



Vision

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

Motto

सत्यं वद। धर्मं चर। इष्टार्थे तेन तृणोपि, पालयते लोकोत्पन्नकृत्स्नम्

Mission

"To develop high calibre professionals facilitating good corporate governance"

ESG

CATALYST

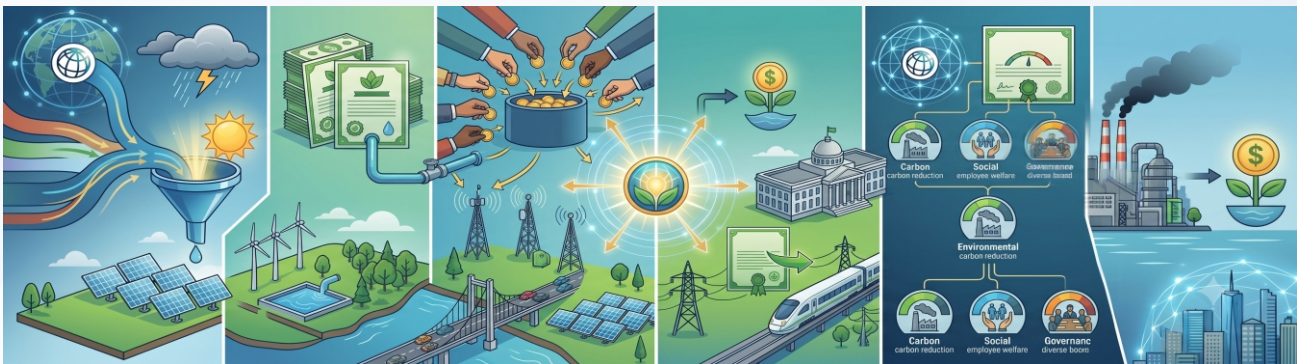
An ICSI initiative towards building awareness
in the ESG landscape



The Sovereign-Corporate Conduit: Channeling Climate Capital under India's New Regulatory Order

As India aggressively pursues its Net-Zero 2070 target, the transition demands an unprecedented mobilization of capital—estimated to top a cumulative \$10.1 trillion. Corporate India is standing at a historical inflection point. Sustainability has broken out of the boundaries of corporate philanthropy and Environmental Social Governance (ESG) public relations. Today, it operates as a sophisticated, legally mandated financial architecture. By 2030, developing economies will require an estimated \$5–6 trillion to meet climate action needs. Against this backdrop, the developed world’s pledge of \$100 billion annually under the Paris Agreement has already fallen short.

The recently announced Baku New Collective Quantified Goal (NCQG), committing \$300 billion by 2035, is a step forward but remains far below what is necessary. The Reserve Bank of India’s Report on Currency and Finance underscores the urgency, estimating that India alone must mobilize an additional 2.5% of GDP annually in green financing through 2030 to stay on track.



Amidst this backdrop, there is emerging a new vocabulary redefining the mechanics of Climate Capital:

- ✦ **Blended Finance Structure:** A structuring mechanism that combines concessional funds from development financial institutions or multilateral banks with commercial capital. This strategy actively de-risks early-stage, high-impact green projects, making them commercially viable for private equity and institutional investors.
- ✦ **Green Bonds:** Fixed-income financial instruments where the capital raised from investors is exclusively earmarked to fund or refinance eco-friendly, climate-related, or environmental projects.
- ✦ **Sovereign Green Bonds:** Debt instruments specifically directed towards raising money for climate and environmental projects. Following the Government of India's robust Sovereign Green Bond issuances (surpassing ₹72,000 crore), the corporate green bond market has expanded rapidly, offering distinct cost-of-capital advantages for compliant issuers.
- ✦ **Transition Finance Instruments:** Capital specifically targeted at heavy, carbon-intensive, or "hard-to-abate" sectors (such as steel, cement, shipping, and thermal power). Unlike pure "green finance," which funds already eco-friendly assets, transition finance provides the capital required for high-emitting conglomerates to systematically lower their carbon intensity over a legally verifiable timeline.
- ✦ **Sustainability Linked Bonds:** General-purpose debt instruments where the bond's financial or structural characteristics—such as the coupon interest rate—are adjusted depending on the issuer's success in achieving predetermined Environmental, Social, and Governance (ESG) objectives.
- ✦ **Infrastructure Investment Trusts (InvIT):** A pooled investment vehicle, similar to a mutual fund, that pools capital from multiple investors to invest directly in revenue-generating infrastructure assets. InvITs allow individuals and institutions to earn steady dividends from large-scale projects without owning them directly.

