinivasa Prasad, Vice President, ICMAI
- Dr. Jogi Chandran D, Professor, School of Business and Management OHSBT (Deemed to be University)

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29<sup>th</sup> Vasudhaiva Kutumbakam  
VK Webinar Series of the Sustainability Standards Board

**Solar Projects- Demystifying Myths**  
Friday, 28<sup>th</sup> March, 2025 from 4:00 to 5:15 pm  
Organised by: Sustainability Standards Board (SSB)

**SPEAKER**

- CMA Bibhuti Bhusan Nayak, President, ICMAI
- CMA T C A Srinivasa Prasad, Vice President, ICMAI
- Devendra Kulkari, Cold & Supply Chain Expert
- CMA (Dr.) Ashish P. Thatte, Chairman, SSB, ICMAI

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## Announcement

SSB is happy to commence an exclusive section called Sustainability Guidance Cell from March 2025. The objective of the cell is resolving various queries of members in areas of sustainability. The responses would be replied with respect to various queries within 14 days in response to the queries. We request you write to us at [ssb@icmai.in](mailto:ssb@icmai.in). The queries will be selected on "First Come; First Serve Basis".

SUSTAINABILITY GUIDANCE CELL

# Activities by Regional Councils and Chapters

## 1. Patiala Chapter

The Patiala Chapter of Cost Accountants celebrated the month of January 2025 as Sustainability Month by hosting "The Big Sustainability Debate," a captivating event that brought aspiring CMA students in thought-provoking discussions on critical environmental and social issues. The competition saw enthusiastic participation from CMA students (final group) to discuss the complexities of sustainability, and articulate their perspectives on pressing challenges such as climate risk management, sustainability practices and reporting by companies, corporate social responsibility reporting, ESG and sustainability.



## 2. Kanpur Chapter

Management Committee and members of the Kanpur Chapter gathered for the tree plantation activity on 26.01.2025. This activity was conducted at the grounds of the CMA Chapter at Lakhanpur, Kanpur, students also participated in this activity.



Members ploughed the trees of Neem, and the Blackberry rubber plant etc. was placed. This Green initiative will surely boost the environment, as Chairman CMA A.K. Srivastava stated. He further noted that this drive will also raise awareness among members and students about environmental sustainability.

### 3. Pune Chapter

The celebrations of Tree Plantation & Green Walk programs organised by ICMAI-Pune Chapter on 27th January 2025 at CMA Bhawan premises at Pune Chapter.

CMA (Dr.) Ashish P. Thatte, Chairman, SSB, ICMAI and Council Member, CMA Chittaranjan Chattopadhyay, Council Member, CMA Neeraj D. Joshi, Council Member, CMA Nilesh Kekan-Chairman, ICMAI-Pune Chapter, CMA Shrikant Ippalpalli, Vice Chairman -ICMAI - Pune Chapter, CMA Himanshu Dave, Treasurer-ICMAI-Pune Chapter, Managing Committee Members, CMA Members ,Students & Staff members of Pune Chapter were participated the program.



### 4. Thane Chapter

Thane Chapter of ICMAI organised a session on “BRSR and Draft Exposure on ICMAI Sustainability Standards” at its Chapter premises on Saturday January 25,2025.

CMA(Dr.) Ashish P Thatte, Council Member & Chairman, Sustainability Standards Board of ICMAI delivered the opening remarks. During his address he spoke on various initiatives taken by the Board to promote Sustainability and to educate the members about various regulatory requirements.

Dr.Ranjith Krishnan, Sustainability Consultant, Thane was the resource person for the session. During his session, he attempted to cover in detail, various topics such as ESG and its need, Why ESG is important? need and importance of Sustainable investing, Business responsibility and sustainability reporting, Objectives of BRSR implementation, reporting pattern, types of disclosures, applicability of BRSR and many more. Further he deliberated on the Draft Exposure on ICMAI Sustainability Standards”. The Standards are ISS-1: pertains to Sustainability Standard on General Requirements for Disclosure of Sustainability-related Information and ISS- 2 Sustainability Standard for Climate risk disclosures. After the talk, CMA Arunabha Saha spoke in detail some of his comments on ISS-1.

