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||सुखिनोभवंतु||

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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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CHAIRMAN's MESSAGE

CMA (Dr.) Ashish P. Thatte

As we approach the end of another transformative year in the realm of sustainability, it is my pleasure to address you in this December 2023 issue of 'Sukhinobhavantu'. As the Chairman of the Sustainability Standards Board, I am both honoured and inspired by the collective efforts and achievements we have witnessed during the year.

I believe that Cost and Management Accountants (CMAs) have a key role to play in embedding sustainability into the core of an organization's operations. By providing financial insights, managing costs, and aligning strategies with sustainable practices, they can contribute to the long-term viability and success of businesses in a rapidly changing and socially conscious world. Together, we have the power to shape a more sustainable and equitable future. I encourage each of you to continue your commitment towards sustainability, as we work hand in hand towards a world where sustainability is not just a goal, but a way of life.

I would like to acknowledge the valuable inputs and contribution of resource persons and continued efforts of Dr. Ranjith Krishnan, Member SSB in timely release of 'Sukhinobhavantu', covering many contemporary issues in the field of sustainability.

Thank you for your dedication, collaboration, and passion for sustainability. May this festive season be a time of reflection, gratitude, and renewed energy for the journey ahead.

Wishing you and your loved ones a joyous and sustainable new year 2024 ahead.

CMA (Dr.) Ashish P Thatte
December 23 , 2023

SUSTAIN THE SUSTAINABILITY

GREENWASHING

Greenhouse gas emissions, such as carbon and methane, from human activities are wrapping the Earth in a blanket of pollution that has warmed the planet and led to severe impacts such as more intense storms, droughts, floods and wildfires. To limit climate change and preserve a livable planet, emissions need to be cut nearly in half by 2030 and reduced to net zero by 2050. Businesses around the globe have a serious impact on our environment. Several world-renowned companies are major polluters, consume natural resources at an alarming rate, and are responsible for some of the most detrimental environmental catastrophes in history. Thankfully, modern organizations are waking up to the need for

sustainable solutions and are increasingly making eco-friendly choices. Becoming eco-friendlier will allow organisations to preserve the planet for future generations, limit their exposure to harmful substances and make informed decisions. As more companies are establishing and implementing zero-carbon targets and sustainability strategies, the EU Commission estimates that approximately 42% of "green claims" are false, misleading, and exaggerated. Companies use advertising, branding, marketing and public relations to demonstrate and communicate to consumers often with misleading and exaggerated information about their environmental and social responsibility, referred to as "greenwashing".

Greenwashing undermines credible efforts to reduce emissions and address the climate crisis. Through deceptive marketing and false claims of sustainability, greenwashing misleads consumers, investors, and the public, hampering the trust, ambition, and action needed to bring about global change and secure a sustainable planet. Companies are misrepresenting their products, through greenwashing to imply environmental benefits that are not substantiated. This practice not only misleads consumers but also undermines the efforts of genuinely eco-friendly companies. Greenwashing is actually a marketing tactic used by companies to promote their products as eco-friendly or environmentally conscious, even though they may not be.

There are various types of greenwashing that businesses may engage in, either intentionally or unintentionally. One common type of greenwashing involves vague or misleading statements. Companies may use terms like "natural" or "organic" without providing any evidence to support these claims. For instance, a cleaning product labelled as "natural" could still contain harmful chemicals, while a packaged food labelled as "organic" may not meet the required standards. Another type of greenwashing involves the use of false or irrelevant labels and certifications. For example, a product may be labelled as "certified green" by an unknown or non-existent organisation. Companies may also engage in greenwashing by emphasising insignificant sustainability efforts. For example, a fashion brand may tout its use of recycled materials while ignoring its unethical labour practices or excessive water usage elsewhere in its production process. From an ESG perspective, greenwashing also occurs when a company has stated corporate policies about being green that don't match what the company has publicly implemented. Greenwashing presents a significant obstacle to tackling climate change. By misleading the public to believe that a company or other entity is doing more to protect the environment than it is, greenwashing promotes false solutions to the climate crisis that distract from and delay concrete and credible action.

Greenwashing manifests itself in several ways – some more obvious than others. Tactics include:

- Claiming to be on track to reduce a company's polluting emissions to net zero when no credible plan is actually in place.
- Being purposely vague or non-specific about a company's operations or materials used.
- Applying intentionally misleading labels such as "green" or "eco-friendly," which do not have standard definitions and can be easily misinterpreted.
- Implying that a minor improvement has a major impact or promoting a product that meets the minimum regulatory requirements as if it is significantly better than the standard.

- Emphasizing a single environmental attribute while ignoring other impacts.
- Claiming to avoid illegal or non-standard practices that are irrelevant to a product.
- Communicating the sustainability attributes of a product in isolation of brand activities (and vice versa)

The greenwashing incentive

There are many reasons why companies engage in greenwashing. being seen as ethical drives profitability. A company is often incentivised to make its products more attractive to consumers, thereby increasing sales volumes and/or enabling price rises. Greenwashing tactics could achieve this. A report by McKinsey found that Gen Z (people born roughly between 1996 and 2010) are more likely to spend money on companies and brands seen to be ethical. Another, Nielson's Global Corporate Sustainability Report, found that 66% of consumers would spend more on a product if it comes from a sustainable brand, and that jumps to 73% among millennials. Therefore, companies have a financial incentive to be more socially conscious, or at least appear to.

However, another reason that companies engage in greenwashing is far less insidious – they simply don't know that they're doing it. It is possible for greenwashing to occur as a result of corporate ignorance. Many companies just don't have the expertise to know what is truly environmentally beneficial, and what isn't. It is very likely that this company intended to be eco-friendly, but was caught out due to their lack of research on what actually constitutes as sustainable materials. This is why it's so important for companies to do meaningful research on how to be sustainable and apply it to all stages of their operations, not only what consumers see. Furthermore, an increasing number of employees are attracted to work for companies with strong sustainability credentials and are less willing to work for companies they perceive as misaligned with their values—and less willing to support them as consumers.

Effects of greenwashing

Greenwashing has numerous effects on consumers, companies, green industries and the planet itself. Greenwashing gives some companies an unfair advantage. They are able to keep up with their polluting practices while simultaneously benefiting from the illusion of environmental stewardship. They can also make it harder for those who are doing the right thing to stand out in the marketplace. All of that has ongoing ripple effects for the environment. For consumers, there is a growing body of evidence that shows consumer sentiment is slanted toward being green and environmentally sustainable. Individuals want to do the right thing and want to help mitigate the continued effects of climate change. When a company, product or service is caught or discovered to be greenwashing, there is a general sense of distrust that occurs. Consumers will choose other organizations that are more ethical. Greenwashing can degrade customer satisfaction, erode brand loyalty and potentially affect repeat purchases. For green industries, the risk of greenwashing is a lack of trust from consumers. If there is a lot of greenwashing, then consumers will simply not trust green claims from anyone -- including legitimately green industries -- as they will not know who to trust.The biggest effect of greenwashing is existential. Each act that an organization or individual doesn't take with real green initiatives has a potential negative effect on the planet. Greenwashing masks the inaction of not taking steps to reduce environmental impact. With the effects of climate change continuing to imperil humanity, there is no time to waste in taking steps to help improve sustainability so that humanity and Earth itself will continue to survive. The former chair of the High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities has said - "the planet cannot afford excuses, or more greenwashing".

Greenwashing in various jurisdictions

Australia is a pioneer in defending the interests of consumers in this area and has for the past ten years published a green marketing guide through its Competition and Consumer Commission, which states that companies making environmental or "green" claims should make sure that their claims are legitimately supported by scientific evidence. The U.S. has the Federal Trade Commission (FTC) which helps protect consumers by enforcing laws designed to ensure a competitive, fair marketplace. The FTC also offers guidelines on how to differentiate real green products from the greenwashed; in addition to that the Securities Exchange Commission(SEC) also has a Climate and ESG Enforcement Task Force to tackle ESG-related misconduct. The difference between Indian and US regulations would be that the latter provides for very specific guidelines covering not just investments but even consumer products along with a dedicated task force while the Indian regulations have just forayed with general oversight guidelines on green investments. While in UK, On 19 September 2023, the European Parliament and Council reached a provisional agreement on new rules governing environmental claims. This follows the European Commission›s proposal for a Directive (the Green Claims Directive) which was published in March 2023. Specifically, the Directive aims to prevent companies making unclear or unsubstantiated environmental claims (so-called "greenwashing") and using labels that are not credible. The end goal is to enable consumers to make sustainable choices.

