



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। इष्टं कुरु। तृप्तये। अनेकेषु कुरु।

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.



Conference of the Parties (COP) on Climate Change

The Conference of the Parties (COP) is the main decision-making body of international conventions such as the United Nations Framework Convention on Climate Change (UNFCCC) which is an international treaty adopted to combat climate change. Preventing “dangerous” human interference with the climate system is the ultimate aim of the UNFCCC.

COP is essentially a meeting where all countries that are part of a specific convention come together to review its implementation, make decisions and take action. So far 29 COP on climate change has been held in different jurisdictions and the most prominent outcome is the Paris Agreement which is a legally binding international treaty on climate change. It was adopted at COP 21 in Paris, on 12th December 2015 and entered into force on 4th November 2016. Often called the Paris Accords or the Paris Climate Accords, it covers climate change mitigation, adaptation, and finance. Its goal is to limit global warming to below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

Nationally determined contributions (NDCs) are at the heart of the Paris Agreement and the achievement of its long-term goals. NDCs embody efforts by each country to reduce national emissions and adapt to the impacts of climate change. The Paris Agreement (Article 4, paragraph 2) requires each Party to prepare, communicate and maintain successive nationally determined contributions (NDCs) that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions. The Paris Agreement requires countries to update their NDCs every five years, aiming for increasingly ambitious climate action.

The Paris Agreement has driven near-universal progress on climate action, however despite overall progress, the world is not on track to meet the long-term temperature goal of the Agreement, reach necessary levels of resilience and mobilize and align necessary financial flows. The NDCs to be submitted in 2025, also known as NDCs 3.0 need to be progressive and more ambitious than current NDCs and may be the last opportunity to put the world on track with a global emission trajectory in line with the Paris Agreement’s 1.5 degrees Celsius goal. The next COP is COP30 in Brazil on November 10-21, 2025 in which nearly 200 countries will gather to discuss and coordinate global climate action.

Good Practices in ESG

ENVIRONMENTAL

Organisations should install waste water treatment plants to reuse it within their operations and reduce freshwater consumption

SOCIAL

Organisations should endeavor to conduct awareness programs for community and other stakeholders to promote judicious use of water resources

GOVERNANCE

Organisations should adopt “Water Stewardship Policy” to demonstrate commitment towards responsible governance on water management

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Tips for Environment Friendly Initiatives

Use stairs instead of an elevator

Dispose of the Waste Responsibly

Use public transport

News in ESG

(i) Ministry of Finance released draft Framework of 'India's Climate Finance Taxonomy'

In pursuance of the Union Budget 2024-25 announcement to develop India's Climate Finance Taxonomy, the Department of Economic Affairs, Ministry of Finance, has on May 7, 2025 released draft Framework of 'India's Climate Finance Taxonomy' to facilitate greater resource flow to climate-friendly technologies and activities, enabling India to achieve the vision of being Net Zero by 2070 while ensuring long-term access to reliable and affordable energy.

This framework outlines the approach, objectives, and principles that will guide the taxonomy. It also details the methodology for classifying activities, projects, and measures that contribute to India's climate commitments.

The draft framework will be the basis for developing sectoral annexures. The sectoral annexes will outline the measures, activities, and projects considered climate-supportive, and those identified for promoting the transition.

The Ministry has invited public comments on the same latest by June 25, 2025. These comments will be taken into consideration, following which the Department of Economic Affairs, Ministry of Finance, will release the Framework of India's Climate Finance Taxonomy.

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=2127562>

(ii) SEBI issued Frequently Asked Questions (FAQs) on BRSR Core and Third-Party Assurance

A set of FAQs have been released by SEBI on April 23, 2025 to provide guidance on SEBI (LODR) Regulations, 2015 and circulars issued there under. The FAQs divided into five parts includes FAQs on Business Responsibility and Sustainability Report (BRSR) Core which are given under Section V of the FAQ, which mainly clarify the aspects related to ESG disclosures for value chain, third party assessment or assurance of BRSR Core.

The detailed FAQ can be accessed from the SEBI's website.