Dr. Krishnan during the course of session responded to the queries raised by audience. CMA Ratnakar Deshpande, Chairman, Thane Chapter in conclusion proposed vote of Thanks. The session was organised as a part of “Sustainability Month” celebrations of SSB of ICMAI.

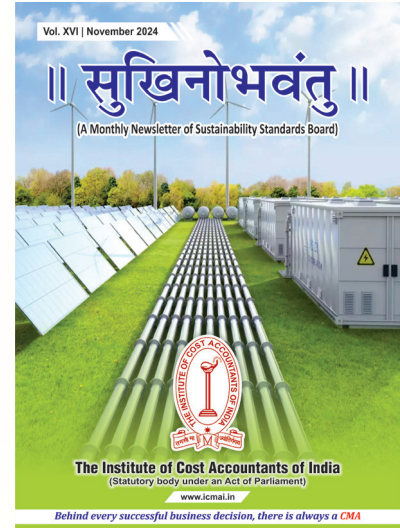


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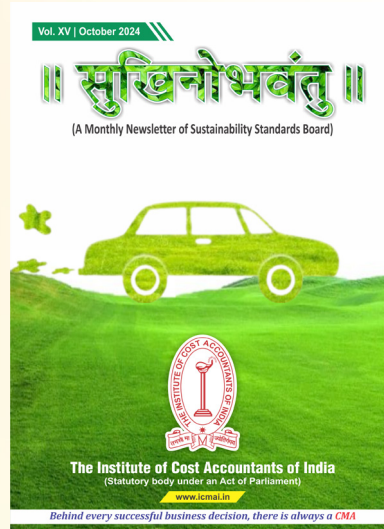
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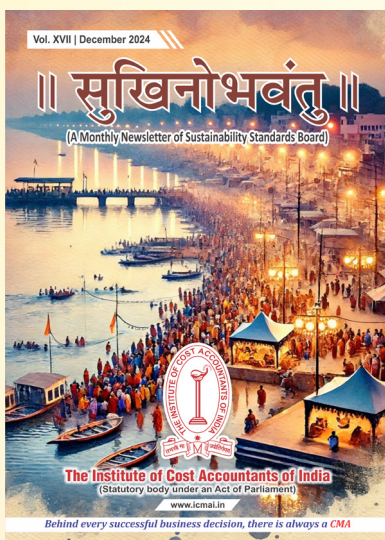
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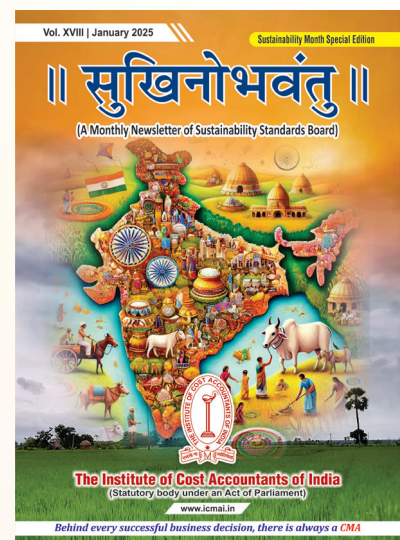
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SUSTAINABILITY MONTH ACTIVITIES

# Timeless Toys and Games: Preserving the Past for a Sustainable Future

**Usha Ganapathy Subramanian**  
Practicing Company Secretary  
Chennai

One would not be far from truth to call today's world a plastic one. Right from gadgets to children's toys and many things in between, plastics have proliferated many aspects of daily life. But when coming to children's toys, it's unsettling to realise that children are exposed to plastic in the tender age when immunity is just building up.

A simple reason is that these days plastic toys are more affordable than wooden or handicraft counterparts. However, the dominance of plastic toys in the market has come at a cost to the environment. And what is worse, children are hooked to gadgets, that pose significant risks to physical and mental health.

Looking at the present state of things, one cannot help but turn nostalgic about the simplicity and thoughtfulness behind the toys that once accompanied childhood some decades back.

Let us take a trip down the memory lane to revisit the sustainable, meaningful and skill-enhancing toys of yesteryears.

**Traditional dolls – craftsmanship with a legacy:** In Tamil Nadu, one may recall the Marapaachi Bommai, that used to be a staple in most households. Literally meaning a wooden doll, children used to play with them and dress them up for various occasions. Nowadays one may find them in art exhibitions or in traditional stores. They are not part of "toy stores" any more.