One of the reasons why greenwashing is so prevalent in India is the lack of regulation. There are no specific laws in India that regulate environmental claims made by companies, and as a result, companies are free to make false or misleading claims without any consequences. This lack of regulation makes it difficult for consumers to differentiate between genuine and false environmental claims, and increases the risk of greenwashing.

However, SEBI has recently released a circular dated 3rd Feb,2023 easing out investor doubts regarding greenwashing and have laid down some general guidelines for bond issuers to keep in mind while issuing green securities so as to avoid greenwashing. They include among other directions that the issuer of green debt securities shall not use misleading labels, hide trade-offs or cherry pick data from research, make untrue claims giving false impression of certification by a third-party entity and the issuer would at all times maintain the highest standard associated with issue of green debt security while adhering to the rating assigned to it. The circular also provides for continuous disclosure and monitoring of the green operations being undertaken by the issuer and whether they pragmatically result in the reduction of the adverse environmental impact and contribute towards a sustainable economy. Greenwashing is a serious problem in India, as it undermines consumer trust in genuine environmentally friendly products and services. To combat this issue, there is a need for greater regulation, oversight, and consumer education which would otherwise make litigation against companies that practice 'greenwashing' difficult. By working together, governments, non-profit organizations, and consumers can help to ensure that the environment is protected with clean investments, and that companies are held accountable for their actions.

Addressing greenwashing is important because our ability to address climate change and biodiversity loss depends heavily on our ability to trust the information we read and make informed decisions that ultimately impact consumer behaviour. Greenwashing undermines progress and is a major setback for the whole world, nature, and people, to achieve sustainability target. In conclusion, greenwashing is a pervasive problem in today's marketplace. It is essential for consumers to be aware of the various types of greenwashing and to thoroughly research and scrutinise products tha claim to be eco-friendly or environmentally conscious.

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MONTHLY NEWS

SUSTAINABILITY – A GLOBAL OUTLOOK

1.Montreal mayor joins mayors of New York, Paris on UN sustainability advisory group

Montreal Mayor Valérie Plante has joined a new United Nations group intended to strengthen community involvement in implementing the organization's sustainable development plan. The Advisory Group on Local and Regional Governments consists of 20 elected officials from five continents. Members include the mayors of New York City, London and Paris. The UN says the group will find ways to improve collaboration between cities, regions, national governments and international organizations, and make recommendations ahead of a 2024 summit.

https://globalnews.ca/news/10027525/montreal-mayor-united-nations-advisory-group/

2. RBC helped arrange US$5.4B of 'sustainability-linked' financing for coal mine operator

RBC is one of 25 banks that helped provide more than US$5 billion in financing to a company expanding a controversial coal mine in Germany. those arrangements include involvement in two significant credit lines to energy giant RWE, most recently in the news for its expansion of a coal mine in western Germany. Data compiled in an analysis by environmental NGOs shows that since 2016, RBC is estimated to be the fifth-largest global financier of fossil fuel projects.

https://globalnews.ca/news/9598238/rbc-german-coal-mine-finance-deal-climate-change/

3. Canadians dump 500M kilograms of textiles a year. Ontario researchers hope to change that.

The University of Waterloo said that Canadians toss away close to 500 million kilograms of fabric items on a yearly basis including such things as clothing, shoes and toys, but researchers hope a grading system will put an end to that. A new study from researchers at the University of Waterloo and Seneca College hopes to divert tonnes of wasted clothing from landfills back onto people's bodies.

https://globalnews.ca/news/9430446/textile-waste-fast-fashion-ontario-research-recylcle/

4. China Publishes Action Plan to Improve Air Quality

China's State Council on Thursday published an action plan to improve air quality amid the country's effort to promote high-quality economic development. The plan contains a series of measures to achieve bluer skies by 2025, such as propelling green industrial shifts, building a cleaner energy mix, and developing a low-carbon transport system.

https://esgnews.com/china-publishes-action-plan-to-improve-air-quality/

5. Netherlands Launches International Coalition to Phase Out Fossil Fuel Subsidies

A carbon-free global economy requires the phase-out of fossil fuel subsidies. That's why the Glasgow Climate Summit in 2021 agreed to phase out inefficient fossil fuel subsidies, on the back of a similar G20-decision dating back to 2009. An analysis by the Dutch Government showed that in the Netherlands about half of all fossil benefits are tied up in international agreements.

https://esgnews.com/cop28-netherlands-launches-international-coalition-to-phase-out-fossil-fuel-subsidies/

6. COP28 Unveils Global Plan for Near-Zero Emission Buildings by 2030

The Governments of France and Morocco, together with the UN Environment Programme (UNEP), launched the Buildings Breakthrough at COP28, which will see countries joining forces to accelerate the transformation of the sector – which accounts for 21% of global greenhouse gas emissions – with a view to making near-zero emissions and climate-resilient buildings the new normal by 2030. Twenty-seven countries have so far pledged their commitment to the Buildings Breakthrough.

https://esgnews.com/cop28-unveils-global-plan-for-near-zero-emission-buildings-by-2030/

7. UN Appeals for $46 Billion in 2024 to Address Escalating Global Crises

As conflicts, climate emergencies and collapsing economies continue to wreak havoc on communities worldwide, the UN on Monday issued an appeal for $46.4 billion for 2024 to help 181 million people facing catastrophic hunger, mass displacement and diseases worldwide. Launching the Global Humanitarian Overview, Martin Griffiths, UN Emergency Relief Coordinator, praised the heroic efforts of humanitarians but emphasized that international support is falling far short of the escalating needs.

https://esgnews.com/un-appeals-for-46-billion-in-2024-to-address-escalating-global-crises/

8. IFC and Bank of the Lao PDR Strengthen Partnership to Boost Green Finance, Achieve Climate Goals

The collaborative effort to boost green finance between IFC and the Bank of the Lao PDR has been strengthened with a new cooperation agreement signed. This enhanced partnership aims to accelerate necessary reforms to develop guidelines and standards to attract the green capital the country needs to drive its economy and create jobs while promoting a greener and more livable planet.

https://esgnews.com/ifc-and-bank-of-the-lao-pdr-strengthen-partnership-to-boost-green-finance-achieve-climate-goals/

9. COP28 Concludes With "Historic" Climate Deal to Transition Away from Fossil Fuels

The United Nations Climate Change Conference (COP28) closed today with an agreement that signals the "beginning of the end" of the fossil fuel era by laying the ground for a swift, just and equitable transition, underpinned by deep emissions cuts and scaled-up finance. In a demonstration of global solidarity, negotiators from nearly 200 Parties came together in Dubai with a decision on the world's first 'global stocktake' to ratchet up climate action before the end of the decade – with the overarching aim to keep the global temperature limit of 1.5°C within reach.

https://esgnews.com/cop28-concludes-with-historic-climate-deal-to-transition-away-from-fossil-fuels/

10. World Bank Launch Climate and Health Program to Protect Millions from Rising Climate-Related Deaths

The World Bank announced at COP28 a new Climate and Health Program to urgently respond to the rising negative health impacts of climate change in low- and middle-income countries. Through this program, the World Bank will help countries to assess their climate and health vulnerabilities, increase investments in climate-resilient health systems, and work with partners to mobilize additional financing, evidence, and collective action to reduce the impacts of climate change on people's health and livelihoods.

https://esgnews.com/world-bank-launch-climate-and-health-program-to-protect-millions-from-rising-climate-related-deaths/

MONTHLY NEWS

SUSTAINABILITY – INDIAN CONTEXT

1.Standard Chartered Bank, WOTR Partner to Ensure Water Security in Drought-plagued Marathwada

A landmark partnership has been forged between Standard Chartered Bank and Watershed Organisation Trust (WOTR) to launch a profound initiative titled "Providing Water Security for Drinking, Rural Livelihoods, and Climate-Resilient Agriculture in Severe Drought-Prone Regions of Marathwada, Maharashtra." Pioneering a Three-Year Project to Enhance Rural Livelihoods and Introduce Climate-Resilient Agriculture in the Drought-Prone Regions of Marathwada.

https://esgnews.com/standard-chartered-bank-wotr-partner-to-ensure-water-security-in-drought-plagued-marathwada/

2.NIIFL launches $600 Million Bi-lateral India-Japan Fund for low carbon emission projects

National Investment and Infrastructure Fund Limited ("NIIFL"), India's collaborative investment platform for international and Indian investors, anchored by the Government of India, announced the establishment of its first bilateral fund, the India-Japan Fund ("The Fund") in partnership with Japan Bank for International Cooperation ("JBIC"), a policy based financial institution wholly owned by the Government of Japan. The Fund will have a target corpus of INR 49 billion (USD 600 million), with the Government of India ("GoI") contributing 49% and the remaining 51% contributed by JBIC.