Source: https://www.sebi.gov.in/sebi_data/faqfiles/apr-2025/1745399101865.pdf

(iii) SEBI issued Clarificatory Circular on ESG Rating Providers (ERPs)

SEBI on April 29, 2025 issued a circular laying down certain clarifications/ guidelines in respect of various procedural/ disclosure requirements and obligations for ERPs.

The clarifications/ guidelines mainly relate to withdrawal of ESG ratings by ERPs as under:

In case of ERPs following a **Subscriber-Pays business model**, the rating may be withdrawn if there are no subscribers for the rating as on the date of withdrawal. The ERP may withdraw the rating for an issuer/ rated entity in case of non-availability of the Business Responsibility and Sustainability Report (BRSR) for such issuer/ rated entity. In case the rated entity/ instrument is part of a rating package, which continues to have subscribers, such rating may not be withdrawn. Also, once the rating is withdrawn by ERP it shall not be made available to any subscriber in future.

In case of ERPs following an **Issuer-Pays business model**, the ERP may withdraw the rating of the security subject to the ERP having rated the security continuously for 3 years or 50 % of the tenure of the security, whichever is higher, and having received NOC from 75% of the bondholders by value. In case of rating of an issuer/ entity, the ERP may withdraw the rating subject to the ERP having rated the issuer/ entity continuously for 3 years.

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Other clarifications pertain to disclosure of rating rationale on the website of ERP, disclosure of rating rationale on the website of stock exchange(s), internal audit of ERPs and relaxation of certain governance norms for ERPs.

The detailed circular can be accessed from the SEBI's website.

Source: https://www.sebi.gov.in/legal/circulars/apr-2025/clarificatory-and-procedural-changes-to-aid-and-strengthen-esg-rating-providers-erps_93704.html

(iv) India's first Green Municipal Bonds issued by Ghaziabad Nagar Nigam

Ghaziabad Nagar Nigam has issued India's first certified Green Municipal Bond, raising ₹150 crore (\$18 million) to fund a high-tech sewage treatment plant to revolutionize urban water management in one of the country's fastest-growing cities.

The funds will be used to build a Tertiary Sewage Treatment Plant (TSTP) that will treat 40 million litres of wastewater per day using advanced membrane filtration technologies such as microfiltration, ultrafiltration, nanofiltration and reverse osmosis. The treated water will be supplied via a 95-kilometre pipeline to more than 1,400 industrial units in the region, reducing reliance on freshwater sources.

The bond was issued under the Swachh Bharat Mission-Urban and certified as a green bond, signaling compliance with international standards on environmental impact.

Backed by the state and the central governments, the project was developed under a public-private hybrid annuity model, with the municipality contributing 40% of the total funding.

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=2125188>

(v) ESMA released draft Technical Standards on ESG rating activities

The European Securities and Markets Authority (ESMA) is an independent EU authority whose purpose is to improve investor protection and promote stable, orderly financial markets. On 2nd May 2025, the ESMA released draft Technical Standards under the EU's ESG Rating Regulation, setting out proposed rules for ESG ratings providers. It aims at improving the reliability, transparency and comparability of ESG ratings and boosting investor confidence in sustainable financial products. The comments on the consultation paper are to be submitted latest by June 20, 2025.

The draft rules focus on key areas of compliance for ESG rating providers, including the information required to be provided when applying for authorization and recognition as an ESG ratings provider, safeguards to be put in place to mitigate conflicts of interest within ESG rating providers who carry out activities other than the provision of ESG ratings, and information required to be disclosed to the public, issuers, and the users of ESG ratings.

The proposed rules include criteria that must be put in place for ESG ratings providers to offer the other services, including separate organizational structures and working environments for employees providing ESG ratings and those providing the other services, thereby stressing that the separation is not just "superficial" or "mere legal formalities".

Disclosure requirements for ESG ratings providers under the new rules would include the publication of the methodology, models and key rating assumptions used in deriving ESG ratings, as well as the sequence in which the information should be provided, in order to help users to identify where the information is located, aiding the regulation's objective of increasing transparency and comparability.

Source: https://www.esma.europa.eu/sites/default/files/2025-05/ESMA84-2037069784-2276_Consultation_Paper_on_Technical_Standards_under_ESG_Rating_Regulation.pdf

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.

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