Channapatna wooden toys and Kondapalli toys are also something that capture our imagination – with their vibrant hues and themes.

There are also traditional wooden or clay dolls. The thalaiyatti bommais – the dolls with a bobbing head that gently and gracefully sways in a dancing posture upon the slightest touch. The Thanjavur Bommais are roly-poly self-balancing dolls returning to the position no matter how one tries to push them due to their lower center of gravity. These not only entertained but demonstrated principles of physics and balance.

It is not just India but different cultures across the world have such environment-friendly dolls – from the East to the West. One may have heard of the traditional Russian nesting dolls – the Matryushka, or Vanka-Vstanka roly-poly dolls. These are all wooden and painted in the beautiful motifs and double up as home decor.

**Skill-development with traditional toys:** Many traditional toys are not just play things but tools of learning. Wooden spinning tops were a favourite among children those days. They had a blunt iron tip and grooves around the wooden body about which a rope was wound and released with force to spin the top. Playing with these spin-tops enhanced fine motor, hand-eye coordination and cognitive skills. Today's tops spin at the press of a button or hardly involve the skills that were required in the past. And are woefully made of plastic. The wooden versions of tops are still found in fairs and art exhibitions but not the usual toy stores.

One may also reminisce the traditional wooden push walker for toddlers. Unlike the flimsy walkers of today made with plastic or sometimes with even metal parts sticking out, the traditional wooden walkers were sturdy and safe. The



material was safe even if kids bit it, whereas one cannot say the same for plastics. The design was such that the walker does not topple even if rough-handled and gently teaches balance and carefulness with fun.

**Board games – the original brain-boosters:** Long before video games came along, there were board games that kept kids entertained through the holidays. Some iconic games of yore are Daayakattam which is a dice-based game similar to Ludo or Pallaanguzhi which is played with tamarind seeds that helped improve counting and planning skills. The Paramapadham, the traditional snake and ladders game prepared one for the ups and downs of life. And our very own Chess that has now become a global phenomenon. These traditional games improved the analytical skills of children and elders alike and brought in a spirit of sportsmanship and camaraderie among family and friends. What more, the things that were used in the games were either durable like brass dice or wooden pieces or something that is repurposed from kitchen waste like tamarind seeds.

**Natural long-lasting colours:** Even the colours that were used to decorate the toys were organic. Mineral-based and natural vegetable pigments have been used extensively in Indian art heritage right from frescoes to textiles to handicrafts. These natural pigments made from minerals and vegetables were mixed with natural binders for durability to ensure that no harmful residues remained in the ecosystem.

**Sustainable toys that lasted generations:** A defining characteristic of traditional toys is their durability. This feature, by itself, renders it a mark of sustainability. Unlike plastic toys that tend to break, the wooden topys used to last generations. Further, since the whole production cycle of these toys was low-energy intensive, these naturally have a low carbon footprint. Not just that, they were generally non-toxic, and most importantly, bio-degradable, and hence, were never a burden to the environment.



REROUTE TO OUR ROOTS

**Concluding Thoughts:** These days, it is heartening to see a gradual revival of traditional arts and games. The Government's efforts focusing on the toy industry like promoting Made in India toys, National Action Plan for Toys, the recently-announced cluster-based manufacturing scheme and other support measures for sustainable toy-making are in the right direction.

Art exhibitions and stalls are sowing the seeds of curiosity and interest in traditional toys. There is an increasing awareness of their environmental-friendliness and immense developmental and social benefits.

Playing with traditional toys involves outdoor and group play. Even dolls foster imagination as they involve active imagination and story-telling. They cultivate patience and foster healthy group dynamics too. This naturally imbues children with social skills and keeps isolation at bay. Bonds formed during playtime blossom into lasting friendships. Children become emotionally resilient and grow up to become responsible individuals, leading to a happier and safer world.

SB

# Sustainability Initiatives in Indian Banking Industry

**CMA Dibbendu Roy**  
Additional Director  
Kolkata

The various initiatives which the Indian Banking Industry has undertaken in sustainability are enormous. Gone are the days where the customers have to make a bee line in the branches for updating their passbooks. Now, with anytime, anyplace and anywhere banking all such are mitigated. The paperless banking has made the transaction effortless and the Indian Economy has bolstered due to such structured online banking system.