The India-Japan Fund will actively invest in India's environmental preservation sector, including renewable energy, e-mobility businesses, and circular economy sectors such as waste management, and water.

https://esgnews.com/niifl-launches-usd-600-million-bi-lateral-india-japan-fund-for-low-carbon-emission-projects/

3.A.P Moller – Maersk to Strengthen its Distribution Network in India with Over 500 Electric Vehicles

Within a year of deploying the first set of electric vehicles (EVs)in India, Maersk is all set to strengthen its EV fleet to over 500 vehicles in 26 cities covering first-, middle- and last-mile distribution across India. Maersk (Maersk) has the ambition to be Net Zero across business and provide customers with 100% green solutions by 2040.

https://esgnews.com/a-p-moller-maersk-to-strengthen-its-distribution-network-in-india-with-over-500-electric-vehicles/

4.World Economic Forum and Partners to Develop India's First Zero-Emissions Road Freight Cluster

The World Economic Forum announced during the G20 Energy Ministers' meeting the launch of India's first zero-emission road freight cluster initiative in an effort to reduce the country's greenhouse gas emissions. The timing of the initiative is crucial, especially as road freight demand in India is set to become the second largest in the world in the coming decade.

https://esgnews.com/world-economic-forum-and-partners-to-develop-indias-first-zero-emissions-road-freight-cluster/

5.DBS India's ESG push taps collaborative finance

Providing an insight into DBS Bank India's renewable thrust into financing for the small and medium enterprises sector, Rajat Verma, head of institutional banking, DBS Bank India, cited the need for suppliers to benefit from this type of financing. He also stressed on the focus areas for the lender.

https://economictimes.indiatimes.com/industry/banking/finance/banking/dbs-indias-esg-push-taps-collaborative-finance/articleshow/105763185.cms

6.Property developers prioritize green developments

To deal with the extreme climate change builders are focussing on conserving water by recycling it and using it for flushing and landscape, harvesting rainwater, radiation free building structures, green materials, and recycling organic waste and segregating waste on the development so that the amount of waste sent to the landfill is only 20 % of the standard amongst others.

https://economictimes.indiatimes.com/industry/services/property-/-cstruction/property-developers-prioritize-green-developments/articleshow/105806907.cms

7. Govt approved 50 solar parks in 12 states till November 30

The government is implementing a scheme – Development of Solar Parks and Ultra Mega Solar Power Projects – with a target capacity of 40 GW. A total of 50 solar parks with a combined capacity of 37,490 MW have been approved in 12 states till November 30, Parliament was informed on Tuesday.

https://energy.economictimes.indiatimes.com/news/renewable/govt-approved-50-solar-parks-in-12-states-till-november-30-r-k-singh/106125577?utm_source=b2bDesktopNotification&utm_medium=notification

Past Issues of Sukhinobhavantu

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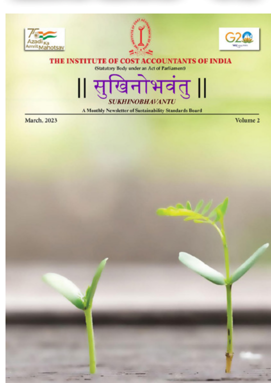

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ESG- A Paradigm shift in corporate thinking!

Environmental, Social, and Governance (ESG) is one of the essentials and requirements implemented and imbibed globally amongst corporates. ESG norms set standards for Companies to become socially proactive, accountable and responsible in their business actions and further align its wealth creation activities with the interests of its stakeholders. ESG is no more an option but a mandate in Corporate Houses elevating socio-economic interests in a governed environment. In essence, the management of ESG practices is crucial for businesses to achieve that sustainable environment, society, and governance thresholds. This being the norm globally, ESG factors and objectives to achieve the same by Corporate Houses have significantly influenced a paradigm shift in think-tank abilities of Corporate Houses. This shift represents a move toward a more holistic approach to business that integrates sustainability, ethical considerations, and social responsibility into corporate strategies, rather than unsustainable practices.

Environmental Factors:

Climate Change Mitigation: Corporations are increasingly recognizing the importance of reducing their environmental impact, including carbon emissions, waste generation, and resource consumption. Many are setting ambitious carbon reduction targets, adopting renewable energy sources, and implementing eco-friendly practices throughout their operations.

Resource Efficiency and Conservation: Businesses are focusing on optimizing resource usage, reducing water consumption, and minimizing waste through efficient practices and sustainable supply chain management.

Social Factors:

Diversity, Equity, and Inclusion (DEI): Companies are emphasizing diversity in their workforce and leadership roles, promoting inclusivity, and ensuring equitable opportunities for all employees regardless of race, gender, ethnicity, or background.

Labor Practices: There's a heightened emphasis on fair labour practices, including providing safe working conditions, fair wages, and fostering a positive work culture that values employee well-being.

Governance Factors:

Ethical Business Practices: Companies are placing greater emphasis on integrity, transparency, and ethical conduct in business operations, governance, and decision-making. This includes fair treatment of shareholders, ethical financial practices, and robust corporate governance structures.

Board Diversity and Accountability: There's an increasing demand for diverse and independent boards that hold management accountable, ensuring a balanced representation and effective oversight.

Reporting and Accountability:

ESG Reporting and Disclosures: There's a growing trend toward enhanced ESG reporting and transparency. Many companies are voluntarily disclosing ESG-related information in annual reports or dedicated sustainability reports to provide stakeholders with comprehensive insights into their environmental and social impacts.

Stakeholder Engagement: Companies are engaging with various stakeholders, including investors, employees, customers, communities, and NGOs, to understand their concerns and incorporate their feedback into decision-making processes.

Investor and Market Influence:

Investor Preference for ESG Integration: Investors are increasingly considering ESG criteria in their investment decisions. Companies that demonstrate strong ESG performance often attract more investors and capital.

Consumer Expectations: Consumers are becoming more conscious of the environmental and social impacts of products and services. Companies responding to these expectations by offering sustainable and ethical products/services can gain a competitive edge.

ESG and its regulatory frame work:

The regulatory ESG trajectory of India started in 2011 with the issue of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by Ministry of Corporate Affairs (NVG). The framework has been revamped on multiple occasions and received lot of attention and support from Indian businesses and regulators. In the Dow Jones Sustainability Index, which assesses the ESG performance of companies globally, Indian companies such as M&M Financial services, Mahindra, Infosys, Wipro etc. are finding its place.

Increasingly the investors wish to invest in companies which adapt and implement socially/environment facts in its governance. Therefore, many major corporates in India like Tata Consultancy Services (TCS) and Reliance Industries Limited (RIL) recently announced roadmaps towards reduction in greenhouse gas emissions towards zero, which is a step towards ESG measures.

Evolution of ESG Disclosures in India: The Companies Act, 2013 introduced one of the first ESG disclosure requirements for companies. "Section 134(m) mandates companies to include a report by their Board of Directors on conservation of energy, along with annual financial statement. This requirement is further detailed under Rule 8(3)(A) of the Companies (Accounts) Rules, 2014, which mandates the board to provide information regarding conservation of energy."

In addition to this, "companies are mandated to include disclosures on opportunities, threats, risks and concerns as part of their annual reports under Regulation 34(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 ('LODR Regulations').However, such disclosure requirements do not seek details about the metrics and processes adopted by companies to identify such opportunities or risks nor mandates the companies to chart its progress over the course of time."

The issuance of green debt securities (GDS) in India was initially formalized through a circular issued by SEBI in 2017 in this regard, later absorbed under the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (ILNCS Regulations) read with Chapter IX of the Operational Circular on the same.

