



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। इच्छते मितं त्वापि, एतद्दृष्टं लोकैः तदुच्यते

Mission

"To develop high calibre professionals facilitating good corporate governance"

ESG CATALYST

Where Sustainability Meets Innovation



AN ICSI initiative towards building awareness in the ESG landscape with the professional fraternity.

ARTIFICIAL INTELLIGENCE AND ITS ENVIRONMENTAL IMPACT

Artificial Intelligence broadly covers technologies designed to process data and imitate certain aspects of human reasoning. Although early forms of AI date back to the 1950s, recent breakthroughs driven largely by rapid increases in computing power and the vast availability of data have accelerated its development.

However, the environmental cost of this growth is equally significant and remains to be analysed in deep detail. Most AI systems operate within large data centres, requiring immense quantities of materials and energy. Producing the electronics used in these facilities is resource intensive; for instance, manufacturing a single 2 kilogram computer demands around 800 kilograms of raw materials. In addition, the microchips that fuel modern AI rely on rare earth elements, whose extraction often results in severe ecological damage.

Data centres also generate considerable electronic waste, much of it containing hazardous substances such as mercury and lead. Their water consumption used during both construction and every day cooling operations adds further strain. Some estimates suggest that AI related infrastructure could soon require six times more water than the entire country of Denmark an alarming figure when billions of people already lack reliable access to clean water.

Energy use poses yet another challenge. AI workloads require substantial electricity, much of which is still produced from fossil fuels. A single AI query can consume many times more energy than a standard web search. In some regions, such as Ireland, the growing demand from data centres is projected to account for a large share of national energy consumption in the coming years.

The rapid expansion of AI reflected in the rise of data centres from about 500,000 in 2012 to nearly 8 million today signals that these environmental pressures are only likely to increase.

While AI offers transformative benefits, its environmental footprint cannot be overlooked. High material demands, escalating energy use, water-intensive cooling, and mounting electronic waste collectively underscore the need for more sustainable AI practices. Moving forward, innovations in energy efficient model design, adoption of renewable power, responsible hardware manufacturing, and improved data centre management will be essential to ensure that AI's growth does not come at the expense of the planet.



ESG NEWS

UK Finalises Sustainability Reporting Standards Aligned with IFRS Baseline

The United Kingdom has formally embedded the global sustainability reporting baseline into its domestic framework, publishing final versions of UK Sustainability Reporting Standards S1 and S2 and opening the door to mandatory adoption for listed companies. The standards, aligned with the International Sustainability Standards Board's IFRS Sustainability Disclosure Standards, are now available for voluntary use. The Financial Conduct Authority is consulting on amendments to the UK Listing Rules, with the consultation open until 20 March 2026. The outcome could determine whether certain UK entities will be required to report under the new regime. The move positions UK alongside jurisdictions that are integrating the IFRS sustainability baseline into domestic law, reinforcing its bid to remain a global hub for sustainable finance.

<https://esgnews.com/uk-finalises-sustainability-reporting-standards-aligned-with-ifrs-baseline/>

Ireland Launches Circular Economy Strategy to Cut Emissions and Waste

Ireland has launched its Circular Economy Strategy 2026–2028, aiming to shift from a “take–make–waste” model to a resource efficient system that supports climate goals, industrial competitiveness and supply chain resilience. The plan seeks a two percentage point annual rise in the circular material use rate to reach 12% by 2030.

Key measures include a National Pilot Repair Voucher Scheme, adoption of Digital Product Passports for priority goods (textiles, furniture, tyres, mattresses), and expanded reuse and repair infrastructure. The passports will provide sustainability, circularity and compliance information to consumers and regulators.

The Strategy details actions across six sectors:

- **Construction:** Circularity Roadmap in 2026 and an industry compact for circular building.
- **Bioeconomy & Agriculture:** National Bioeconomy Strategy and Food waste cut of 50% by 2030.
- **Retail:** More repair/reuse options and ‘bring your own container’ schemes from 2027.
- **Packaging:** EU aligned rules for 5% waste reduction and 90% plastic bottle collection by 2029.
- **Textiles:** Nationwide collection systems and a circular textiles roadmap by 2030.
- **Electronics:** More repair and remanufacturing, aligned with ‘Right to Repair’ rules.

Local authorities will receive support to develop reuse and repair hubs, with digital systems enabling monitoring and compliance.

<https://esgnews.com/ireland-launches-circular-economy-strategy-to-cut-emissions-and-waste/>

SEBI launches review of ESG Rating Providers to strengthen transparency, investor Confidence

SEBI has set up a Multidisciplinary Working Group to review and strengthen the regulatory framework for ESG Rating Providers (ERPs). The move follows feedback from market participants and reflects global concerns over inconsistent ESG methodologies, transparency gaps, and scoring variability. The group includes representatives from issuers, investors, domestic and international rating providers, ESG analysts, legal experts, and academia ensuring a broad perspective on how ESG ratings influence capital allocation, credit assessments, and corporate reputation.

Its mandate is to evaluate the current ERP regime, assess suggestions from stakeholders, and recommend measures to enhance transparency, reliability, and investor trust. It will also study global regulatory developments to identify opportunities for alignment with international best practices while addressing India's unique market needs.

Other jurisdictions such as EU, Japan, and UK have tightened oversight of ESG Rating Providers due to concerns around conflicts of interest and opaque methodologies. Strengthened oversight in India would support sustainable finance goals, climate transition efforts, and improved Corporate Governance.

For investors, better regulation could enhance comparability and reduce risks associated with divergent ESG scores. Issuers may benefit from clearer disclosure expectations, while rating providers could face more rigorous governance and methodology standards.

The Working Group will submit recommendations to SEBI, helping position India's markets within the evolving global sustainability framework and shaping how emerging markets strengthen trust in ESG ratings and channel capital toward credible transition pathways.

<https://esgnews.com/sebi-launches-review-of-esg-rating-providers-to-strengthen-transparency-investor-confidence/>

EU narrows Corporate Sustainability Due Diligence Rules after Industry Pressure

The EU has approved scaled back corporate sustainability rules, limiting the scope of the Corporate Sustainability Due Diligence Directive (CSDDD) after pressure from industry groups and foreign governments. The revised rules reduce the number of companies required to assess environmental and human rights risks in their supply chains and extend compliance deadlines.

Only EU firms with over 5,000 employees and €1.5 billion in annual turnover and foreign companies with equivalent EU turnover will now be covered. The compliance timeline has been pushed to mid 2029, and the requirement for climate transition plans has been removed.

Industry groups say the changes ease regulatory burdens and help competitiveness, while environmental advocates warn the revisions weaken oversight and climate alignment. Boards gain more time to adjust governance and supply chain systems, but sustainability analysts say the softened rules may make it harder to assess corporate climate credibility.

<https://esgnews.com/eu-narrows-corporate-sustainability-due-diligence-rules-after-industry-pressure/>

PARTNERING IN ESG

ENVIRONMENTAL

Reduce digital carbon footprint by optimizing website code, reducing plug-in usage, and using eco-friendly, green-powered hosting services

SOCIAL

Reward employees for eco-friendly behaviours

GOVERNANCE

Ensure data accuracy and audit the AI systems

JOIN THE ESG MOVEMENT

Use darker colour schemes in websites and digital documents

Add air-purifying plants to create a biophilic environment



Share your Suggestions and inputs on ESG Catalyst at esgsb@icsi.edu.

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