With internet penetration increasing with lowering of internet cost and high bandwidth along with secured fireball online system the UPI market is increasing which is also a part of the digital drive the Government is focussing on for enhancing the inclusive growth of digital banking.

Now, we can go to a kirana store or a roadside vendor and pay with our secured mobile banking and do not have the hindrance of carrying cash for any movement.

The NPCI has enabled that digital transactions are safe and secured and with the advent of user friendly applications of all banks the experience of financial transactions is very smooth and user friendly.

Now, we do not also frequently visit ATMs for collecting cash since the COVID-19 days and we try to complete our entire household expenditure through UPI and Credit Cards.

The currency printing has also reduced with increased economic activity and it is used as a last resort if transactions are to be done in a place which is not amenable for cashless transactions.

All banks are continuing their goals on sustainability by encouraging activities like green financing, supporting renewable energy projects, publishing SEBI mandated BRSR Disclosure, publishing sustainability report and implementing energy-saving measures within its branches.

We know that environmental consciousness, social responsibility, and principled governance are instilled in the fabric of the Bank's daily activities.

Now banks are adopting mechanism to reduce the carbon footprint by embracing green building standards for new premises, reduced time of travel by encouraging video conferencing solutions, adopting energy efficient lighting for their branches and other Offices and considerable reduction of paper consumption by moving to a paperless Office.

Banks are now adopting to Green Deposit Policy and Lending Framework for acceptance of green deposits and deployment of proceeds to green/renewable projects aligned with RBI's Framework for acceptance of Green Deposits.

Digitalization is pivotal and plays a catalyst in financial inclusion. It facilitates to enable to reach to the unbanked and underbanked populations who may not have easy access to physical Bank branches. The shift to digital transformation has facilitated paperless workflows, allowing the bank to benefit both the environment and improve staff productivity while enhancing customer satisfaction.

The Reserve Bank of India has successfully launched a pilot project Central Bank Digital

<https://pib.gov.in/PressReleaseFramePage.aspx?PRID=2002099>



Currency (CBDC) which is a digital form of a country's national currency, issued and regulated by the central bank of that country. CBDCs are centralized and have the full backing of the issuing central bank of a particular jurisdiction. It is a Legal Tender within the issuing country and in days to come we hope to have a currency less nation. The primary objectives of CBDCs are enhancing financial inclusion and thereby increasing payment system efficiency by reducing cost of transactions. We hope to have such a sustainable robust currency system for the country in coming days.

ESG Financing and Green Deposits are the set parameters of both the nationalized and private banks to reach the United Nations Sustainable Development Goals (SDGs) goals to be reached

by India in 2030 and their loan portfolio. Accordingly, all the major banks are focussing their loan portfolio to integrate the objectives of loans for proper end user utilization in the environmental and social objectives. The loans are provided for encouraging steps for renewable energy consumption, pollution reducing mobility and financial inclusivity covering the governance aspects. It shows that the objectives and targets are oriented towards ESG aspects by the Banks and not driven only for enhancing profitability and market share. **SB**

**Sources:**

- 1, <https://www.rbi.org.in/>
2. <https://sbi.co.in/>
3. <https://www.iba.org.in/>

# Conflict Resolution at Workplaces

**Usha Ganapathy Subramanian**

Practicing Company Secretary  
Chennai

*In this edition of the series, let us explore the aspect of conflict resolution at workplaces.*

## **Introduction:**

Every individual has a different set of life experiences and perspectives and this makes it possible to have different opinions on various matters. This could give rise to disagreements at workplaces. In fact, disagreements and tough conversations are a part of life. Disagreements could arise among any set of parties in a business or workplace setting: within teams, among the board members, with shareholders and other stakeholders, or even with regulators.

What is important is how the disagreements can be handled in a constructive manner, with empathy, grace and respectfulness. Disagreements, if neglected, could snowball into animosity or worse, a crisis. Conflict resolution, when done in a constructive manner, fosters trust, boosts productivity and enhances morale.

**Setting a neutral location:** Whether it's a face-to-face meeting or a team meeting or a virtual call, the setting should encourage respectful dialogue. It is better that any distractions be minimized. It is better that it is a neutral location that does not involve even subtle displays of authority on the part of the person attempting to conciliate.