To further strengthen the ESG disclosure regime in India, SEBI amended Regulation 34(2)(f) of the LODR Regulations to introduce the BRSR framework in May 2021. The Business Responsibility Report ("BRR") advanced to Business Responsibility and Sustainability Reporting (BRSR) making it a comprehensive ESG reporting framework. BRSR is aligned with nine principles of National Guidelines for Responsible Business Conduct (NGBRC) and it will be mandatory for the top 1,000 listed companies to annually disclose ESG-related information from financial year 2022-23.

Apart from introducing a relatively comprehensive disclosure framework, BRSR also includes the following aspects, with an aim to enhance ESG complaint business practices in India:

- "Implementation of the NGRBC principles to address ESG-related concerns; Apart from introducing a relatively comprehensive disclosure framework, BRSR also includes the following aspects, with an aim to enhance ESG complaint business practices in India:
- Disclosure of adequate policies and mechanism that a company implements to remain ESG-compliant. BRSR lays considerable emphasis on quantifiable metrics for ensuring comparison across sectors, companies, and time periods;
- Enhanced disclosures on climate and social related issues;
- Segregation of disclosures into essential and leadership indicators, the former being the mandatory requirement. The leadership indicators, inter alia, also emphasizes disclosures related to the value chain of eligible entities;
- BRSR allows interplay for organisations that are already publishing sustainability reports under other internationally recognized frameworks."

Challenges faced in regulatory framework:

In India, the implementation of ESG regulations faces a number of challenges.

One major challenge is the lack of standardization and comparability of ESG reporting. Currently, there is no standardized framework for ESG reporting in India, and companies are free to choose their own ESG metrics and reporting formats. Another challenge is the lack of awareness and capacity among companies to report on ESG issues. Many companies in India are still new to ESG reporting and may not have the necessary systems and processes in place to gather and report on ESG data. Some lack the resources and expertise needed to implement ESG practices, especially smaller firms.

Rise of ESG regulations is a crucial step towards achieving a sustainable future. These regulations provide a framework for corporates to measure and report their ESG performance, which helps investors make informed decisions about where to prudently allocate their capital.

Two acronyms - Corporate Social responsibility (CSR) and Environmental, Social and Governance (ESG) and their difference in corporate world thinking

CSR seems to be synonymous with ESG in truth, they're different angles of measuring the same thing- a company's impact on society. Both CSR and ESG fall under the umbrella of sustainability, CSR focuses on an organisation's internally defined social impact vision and ESG is a set of criteria for evaluating a Company's impact.

In CSR, S stands for social which is also a part of ESG. Thus, the Social part of CSR and ESG measures a company's impact on society. The company in order to make the external stakeholder to evaluate ESG Criteria will summarize its CSR efforts alongside its environment and governance efforts. It is easier to measure "E"- environmental impact in ESG as social impact the most difficult element or analyse and embed the same in the investment strategies.

ESG is the elevation of CSR: The principles of CSR can be seen in the actions of early industrialists of the

20th century, like Andrew Carnegie and John D. Rockefeller, who spent billions on philanthropic causes. In 1953, Howard Bowen, published Social Responsibilities of the Businessman, which condensed these attitudes into a manifesto of sorts that advocates for corporate ethics and social responsibility. From there, research and development of CSR principles continued through the late 20th century to today.

The roots of ESG started with the anti-apartheid movement, which advocated for a ban on new investment in South Africa. The anti-apartheid movement was one of the first instances of a social issue becoming a shareholder issue. ESG came into the spotlight in 2006 when the United Nations launched the Principles for Responsible Investment. Sixty-three investment companies agreed to incorporate these ESG criteria into their financial evaluations.

Now, major institutional investors expect companies to commit to and report on ESG metrics. S&P and other ratings agencies collect and index ESG performance scores to provide these insights. Recently, there has been a new emphasis on the "S" in ESG, according to the 100 Best Corporate Citizens ranking, which recognizes ESG transparency and performance among the 1,000 largest U.S. public companies. The largest portion of that ranking, 45% of the overall weight, measures the social impact of companies.

Businesses that commit to both CSR and ESG will always have a competitive advantage. The present generation would support companies that share their values, including a concern about issues like climate change and social inclusivity. Understanding the working of both CSR and ESG together would bridge the gap between both the philanthropic and corporate aspects.

The corporate should think to commit themselves to spirit and practice of CSR and ESG which would help them to ensure a sustainable future for its employees, investors and society at large.

Let us Conclude!

Corporates and their Management have to ensure that they are adopting, adapting, implementing ESG consistently across their systems and with their organisations. As a pre-requisite, it is essential to have stakeholder inputs to enable Corporate Houses to conduct materiality assessment in order to identify, address any ESG issues. It should also be the endeavour of all corporates on a priority basis to utilize the resources available to implement ESG and address any ESG issues.

ESG has become a top priority on the agendas of various investors who seek ESG compliance and implementation. ESG has become imperative assisting and facilitating long term value creation and sustainability preserving and increasing value to the investors. The management of Corporates have to determine and ascertain the appropriate ESG objectives and ensure that they are imbibed and incorporated in the Company's culture and DNA, which in turn requires adoption of sustainable practices, the promotion of positive social effects, and the maintenance of ethical and transparent governance

This paradigm shift towards ESG integration reflects a broader recognition within the corporate world that sustainable and responsible business practices are not just beneficial for the planet and society but also essential for long-term profitability, risk management, and maintaining a positive corporate reputation. As a result, companies are incorporating ESG considerations into their core strategies, aiming to create value for all stakeholders while contributing to a more sustainable future.

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Conference of Parties

History of climate change awareness and movement around the world – UNFCCC, CoP etc.

While financial reporting has been around since time immemorial, non-financial reporting, and specifically sustainability reporting took root only in the early 90s. In 1972[1], the first United Nations conference was held on Human environment, which was the first such summit on the environment – this was at Stockholm, Sweden.

In 1992, the United Nations held a Conference of Environment and Development at Rio De Janeiro[2]. This could be noted as perhaps the first world level conference on environment. In 1994, an important event happened in the context of climate change – the United Nations Climate Change Framework Convention (UNFCCC) was formed. The purpose of the UNFCCC is to stabilize the greenhouse gas emissions and to protect the earth from the threat of climate change[3].

The Conference of Parties (CoP) is the apex decision-making body of the UNFCCC. Each party to the CoP is a country. The first meeting of the CoP was held in Berlin in 1995. CoP members have been meeting every year since the year 1995 - since then, 28 CoP meetings have been held across various nations around the world. The following table provides a snapshot of the details of the CoP Conferences held so far:

1 https://www.un.org/en/conferences/environment/stockholm1972.html
2 https://legal.un.org/avl/pdf/ha/dunche/dunche_e.pdf
3 https://unfccc.int/

COP	DATE	CITY	COUNTRY
1	28-3-1995 TO 7-4-1995	BERLIN	GERMANY
2	8-7-1996 TO 19-7-1996	GENEVA	SWITZERLAND
3	1-12-1997 TO 10-12-1997	KYOTO	JAPAN
4	2-11-1998 TO 13-11-1998	BUENOS AIRES	ARGENTINA
5	25-10-1999 TO 5-11-1999	BONN	GERMANY
6	13-11-2000 TO 24-11-2000	THE HAGUE	NETHERLANDS
7	29-10-2001 TO 10-11-2001	MARRAKECH	MOROCCO
8	23-10-2002 TO 1-11-2002	NEW DELHI	INDIA
9	1-12-2003 TO 12-12-2003	MILAN	ITALY
10	6-12-2004 TO 17-12-2004	BUENOS AIRES	ARGENTINA
11	28-11-2005 TO 9-12-2005	MONTREAL	CANADA
12	6-11-2006 TO 17-11-2006	NAIROBI	KENYA
13	3-12-2007 TO 17-12-2007	BALI	INDONESIA
14	1-12-2008 TO 12-12-2008	POZNAN	POLAND
15	7-12-2009 TO 18-12-2009	COPENHAGEN	DENMARK
16	28-11-2010 TO 10-12-2010	CANCUN	MEXICO
17	28-11-2011 TO 9-12-2011	DURBAN	SOUTH AFRICA
18	26-11-2012 TO 7-12-2012	DOHA	QATAR
19	11-11-2013 TO 23-11-2013	WARSAW	POLAND
20	1-12-2014 TO 12-12-2014	LIMA	PERU
21	30-11-2015 TO 12-12-2015	PARIS	FRANCE
22	7-11-2016 TO 18-11-2016	MARRAKECH	MOROCCO
23	6-11-2017 TO 17-11-2017	BONN	GERMANY
24	3-12-2018 TO 14-12-2018	KATOWICE	POLAND
25	2-12-2019 TO 13-12-2019	MADRID	SPAIN
26	31-10-2021 TO 12-11-2021	GLASGOW	SCOTLAND
27	6-11-2022 TO 18-11-2022	SHARM EL SHEIKH	EGYPT
28	30-11-2023 TO 12-12-2023	DUBAI	UAE

The Kyoto Protocol

At CoP 3, which was held in Kyoto, Japan, a significant agreement was reached among member countries of the CoP referred to as 'The Kyoto Protocol". The game changer in the Kyoto Protocol of 1997 was this was the conference where 'global warming' was agreed upon as a phenomenon that was affecting the planet and that human made artificial gases through emissions are driving it.

