THE INSTITUTE OF
Company Secretaries of India
भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

Vision
"To be a global leader in promoting good corporate governance"

Motto
सत्यं वद। धर्मं चर। speak the truth. abide by the law.

Mission
"To develop high calibre professionals facilitating good corporate governance"

ESG CATALYST

A JOURNEY TOWARDS SUSTAINABLE FUTURE

The ICSI has always promoted good corporate governance, environmental sustainability, and social responsibility among stakeholders including its members as well as students' community.

The "ESG Catalyst" is a bimonthly initiative launched by the ICSI to build awareness about the ESG amongst the professionals by sharing key ESG term, write-up, promising practices and latest developments in ESG domain with professional fraternity.

Company Secretaries are vital in ESG reporting, ethical governance, and stakeholder engagement. By implementing ESG initiatives in their organisations, the Company Secretaries can drive positive change towards a more sustainable, equitable, and resilient future.

Through this initiative of ICSI, we urge upon the professional's fraternity to take a lead in prioritising and setting the ESG agenda in their respective organisation in alignment with the sustainable development goals.

To embark on this journey, the ICSI will continuously mentor the professionals by sharing knowledge on concepts, sustainable practices and latest developments in ESG.

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Carbon Pricing

Carbon pricing is an instrument that captures the external costs of greenhouse gas (GHG) emissions i.e., the costs of emissions that the public pays for, such as damage to crops, health care costs from heat waves and droughts, and loss of property from flooding and sea level rise and ties them to their sources through a price, usually in the form of a price on the carbon dioxide (CO_2) emitted. A price on carbon helps shift the burden for the damage from GHG emissions back to those who are responsible for it and who can avoid it. Carbon pricing seeks to align the costs of consuming carbon-intensive fuels or using carbon-intensive processes with the social costs of doing so.

Carbon pricing is necessary to bring down greenhouse gas emissions and lower climate risks. It has following benefits:

- **Facilitate** efforts to hold the increase to 1.5°C, as per the Paris Agreement;
- **Spur** investment and innovation in clean technology by increasing the relative cost of using carbon-intensive technology;
- **Promote** the achievement of the Sustainable Development Goals by channeling financing to sustainable development projects;
- **Generate** revenue which can be recycled into the green economy through government spending for research and development into green technology, helping vulnerable communities adapt to the effects of climate change, or managing the economic impacts of the transition to a low-carbon economy.

Types of Carbon Pricing includes:

- **Carbon Tax -** fee imposed by government on companies that burn fossil fuels
- **Emissions Trading Scheme (ETS) -** a limit on quantity of GHG that can be emitted is set, and for each ton of GHG emitted entities must have an emissions permit, known as an "allowance"
- **Hybrid System –** it is a flexible approach of combining carbon taxes and ETS to incentivize emission reduction.

Good Practices in ESG

ENVIRONMENTAL

Organizations should invest in carbon offset solutions to remove GHG emissions that cannot be reduced

SOCIAL

Organizations should take effective measures for managing the risk of heat-related illness in the workforce

GOVERNANCE

Organizations should establish sustainability related risk due diligence process to ensure that the climate risks are appropriately assessed and mitigated

Tips for Environment Friendly Initiatives

Adopt responsible e-waste practices	Promote use of organic products	Use energy saving products

News in ESG

(i) New Regulatory Framework for Carbon Trading in Zimbabwe

On May 2, 2025, Zimbabwe has officially established a comprehensive framework for carbon credit trading with the introduction of the Carbon Trading (General) Regulations, 2025 (SI 48 of 2025). These regulations aim to govern all carbon credit projects within the country, ensuring transparency, accountability, and environmental integrity.

Key highlights of the regulations are:

- The regulations establish the Zimbabwe Carbon Markets Authority (ZiCMA) to oversee and regulate carbon market activities.
- The regulations aim to control and manage carbon market activities, regulate carbon credit trading, ensure sustainable development contributions, uphold environmental integrity, prevent social or environmental harm, and ensure accurate accounting of emission reductions.
- The regulations apply to all carbon projects and carbon market activities in Zimbabwe.
- The regulations establish the Zimbabwe Carbon Registry (ZCR) for registering, tracking, and managing carbon credits.
- The regulations emphasize the importance of sustainable development contributions and social safeguarding, with specific requirements outlined in the schedules.
- A National Grievance and Redress Mechanism (NGRM) is established for addressing grievances related to carbon market activities.

In essence, to ensure the credibility of the carbon market, the regulations introduce a mandatory auditor licensing procedure. Emphasis is also placed on environmental integrity, alongside sustainable development and social safeguarding requirements. The regulations also provide guidelines for stakeholder and public participation and emphasize the importance of Free, Prior and Informed Consent (FPIC), as outlined in the Third and Fourth Schedules.

Source: https://esgnetworkzimbabwe.co.zw/new-regulations-for-carbon-credit-trading/

(ii) UAE has enacted law on the Reduction of Climate Change Effects

The United Arab Emirates (UAE) has enacted Federal Decree-Law No. 11 of 2024 on the **Reduction of Climate Change Effects,** marking a pivotal milestone in the country's climate governance. Scheduled to come into effect on May 30, 2025, this legislation is a legally binding commitment to environmental responsibility. It aligns closely with the UAE's broader strategy, including the Net Zero by 2050. Federal Decree-Law No. 11 provides a structured, legal framework to help transition the national economy toward climate neutrality while fostering innovation and economic diversification.

The legislation outlines certain objectives. Firstly, it mandates the development and implementation of mechanisms to mitigate GHG emissions. Secondly, it focuses on enhancing adaptive capacity by mandating national strategies and tools to manage climate risks. The law also aims to stimulate innovation and research through incentives to develop climate technologies. Furthermore, it emphasizes the importance of data collection and transparency, requiring entities to provide emissions and climate-related data as part of national inventories. Finally, it seeks to align national economic development with environmental sustainability, integrating climate goals into broader development agendas.

It is applicable to public and private legal persons, as well as individual enterprises, whose operations or activities result in the release of greenhouse gases into the atmosphere, including those located in free zones.

Source: https://uaelegislation.gov.ae/en/legislations/2558

(iii) Japan enforces Worker Heat Safety Law to protect workers from heat illness

Japan has passed a historic law that requires employers to take strong action to protect workers from heat illness or face penalties up to JPY 500,000 (approximately $3,475). The new law, which took effect on June 1, is one of the few national-level laws in the world aimed at workplace heat safety.

The legislation requires employers to implement protocols to quickly spot and aid workers showing symptoms of heatstroke. Heatstroke is a potentially life-threatening condition caused by dangerously high body temperature that can result in severe organ damage if not treated quickly. The legislation requires employers to implement heat response procedures, including monitoring the Wet Bulb Globe Temperature (WBGT) index, which is achieved by factoring temperature, humidity and sunlight for the workplace. If the index is 28 degrees or higher or the temperature exceeds 31 degrees for one hour or longer, or if the temperature exceeds 31 degrees for four hours in a single day, then heat mitigation actions are required to be undertaken.

Necessary measures are buddy systems at work sites, wearable health monitors, more frequent breaks, emergency medical services and installing wet bulb index measuring devices at work sites.

Source: https://www.business-standard.com/world-news/japan-firms-to-face-fines-if-they-fail-to-protect-workers-from-heat-waves-125060200175_1.html

We hope that the above information provided in the ESG Catalyst will be useful for professionals and inspire them to adopt ESG practices. Your suggestions and inputs on ESG Catalyst may be shared by email at **esgsb@icsi.edu.**