**Setting in harmony by agreeing on the purpose and the crux of the disagreement:** It is important to bring in a sense of harmony by agreeing on the purpose of the discussion – for example, by stating – “We need to work out a solution for \_\_\_\_\_”. It is also important to clearly state the stand of the other person or the parties involved with something like, “I want to ensure I have understood your views correctly. Let me state my understanding. Feel free to correct me if I have misunderstood.”

**Active listening and empathy:** It is very important to establish that it is a safe place for everyone's views and to demonstrate courtesy and attentiveness. Maintaining eye contact, nodding, avoiding distractions like looking at phone are crucial in this context.

Every time there is a natural pause when the other person speaks, it may do well to validate and paraphrase what the other person has said to confirm one's understanding. This helps reduce misunderstandings, and most importantly, makes the other person feel heard.

Using open-ended questions like “Could you please tell me more about \_\_\_\_\_?” or “Would you feel comfortable in telling me more about \_\_\_\_\_?” could help uncover deeper insights. However, this must be used with a great deal of caution as it should not come across as probing or accusatory.

**Using neutral language:** Using a neutral language is important – this means that facts must be stated as they are. Ideally any adjectives or adverbs – both positive and negative may be avoided to describe the facts. For instance, “bad”, “great”, “wasteful” inherently are relative terms and add to the conflict. Using any superlative or comparatives may also be avoided. For example, it is safer to say “different” instead of “better” or “worse”. Usage of “always” or “never” could have explosive effects in conversations because these words belittle one's efforts and focus only on the results, which may not always be within the other person's control. Even if there are behavioural issues observed, avoiding the usage of these words will prevent escalations.

The persons seeking to resolve a conflict must avoid blame and defensiveness by saying more



“I” statements, which sound neutral, rather than “you” statements, which usually sound accusatory. For example, “I’m concerned about the delays” instead of “You always cause delays.” This tempers and tones down the intensity of the conflict.

An overly stern demeanour or usage of accusatory words may make the persons involved defensive and will make the situation worse. Issues must be framed around the situation rather than making it about someone’s personal traits or character.

**Maintaining emotional stability and calmness:** Most people are not genuinely comfortable with conflict or confrontation. It is in human nature to seek peace, harmony and a sense of familiarity and comfort. So, when having to deal with conflicts, the human mind may not act rationally and may get in a flight-or-fight mode – emotions run high, discussions may turn into debates, and debates into a war of words, or worse, may escalate into uncivil behaviour, threats or even violence.

It is not only necessary to be observant about the emotional state of the parties involved in the

conflict, the person hoping to resolve the conflict must also be self-aware. All the parties involved, especially, the conciliator, if any, must try to focus only on the facts of the problem, rather than personal feelings or opinions.

It is always necessary to pause, reflect and then respond. If tempers flare, a short break must be mandated or the meeting must be postponed. A cooling-off period can prevent irreparable damage.

**Proposing solutions:** Collaborative brainstorming is necessary to resolve most conflicts. Each party could put forth potential solutions or alternatives. It is necessary to focus on the shared goals of the persons involved and find a common ground. When a person puts forth his views or suggestions, no matter how they state them, it is necessary to not to interrupt and not to immediately question the validity of their views. Once a baseline sense of harmony is established, each proposal may be discussed on the aspects of feasibility, timeline and the approach to the potential solution.

It is crucial to ensure an environment where people feel comfortable raising concerns

early in the discussion. This must be actively ensured because some participants may not be comfortable with confrontation on an ongoing basis, and may agree just to be cordial and avoid offending others. However, this may build resentment in the long run. Hence, it is important to ensure everyone feels their views will be respected without judgment.

Full consensus may be difficult to achieve in most circumstances. A participative and practical approach is to reach a middle-ground where each party meets the other half way. The compromises of each party should be fair. This would create goodwill and ensure cooperation in the future.

It is also important for the neutral party to recognise that there could be inherent imbalances in power between the parties involved and the terms between them may have been objectively unfair to one of the parties to start with. In such situations, it is necessary that balance be restored as far as possible. However, these situations may require exercising moral judgment, and is necessary that the conciliator is independent and objective, apart from being empathetic and just.