The Kyoto Protocol, 1997 was the first UN Framework Convention on Climate Change by committing industrialized countries and economies in transition to limit and reduce greenhouse gases (GHG) emissions in accordance with agreed individual targets.

Apart from the Conferences of Parties, a special session of the General Assembly on environment was held in New York 1997 and the World Summit on Sustainable development was conducted in 2002 at Johannesburg, South Africa.

All these have contributed in increasing awareness among investors as well as a demand for non-financial reporting. This was because investors realized that they get a better picture of efforts by companies towards sustainability efforts as well as how much of environmental impact their business has; moreover, the labour practices and social impact initiatives that the businesses have also started occupying points of consideration in the minds of institutional investors. Further, activism, particularly on the environmental front, has gained roots and then expanding around the globe. This has also started affecting investment decisions.

- CoP 26, climate change conference, Glasgow - The term 'phase-out of coal' would mean putting a complete stop on coal, while 'phase-down' would mean reduction in the proportion of coal in total energy; Countries agreed on 'phase down'
- Nov 6-18, 2022 – CoP 27, climate change conference at Sharm El Sheikh, Egypt - 195 countries
- Move to an era of implementation - countries agree to create an international mechanism for compensating poor countries that suffer largescale damage due to climate disasters

The following events can be considered benchmarks in the evolution of ESG in the world:

Year	Event
1975	US scientist Wallace Broecker puts the term "global warming"
1979	The term 'Climate Change' is first mentioned in a US National Academy of Science study on Carbon dioxide (Co_2)
1980s	Responsible Investing gets a fillip with the united nations advocating for 'responsible investing by investors.
May 2014	A Yale University study found that while "climate change" is preferred by scientists, "global warming" evokes stronger emotions for some groups of people – Dick Cheney, US VP 'advocated' Climate change as opposed to Global warming
2006	'ESG' is first mentioned in the UN Principles for Responsible Investment (PRI)

India at recent CoPs:

At the COP-26 summit in Glasgow, India had made the following commitments towards its climate change goals:

a. Raising non-fossil fuel based energy capacity to 500 GW.

b. Lowering total projected carbon emission by one billion tons.

c. Meeting 50% of the country's energy needs through renewable sources.

d. Reduce the carbon intensity of the economy to sub 45% level.

e. Commitment to achieve net-zero emissions by 2070.

The Government has also initiated the following schemes/ policies in pursuit of the goals towards COP-26 targets:

a. Commission on Air Quality Management (CAQM) - phasing out of coal use in National Capital Region from January 2023, but exempting thermal power plants using low-sulphur coal.

b. National Biomass Co-firing policy to use biomass like paddy stubble and cow-dung in coal power plants.

c. Mandate the use of flue gas desulphurization (FGD) techniques in both existing and upcoming thermal power plants.

d. Government has targeted to achieve 100 Million Tonnes of Coal Gasification by 2030.

e. National Mission on Transformative Mobility and Battery Storage.

f. Productivity Linked Incentives (PLI) Scheme on Advanced Cell Chemistry and Battery Storage.

g. India Cooling Action Plan.

In this regard, India has also presented, at the CoP 26, a concept of 'Panchamrit' ('five nectar elements')

- Reach 500 GW non-fossil energy capacity by 2030.
- 50% of its energy requirements from renewable energy by 2030.
- Reduction of total projected carbon emissions by one billion tonnes from now to 2030.
- Reduction of the carbon intensity of the economy by 45% by 2030, over 2005 levels.
- Achieving the target of net zero emissions by 2070.

India had also made a commitment to increase its carbon sink by 2.5 to 3 billion tonnes of carbon dioxide equivalent by 2030 through the creation of additional forest and tree cover. A carbon sink is nothing but a green tree cover that will absorb the carbon dioxide link a sink.

This is expected to help India usher in a low emissions growth pathway and safeguard its future development needs based on the principles and provisions of the United Nations Framework Convention on Climate Change (UNFCCC).

SEBI's new green bond framework:

It is in this regard that SEBI's Green bond framework which is for the purpose of issue of green bonds, blue bonds, yellow bonds and transition bonds coupled with Dos and Don'ts of greenwashing will enable the Indian corporate to partner the nation in achieving its goals on net zero.

CoP 28 – Dubai, November 2023

Before the CoP 28, the UN published a report, taking stock on the progress so far in fighting climate change. The major findings were:

- The Paris Agreement and the resulting climate action significantly helped in reducing emissions. In 2011 the projected warming by 2100 was 3.7–4.8°C. After COP27 it was 2.4–2.6°C and in the best case, if all pledges are accomplished, 1.7–2.1°C.
- As of September 2023, the world is not on track to reach the targets of the Paris Agreement. For having a more than 50% chance of limiting temperature rise to 1.5°C and more than 67% chance of limiting it to 2°C, global emissions must peak by the year 2025.
- Trillions of dollars are needed for limiting warming to 1.5°C. Financial flows need to significantly change.
- More effective international cooperation and collaboration are crucial for reaching the targets of the Paris Agreement.

[4] https://www.mea.gov.in/Speeches-Statements.htm?dtl/34466/National_Statement_by_Prime_Minister_Shri_Narendra_Modi_at_COP26_Summit_in_Glasgow
[5] https://powermin.gov.in/sites/default/files/Revised_Biomass_Policy_dtd_08102021.pdf
[6] https://pib.gov.in/Pressreleaseshare.aspx?PRID=1650096
[7] https://www.niti.gov.in/e-mobility-national-mission-transformative-mobility-and-battery-storage
[8] https://www.niti.gov.in/sites/default/files/2022-02/Need-for-ACC-Energy-Storage-in-India.pdf
[9] https://www.iea.org/policies/7455-india-cooling-action-plan-icap

CoP 28 is the latest conference of parties that happened in November-December 2023 at Dubai. This is the first COP to discuss the impact of climate change on public health.

Countries will pledge to reducing the production and consumption of fossil fuels "a just, orderly and equitable manner so as to achieve net zero by, before, or around 2050 in keeping with the science". The major takeaways from this CoP are:

- 123 countries have endorsed the COP28 UAE Declaration on Climate and Health, which seeks to increase cross-sector collaboration, reduce emissions in the health sector and increase climate-health financing.
- More than 130 countries signed a declaration to include emissions from agriculture and farming into their national plans to tackle climate change.
- 118 countries have agreed targets to triple renewable power generation capacity to 11,000 GW, and double energy efficiency this decade
- Fifty oil and gas companies pledged to reach near zero-methane emissions by 2030, and submit a plan to meet those targets by 2025. The group of fifty firms also agreed to net zero greenhouse gas emissions from their operations by 2050.
- The parties to COP also pledged $700 million in funding to help lower-income countries cope with the loss and damage caused by climate change.

India at CoP 28:

India has been one of the most active layers at CoPs. India has said that climate action requires several trillion dollars of climate finance by 2030 and that such climate finance should be available, accessible and affordable.

India has also said that the following goals should be delivered upon from this CoP:

- Progress in New Collective Quantified Goal on Climate Finance
- Replenishment of Green Climate Fund & Adaptation Fund
- Affordable Finance to be made available by MDBs for Climate Action
- Developed countries must eliminate their carbon footprint before 2050

India has welcomed the historic decision made in CoP 28 to operationalize the Loss and Damage Fund, which is a global financial package to ensure the rescue and rehabilitation of countries facing the cascading effects of climate change.

At CoP 28, the UAE President announced a $30 billion fund for global climate solutions that aims to attract $250 billion of investment by the end of the decade. The parties to COP also pledged $700 million in funding to help lower-income countries cope with the loss and damage caused by climate change.

Conclusion:

For the world to have a chance of limiting global warming to within 1.5 degrees Celsius (2.7 degrees Fahrenheit) of pre-industrial levels, countries need to act fast - and financing would need a significant boost. Aggressive climate action could bring city emissions to net-zero by 2050. But failing to act could only result in emissions grow by then. The CoP should keep the dialogue going and also ensure that pledges are acted upon so that the planet is safer to live in. It is important that countries recognise the need to reduce greenhouse gas emissions and also support the transition of less developed countries. Governments will have to work to close an investment gap, which at present is as high as $18 trillion , prioritizing long-term gains over the costs in the short to medium term. It is hoped that the CoP will, in future, discover more equitable financial mechanisms and address the high costs of capital for renewable energy in developing countries.

[10] https://unfccc.int/sites/default/files/resource/sb2023_09_adv.pdf
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Understanding the Legislative and Regulatory Mechanism for Sustainable Development in the Indian Renewable Energy Sector

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Abstract

India has positioned itself as a pivotal advocate for renewable energy, with its renewable energy capacity reaching 174 GW in 2023, constituting 37% of the total energy mix. The proactive stance of the Indian government towards the growth and support of renewable energy is reflected in well-structured legislative and regulatory mechanisms. This article seeks to examine the existing literature, legislation, and regulatory framework pertaining to the sustainable development in the renewable energy sector in India. Employing a doctrinal research methodology, the study involves a thorough review of literature and the analysis of various policies, legislations, and acts related to the renewable energy sector. The findings underscore the potential of carefully crafted policies to effectively address challenges and propel sustainable growth in India's renewable energy domain.

Introduction

In recent years, the global emphasis on sustainable development has driven nations to seek renewable energy sources, known for their environmental friendliness and economic viability. India, in response to this global focus, has emerged as a significant proponent of renewable energy. As of 2023, India's renewable energy capacity has reached 174 GW, constituting 37% of the total energy mix (Economic

Times, 13 August 2023). The proactive approach of the Indian government toward the growth and support of renewable energy is underpinned by well-structured legislative and regulatory mechanisms. The pivotal legislative document in this domain is the Electricity Act of 2003, a landmark legislation that laid the groundwork for the restructuring of the electricity industry. This act underscores the importance of a National Electricity Policy, aiming to foster sustainable growth while outlining the integration of renewable energy into the national energy mix. Additionally, the National Tariff Policy of 2006 provides regulatory guidelines for renewable energy tariffs. To further advance the renewable energy sector, the Government of India introduced the National Action Plan on Climate Change (NAPCC) in 2008, with the primary goal of increasing the share of renewable energy capacity. The Ministry of New and Renewable Energy (MNRE) manages the regulatory framework for renewable energy in India, while state-level electricity regulatory commissions, established by the Government of India, work to reinforce renewable energy resources. It is widely acknowledged that supporting legislations covering all aspects of the energy sector are crucial for effectively regulating renewable energy sources.

The present article aims to analyze the existing literature, legislation and regulatory framework concerning renewable energy sector in India. In addition, the study also aim to give suggestions for fostering growth of renewable energy sector.

Research Methodology

The research employs a doctrinal research methodology and is conducted through a comprehensive review of literature. It involves the analysis of various policies, legislations, and acts related to the renewable energy sector. The study is guided by the following research objectives.

Research Objectives

1. To examine the literatures, national policy and acts governing renewable energy sector growth and development in India.

2. To give some suggestive measure for fostering the sustainable renewal energy sector growth in India.

Literature Review

The literature covers studies that critically analyze the renewable energy policies, legal and regulatory frameworks, challenges, and impacts in India. The summarized overview of different literatures in relation to renewable energy sector is as under.

1. Khan and Reza (2019) conducted an extensive examination of India's policies on renewable energy. The researchers traced the evolution of these policies and evaluated their impact on the adoption of technology and the growth of the market. The results underscore the pivotal role that policy plays in shaping a sustainable landscape for renewable energy.

2. The study of Thapar et al., (2016) focused on the legal and regulatory aspects of renewable energy development in India. Findings show the significance of the Electricity Act and related policies in driving the renewable energy sector's growth and sustainable development. The authors further acknowledged that sustainable renewable energy sources brought revolution in the energy sector.

3. Arora et al. (2018) examined challenges in the implementation of India's renewable energy policies. The author acknowledged

that there are certain areas in policy framework which need improvement to facilitate effective implementation of sustainable renewal energy plan.

4. In a study conducted by Kumar et al. (2019), an examination of the challenges hindering India's progress in renewable energy was undertaken. Additionally, the research investigated the significance of policy frameworks in mitigating these challenges. The findings highlight the imperative role of thoughtfully crafted policies in effectively addressing the challenges associated with renewable energy.

5. Purohit and Michaelowa (2017) in their study examined India's Clean Development Mechanism (CDM) potential with the introduction of renewable energy sector. The authors evaluated policy effectiveness and challenges. Their work underscores significance of international collaboration in promoting sustainable renewable projects.

6. Nigam and Nagar (2020) conducted an extensive review of India's renewable energy policies. The study objective is to understand the impact of renewal energy sources on technology adoption, investments, and market dynamics. Their findings provided better insights into the broader implications of policy decisions.

7. Shukla and Bandyopadhyay (2018) examined the effectiveness of India's renewable energy policies from the perspective of market growth and sustainability. The findings showed that the role of regulatory mechanisms is quite satisfactory in achieving desired outcomes.

8. Sharma and Sharma (2019) appraised India's renewable energy policies and regulations. The authors discussed the impact of renewal energy sources on technology adoption, investment attractiveness, and energy security. They acknowledged that policies have multifaceted influence on different aspects of the sector.

9. Suganthi and Williams (2020) provided an overview of India's renewable energy policies and regulations. Their study helps in understanding the broader policy landscape.

10. Tripathi et al., (2020) explored the development and influence of regulations related to the Renewable Purchase Obligation (RPO) on the deployment of renewable energy. The results of the study emphasize the efficacy of RPOs and propose potential enhancements in the design of policies.

Based on the above literature review it is concluded that there is need for well-crafted policies has potential to address challenges and drive sustainable growth in the renewable energy domain in India.

Different legislation for Renewal Energy Sector Growth and Development

This section highlights the different legislation developed for the growth and development of sustainable renewal energy sector.

National Electricity Policy, 2003

The National Electricity Policy of India, embedded in the Electricity Act of 2003, stands as a pivotal legislative framework guiding the nation's energy sector. This policy, outlined in the act, presents a comprehensive vision for the development, generation, transmission, distribution, and consumption of electricity. Notably, it places a strong emphasis on promoting sustainability and efficiency. Through the integration of renewable energy sources into the national energy mix, the National Electricity Policy has forged a competitive, transparent, and vibrant electricity market. The overarching objective of the policy is to ensure a reliable and affordable power supply for all citizens. Furthermore, it underscores a commitment to rural electrification and the equitable provision of electricity access. The act is designed to address socio-economic disparities, driving inclusive growth in India.

National Tariff Policy, 2006

The National Tariff Policy of 2006 stands as a significant milestone in India's energy sector, providing a framework for governing pricing and tariff determination in electricity generation, transmission, and distribution. Enacted within the provisions of the Electricity Act of 2003, this policy is designed to enhance transparency, consistency, and efficiency in the processes of setting tariffs. With the overarching goal of creating an environment conducive to investment in the power sector, the policy promotes cost-reflective tariffs as a key doctrine. This approach not only ensures the financial viability of power companies but also attracts private investment, simultaneously encouraging the efficient use of resources. Emphasizing subsidies and cross-subsidies, the policy seeks to make tariffs more equitable, underscoring a commitment to fostering sustainable and inclusive growth. By providing clear guidelines for tariff determination, the National Tariff Policy of 2006 plays a pivotal role in shaping India's electricity market and facilitating sustainable growth in the energy sector.