**Agreeing on the proposals and further review:** Towards the end of the discussions, one of the parties may recap the discussion, and clearly delineate the next steps along with timelines and responsibilities. This will help all parties to leave the meeting with a sense of clarity. Often uncertainty leaves a bad aftertaste. Hence, ending the meeting with clarity helps promote harmony and ensures quick action and cooperation.

Any work occupies the time it is given. Agreeing on a review meeting could do wonders in resolving the underlying problem by helping the participants visualize a deadline in mind.

**Thanking the participants:** Even in cases where the conflict remains unresolved, acknowledging the efforts of the parties to resolve the conflict is important. This helps the participants feel that their time and efforts are respected. When parties feel respected, the path towards resolution becomes more apparent and less cumbersome.



**Documenting outcomes:** It is usually wise and considerate to send a concise follow-up mail containing a quick summary of the discussions and the decisions and action plan arrived at. This provides a clear record of the commitments and serves as a reference to the parties involved.

**Concluding thoughts:** A respectful, empathetic and solution-oriented approach to conflict resolution will foster trust and strengthen bonds. Conflicts are not a hindrance to or detour from growth and progress. They are a natural phenomenon and healthy in any situation. If approached with care, conflicts could, in fact, unlock new perspectives and turn into a growth opportunity. 

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Reproduced with suitable modifications from the personal writings and posts of Ms. Usha Ganapathy Subramanian.



Trees are giving out oxygen and absorbing carbon dioxide and hence naturally were given the task of maintaining harmony between earth element and the space element and take away the pollution that we have created.

Trees according to the Vedas were treated as a part of the family and always prayed to with the necessary mantra and circumbulated by pouring water all around it.

They provide us with Prana and this Prana Vayu or Oxygen in turn keeps us healthy and protects us against many evils like physical ailments, along with mental and emotional stress and to top it all, it is also responsible for bringing wealth and abundance in our lives.

That is why anciently trees and cows were revered, worshipped like gods and goddesses and were a part of our family's wealth.

Sanatan dharma was firmly rooted in these principles and hence Bharat really flourished in those days when we were called the Sone ki Chidiya.

If we need to revert to that state of Abundance then its time to go back to our traditions which were entrenched in these sacred principles of praying to all these Living symbols which can naturally keep us prosperous.

An awakening is a must to revert to that state of Abundance and discard the western rules which call these as mere rituals.

Our traditions also specify that every Nakshatra is denoted by a tree which keeps energizing us if we plant that tree/plant in our vicinity.

Lets learn about one tree per nakshatra and how can we bring prosperity in our lives without doing much.

Now let us discuss about nakshatras:

### 1. Ashwini Nakshatra

Ashwin in sanskrit means Horse and horse is considered the strongest animal in the animal kingdom.

All those who belong to this Nakshatra also carry the following characteristic traits of being very



swift, agile and have a lot of vitality. You are also known for your decisiveness, resources and can be a healing company.

You are focussed on your spiritual growth through life lessons. You will also be adaptable but sometimes rash and impulsive too. They were also the physicians to the celestial gods and hence the healing capabilities. Ruling Planet of Ashwini Nakshatra is Ketu.

Now to balance these traits the right tree for you is KUCHLA (Poison Nut) or Adulsa tree.

**Tamil Name :** Etti

**Sanskrit Name:** Karaskaram, Vishatindukam, Vishadruma, Kalakutaka

**Reference:**

<https://www.greenrameswaram.org/storage/2024/12/Nakshtra-Vanam-May-2016-3.pdf>

It is a deciduous evergreen medium sized tree grows upto 40 feet and is native to East India, Burma, Thailand, China, and Northern Australia.

The leaves are oval in shape with glossy coat and arranged in opposite decussate. The leaves are about 3 – 4 inches long and 2 – 3 inches wide.

The flowers are small and funnel shaped and pale green in colour. The fruit are orange in color and are the size of a small apple.

Inside the fruit are five seeds surrounded by a jelly-like pulp



SSB is happy to start a new column titled “Mandala and Sustainability” for next six months. The objective of the column is to share all the knowledge about the fascinating world of Mandalas and how it brings sustainability in one’s life. Ms. Geeta Joshi Brahme, a certified Mandala Therapist and happiness coach will be enriching the readers with her thoughts.