National Action Plan on Climate Change (NAPCC), 2008

The National Action Plan on Climate Change (NAPCC), 2008 is introduced by the Government of India with the objective to address the challenges faced on account of climate change. The NAPCC consists of eight distinct missions. Each targeting a specific aspect of climate change mitigation and adaptation. The salient NAAC missions are.

1. National Solar Mission
2. National Mission for Enhanced Energy Efficiency
3. National Mission on Sustainable Agriculture
4. National Water Mission
5. National Mission for Sustaining the Himalayan Ecosystem
6. National Mission for a "Green India"
7. National Mission for Sustainable Habitat
8. National Mission for Strategic Knowledge on Climate Change

Renewable Energy Purchase Obligation (RPO)

The Renewable Energy Purchase Obligation (RPO) serves as a regulatory tool compelling electricity companies and major consumers to procure a specific percentage of their energy from renewable sources. This mandate aims to boost the demand for renewable energy generation.

Conclusion

The legislative and regulatory framework governing renewable energy in India has undergone significant evolution to meet the country's growing energy demand. A review of literature underscores that thoughtfully crafted policies have the potential to effectively address challenges and foster sustainable growth in India's renewable energy sector. Moreover, the analysis highlights the pivotal role of the Electricity Act of 2003 in shaping the renewable energy landscape, providing the foundation for promoting renewable sources of energy. This legislation culminated in the establishment of the National Electricity Policy in 2005, emphasizing the integration of renewable energy into the national energy mix. The subsequent National Tariff Policy of 2006 further solidified the Indian Government's commitment to renewables. The National Action Plan on Climate Change (NAPCC), introduced in 2008, emerged as a comprehensive strategy spanning eight sectors, including solar power, energy efficiency, agriculture, water management, and urban development. The NAPCC reflects India's proactive approach in balancing economic growth with environmental sustainability, aligning with global climate agreements such as the Paris Agreement. Furthermore, the implementation of the Renewable Energy Purchase Obligation (RPO) serves as a crucial regulatory mechanism, driving demand for clean energy. In summary, India is advancing in the renewable energy sector by leveraging its well-crafted legislative framework.

Suggestions

1. Foster Policy Alignment: Develop a more cohesive and streamlined approach in formulating policies to achieve sustainable energy goals, taking into account the interplay with other policies and their implications.

2. Boost Awareness and Education: Implement extensive awareness campaigns and educational initiatives to educate the public, industries, and policymakers about the early adoption of renewable energy.

3. Strengthen Regulatory Compliance: Implement measures to ensure the effective enforcement of targets set by Renewable Purchase Obligations (RPO), with a focus on enhancing compliance and expediting the adoption of sustainable renewable energy.

4. Encourage Technological Advancement: Introduce incentives for research and development to spur innovation in renewable energy technologies.

5. Improve Financial Mechanisms: Introduce green finance initiatives to attract investors to participate in renewable energy projects.

6. Facilitate Interstate Collaboration: Encourage collaboration between states, promoting the adoption of best practices, addressing challenges, and harmonizing policies related to sustainable renewable energy.

7. Expand International Partnerships: Strengthen international collaborations to facilitate the transfer of technology, capacity building, and funding for renewable energy projects.

8. Prioritize Research and Data: Allocate resources to support comprehensive research and maintain a robust data repository on trends, potential, and impacts of renewable energy for evidence-based policymaking.

9. Conduct Regular Policy Reviews: Institute periodic reviews of existing policies to ensure alignment with India's evolving energy needs and global climate commitments in the dynamic market environment. Make necessary amendments to keep the policies current.

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SUSTAINABILITY MUSING!

ESG Integration

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The use of environmental, social and governance (ESG) factors has become a vital part of the investment process for most modern asset managers. While some individuals (wrongly) believe that ESG is solely concerned with environmental sustainability, yet it encompasses much more. ESG refers to traditionally non-reported factors that don't appear on the balance sheet but are important for corporate values such as brand value and reputation. As investors become more aware of companies' environmental, social, and governance (ESG) risks and opportunities, they turn to ESG integration to manage these concerns and make smarter investment decisions. ESG integration can support the analysis of corporate decisions that affect operational efficiency and future direction as well as increased risk-adjusted returns and long-term viability. It also aids in the assessment of risks and opportunities in businesses and portfolios. For example, exposure to extreme weather, water scarcity, and carbon emissions can all pose of environmental risks, while Clean technology, green building, and renewable energy are examples of environmental opportunities. Ultimately, all of these risks and opportunities provide information about the company, such as its environmental footprint and green initiatives, how much it contributes to the community, and how well it will withstand relevant laws and regulations, as well as any legal controversies.

ESG integration is an investment approach in which the investment manager combines financial information with information on corporations' environmental, social, and governance performance. It is the explicit inclusion by investors of ESG risks and opportunities into traditional financial analysis and investment decisions based on a systematic process and appropriate research sources.

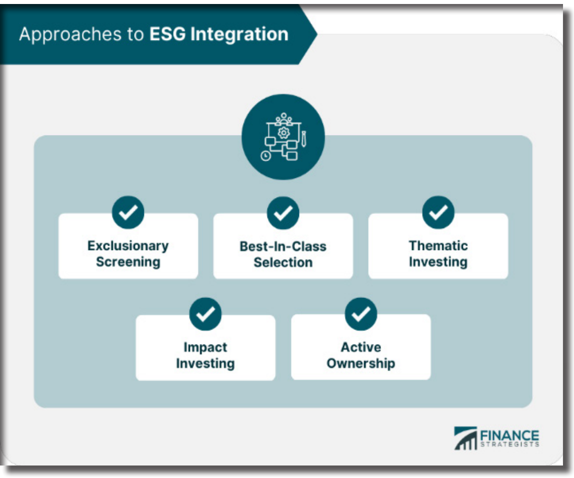
The benefits of addressing ESG issues extend beyond satisfying institutional shareholders and building a positive public image. Other benefits of ESG integration include:

- An increase in stock liquidity: Individual and institutional investors are putting large sums of money into companies with strong ESG programs that are proactive in governing and operating in an ethical and sustainable manner. Global investments utilizing sustainable, responsible, and impact investing techniques surpassed $17 trillion in 2020, according to the US SIF Foundation Biennial Trends Report.
- An increase in value: ESG activities may help businesses generate competitive value by making it easier for them to adapt to changing socio-economic and environmental conditions, as well as discover strategic opportunities and overcome competitive obstacles.

Here are a few reasons why ESG integration is important

Here are a few reasons why ESG integration is important

- Committed shareholders: Because ESG investors are values-based investors who care more about what happens in the next decade than in the next quarter, they are more likely to stay invested. Investors who incorporate ESG into their mandate frequently collaborate with companies to improve them, as they are more concerned with developing long-term value over time rather simply flipping stocks in the short term.
- The ability to retain talent: Companies that promote strong ESG values have been found to be successful at attracting and retaining employees who are loyal, passionate, and feel valued. This commitment can help generate intangible goodwill, which reinforces the company›s brand and boosts employee productivity.
- Stronger analysis: Integrating ESG aspects into investment research and decision-making processes results in more informed investment plans and better management. ESG data also serves as an early warning system for risks that aren›t yet reflected in asset values, allowing for more thorough analyses and valuations.



There are several approaches to integrating ESG factors into investment decision-making. These approaches can be used individually or in combination, depending on an investor's objectives and preferences.

Exclusionary Screening approach aims to minimize exposure to ESG risks and align investments with ethical considerations. Best-In-Class Selection approach seeks to identify companies that are more likely to outperform their peers in terms of long-term financial performance and sustainability. Thematic Investing aims to capitalize on long-term trends and opportunities related to environmental and social issues, such as clean energy or social impact investing. Impact Investing approach aims to directly contribute to positive societal or environmental outcomes through investments in companies or projects with a clear ESG impact. Active Ownership approach can include voting on shareholder resolutions, participating in collaborative engagements, or directly engaging with company management on ESG issues.