DO YOU KNOW?

It takes more energy to make 1 kg of paper than it takes to make 1 kg of steel. It takes almost 500,000 litres of water to extract just 1 kg of gold. 1 kwh of electricity from a UK plug socket takes almost 3 kwh of energy to produce. Switching from the font 'Arial' to 'Century Gothic' saves 30% ink on printing.



The following questions and answers are considered.

### 1. How to maintain the confidence and morale in challenging professional conditions?

Morale refers to one's overall attitude and confidence. High morale boosts confidence, while low morale undermines it.

Boost Confidence and Self-Morale to achieve your goals, focus on building confidence and self-morale. Follow these 5 actionable tips:

1. **Practice Self-Compassion:** Treat yourself with kindness, understanding, and patience. Acknowledge your strengths and weaknesses.
2. **Celebrate Small Wins:** Recognize and celebrate your achievements, no matter how small. This builds confidence and reinforces positive self-morale.
3. **Adopt a Growth Mindset:** View challenges as opportunities for growth, learning, and self-improvement.
4. **Surround Yourself with Positivity:** Spend time with supportive people who encourage and believe in you.
5. **Engage in Positive Self-Talk:** Focus on your strengths, accomplishments, and positive qualities. Affirm yourself with kind and encouraging words. By implementing these strategies, you'll strengthen your confidence and self-morale, unlocking your full potential.

### 2. Can you guide on the art of prioritizing?

# The Art of Prioritization Prioritization involves making intentional decisions about allocating time and energy based on emotions to achieve goals. Considering emotion, energy, time, and task, prioritization enables interconnectedness. Key Links

1. **Emotion-Task Link:** Emotions help identify meaningful tasks, recognize procrastination, and boost motivation.
2. **Energy-Task Link:** Energy levels impact task completion. Schedule high-energy tasks during energetic periods.
3. **Time-Task Link:** Time management is crucial. Estimate task duration, schedule realistically, and avoid overcommitting. Interconnectedness
  - i. Emotion influences energy.
  - ii. Energy impacts time.
  - iii. Time affects emotion.
  - iv. Task influences emotion, energy, and time.

#### 7-Step Prioritization Process

1. **Task List:** Write down all tasks.
2. **Emotion Labelling:** Label tasks with emotions.
3. **Energy Assignment:** Assign energy levels.
4. **Time Estimation:** Estimate task duration.
5. **Eisenhower Matrix:** Plot tasks based on urgency and importance.
6. **Prioritization:** Prioritize tasks based on the matrix.
7. **Time Boxing:** Schedule tasks in fixed time blocks.

By following these steps, you'll prioritize tasks effectively, manage energy and emotions, and schedule tasks realistically.

**Ms. Jayasri Tangirala**

Psychologist, Founder, Beyond well being Yousva

The views expressed are the personal views of the author. The write-up is given as a general information and does not constitute the views of SSB and ICMAl. Readers are expected to take professional guidance from an expert whenever needed.

## Five questions on sustainability

1. As per the glide path prescribed by SEBI, top \_\_\_\_ listed entities by market capitalization shall mandatorily undertake assessment / assurance for BRSR Core for FY 2024-25
2. The IAASB's ISSA 5000 provides a \_\_\_\_\_ framework for conducting assurance engagements on sustainability disclosures
3. As per India.un.org, India has done well with respect to SDG 13, with its score climbing from 54 in 2020-21 to \_\_\_\_ in 2023-24.
4. SECR with reference to UK stands for \_\_\_\_\_.
5. The first of the \_\_\_\_ principles for Sustainable Insurance requires embedding ESG issues relevant to the Insurance business in the decision making process of the entity.

**NO WINNERS FOR THE QUIZ OF JANUARY 2025 EDITION**

## CORRECT ANSWERS OF PREVIOUS QUIZ

1.	45 days
2.	Sustainability linked securities
3.	Production costs
4.	ETS free emission allowances
5.	EUR 150 million

*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](mailto:ssb.newsletters@icmai.in)**

## Call for articles

*Sukhinobhavantu is inviting articles on the theme ESG/ Sustainability or related themes for publishing in March'2025 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 March 14, 2025, by email to [ssb.newsletters@icmai.in](mailto: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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