ESG integration is a flexible approach that does not exclude any industry or product per se. Also, an ESG integration portfolio may contain investments with low ESG performance. managers can compensate for such a position with other, high-performing positions or be convinced that it is a good investment from a financial point of view, despite ESG concerns. In most cases, impact is not the primary intent of ESG integration. Instead, the intention behind ESG integration is typically to optimize the risk-return profile – taking advantage of ESG opportunities and avoiding ESG risks. And yet, for retail investors, an important motivation to opt for an ESG integration approach is the feeling or belief that it will have some positive impact and not only enhance financial returns. In addition, due to its large volume, ESG integration plays a significant role in today's financial markets. For these reasons, it is important to understand whether and under what circumstances ESG integration may contribute to a more sustainable economy and how such a contribution could be enhanced.

ESG integration has emerged as a crucial risk and investment management element. Organizations with business plans that consider environmental, social, and governance issues are more likely to draw sustainable investments, reduce risks, and improve long-term performance. ESG integration ultimately aims to benefit organizations and society in addition to upholding moral principles. Companies that emphasize ESG integration will be better positioned to compete in a world that is changing quickly as ESG concerns continue to gain popularity.

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2. www.robeco.com
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SUSTAINABILITY AND ANCIENT SCRIPTURES

Sustainability in Buddhism

CMA (Dr.) Aditi Dasgupta
Jt. Director ICMAI

According to the Buddha's teachings, Right Livelihood is a way to earn a living that doesn't harm others or oneself. The Buddhist teachings, such as the concept of "right livelihood," promote non-waste and the responsible use of resources. This principle encourages mindful consumption and discourages excessive materialism. Zen Buddhist teacher Hozan Alan Senauke says it this way: "We are responsible for the world and to the world we live in. A gift has been given to us to share with everyone." Buddhism's commitment to non-harm (ahimsa) promote sustainability by discouraging practices that harm the environment or other creatures.

According to Buddhism, sustainability doesn't mean sustainable development in the modern sense. Rather it is the ensuring of the appropriate material wellbeing, the accomplishment of non-harming in economic activities, and the realization of the inner freedom from suffering. What do Buddhists teach about the environment? Most Buddhists believe people need to live simply and respect the cycle and balance in nature so everything can continue for future generations. There are three Buddhist principles of learning: Sila, Samadhi and Panna. Sila signifies moral conduct in any person and after this stage second is mind training with the practice of it awakened mind acts better and after this wisdom arise. With wisdom nobody can harm anyone. In this holistic approach the principles are practiced simultaneously and can be applied to any dimensions, including personal, family, society and communal levels, to cultivate responsive sustainable living practices for the learners.

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

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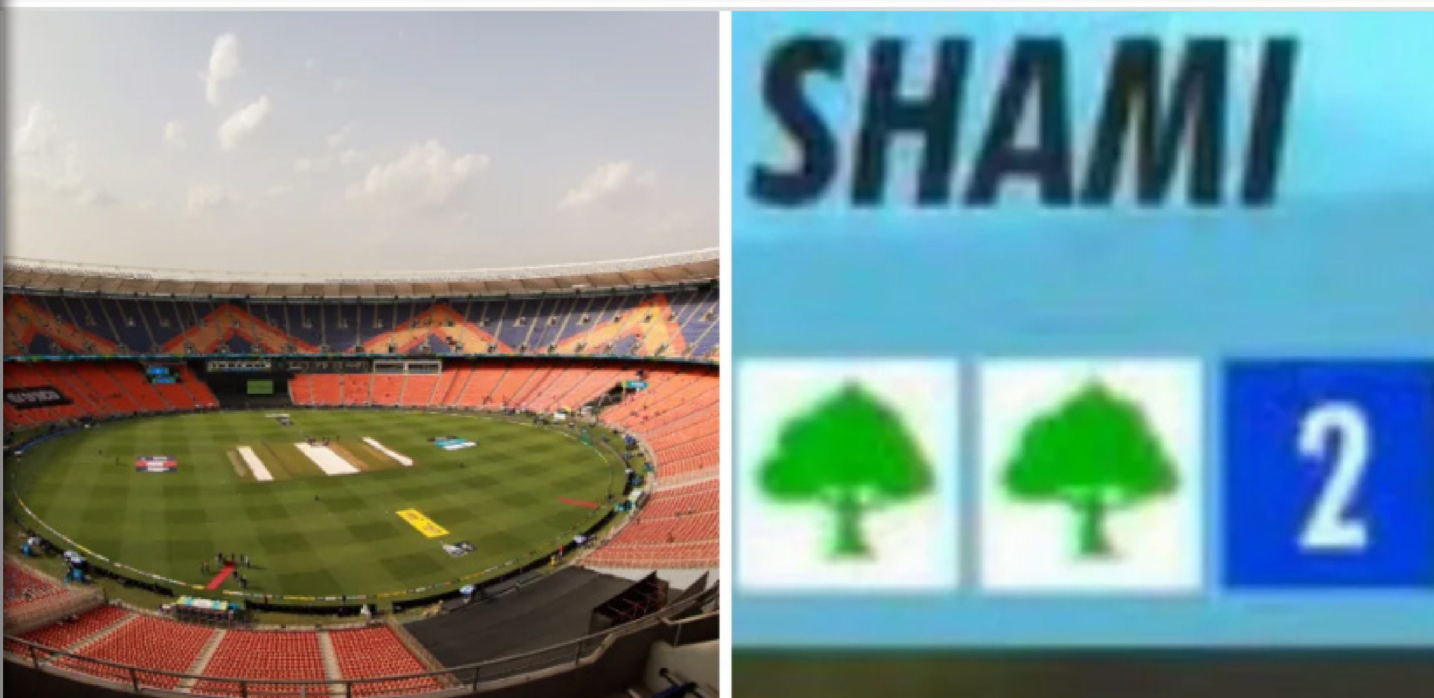
DO YOU KNOW?



Almost 100,000 tree saplings have been planted as a result of the BCCI's green initiative, which is running a campaign throughout the four IPL 2023 playoff matches and is based on the number of dot balls bowled.

During Qualifier 1 between Chennai Super Kings and Gujarat Titans on Monday (May 22), it was announced on air that the BCCI had partnered with the Tata Group to launch a tree-planting campaign for the final week of the tournament.

For every dot ball bowled in the four playoff matches, 500 trees will be planted across India. In tandem with this, the dot ball markers on the TV coverage of the tournament have also been changed to tree symbols. In the first qualifier, when CSK sealed their place in final, 84 dot balls were bowled, resulting in 42,000 tree saplings being planted. In the Eliminator match between Mumbai Indians and Gujarat Titans, 96 dot balls were bowled as Lucknow Super Giants were bowled out for 101 by Mumbai Indians – meaning 48,000 trees were planted.

APPRECIATIONS!

Dear Editor of Sukhinobhavantu:

I am really impressed by the Volume 4 and 3 of Sukhinobhavantu newsletter. Very Good Efforts of yours and your team.

Keep it up. I suggest you to mention a link for the earlier editions in every volume of yours - as it will help the readers to find missed issues.

All the best in your endeavours.

Regards,

Bhagwan V R S Gorti
FCMA, LM.IOD
CEO - Positive Solutions
CXO for SME's

SUSTAINABILITY QUIZ – RAPID FIRE ROUND

1. It is estimated that ____________ % of the world's largest 250 Corporations report on their Sustainability Performance through GRI.
2. BRSR Core Assurance is mandatory for top ______________ listed companies by market capitalisation for FY 2025-26.
3. As per estimates, average sea-level is predicted to rise by 24 cm to _________ cm by 2065.
4. 1 KWH = ______________ Joules.
5. ________________ category of Industries do not require Environmental Clearance.

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

WINNERS	
SL.NO	NAMES
1	Arunabha Saha
2	Ghanashyam Binge
3	Bidyut Basu
4	B.K. Unhelkar

CONGRATULATIONS TO ALL THE WINNERS!

CORRECT ANSWERS OF PREVIOUS QUIZ

1. Finland; 2. 250; 3. 20%; 4. Human; 5. Four.

CALL FOR ARTICLES

Sukhinobhavantu is inviting articles on the theme ESG/ Sustainability or related themes for publishing in JANUARY'2024 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 January 10, 2024, by email to ssb.newsletters@icmai.in The right for selection of articles vests with SSB. Decision of SSB will be final and binding.

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