India's Climate Finance Landscape - 2025

The transition to a low-carbon economy is enforced by a tight web of domestic regulations. The most significant shift in India's Climate Finance Landscape in 2025 can be understood through these four aspects:

- SEBI BRSR CORE: Mandatory Assurance for Top 500 Listed Entities in FY26
- Draft framework of India's Climate Finance Taxonomy
- Reserve Bank of India (Commercial Banks & Small Finance Banks - Climate Finance and Management of Climate Change Risks) Directions, 2025
- The Emerging Indian Carbon Market (ICM)

1. SEBI BRSR CORE: Mandatory Assurance for Top 500 Listed Entities in FY26:

The Securities and Exchange Board of India (SEBI) has systematically shifted sustainability disclosures from self-reported narratives to strictly auditable compliance. For the financial year (FY) 2025–26, the mandatory glide path for obtaining independent third-party Reasonable Assurance on the BRSR Core scaled to encompass top 500 listed entities by market capitalization and going forward, the mandate, this FY onwards will be applicable to top 1000 listed entities.





FY 2023–24	Top 150 Listed Entities (Reasonable Assurance)
FY 2024–25	Top 250 Listed Entities (+ Value Chain Disclosures)
FY 2025–26	Top 500 Listed Entities (Current Enforced Phase)
FY 2026–27	Top 1,000 Listed Entities (Full Expansion)

Critical Compliance Update: In a vital regulatory calibration, SEBI has integrated the Industry Standards on Reporting of BRSR Core, formulated via the Industry Standards Forum (ISF). This framework provides listed entities with much-needed clarity and standard operating procedures, balancing strict data verification with operational ease of implementation. Furthermore, the voluntary reporting of Green Credit leadership indicators under Principle 6 allows forward-looking entities to showcase tangible environmental additions directly within their regulatory filings.


2. Draft Framework of India's Climate Finance Taxonomy: The climate finance taxonomy is a tool to identify activities consistent with India's climate action goals and transition pathway. The taxonomy shall be consistent with the developmental goal of 'Viksit Bharat' to be achieved by 2047. The taxonomy framework balances qualitative objectives with quantitative thresholds.

✓ *Facilitate greater resource flow to climate-friendly technologies and activities, and building resilience*







Mitigation
Avoidance of GHG emissions, reduction in emission intensity, improvements in energy efficiency, and R&D for mitigation.




Adaptation
Resilience action including resilient infrastructure, agriculture practices, climate resilient seeds, sustainable water management, ecosystem protection and restoration, geography-specific adaptation measures, and R&D for adaptation.



Support transition in hard-to-abate sectors
Transition activities in line with pathway for hard-to-abate industries, innovation and R&D, taking into account the available technology, its access and viability.

✓ *Prevent Greenwashing* 

✓ *Consistency with Viksit Bharat @2047* 

Source: Framework of India's Climate Finance Taxonomy

3. Reserve Bank of India (Commercial Banks & Small Finance Banks - Climate Finance and Management of Climate Change Risks) Directions, 2025: The Reserve Bank of India (RBI) issued the (Commercial Banks & Small Finance Banks - Climate Finance and Management of Climate Change Risks) Directions, 2025. These guidelines mandate that banks integrate climate risks into their governance and credit frameworks, establish strict rules for raising green deposits, and implement rigorous, third-party impact assessments to prevent greenwashing.

4. The Emerging Indian Carbon Market (ICM): Concurrently, the operationalization of the Carbon Credit Trading Scheme (CCTS) under the Energy Conservation Act is transforming carbon into a standardized corporate asset and liability. As compliance markers and voluntary offset mechanisms crystallize, companies face a dual reality: carbon inefficiencies will directly erode the corporate bottom line, while certified decarbonization can generate a lucrative, tradeable revenue stream.

Strategic Boardroom Governance: CS as the Fiduciary Anchor

For the modern Company Secretary (CS), this marks a fundamental shift in professional accountability. Boardrooms can no longer treat green initiatives as separate from corporate finance.

CS must actively guide the boardroom through this transition. Under Section 166 of the Companies Act, 2013, a director is legally bound to act in good faith to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, shareholders, the community, and for the protection of the environment.

To satisfy these expanding fiduciary expectations, it falls upon the governance professionals to lead the implementation of specialized board committees:

- ❖ **ESG/Sustainability Sub-Committees:** Establishing a standalone board-level committee (or expanding the charter of the Risk Management Committee) to explicitly manage climate transition pathways.
- ❖ **Climate Literacy Briefings:** Standardizing structured educational segments for independent and non-executive directors. Boardrooms must be able to comfortably interpret physical climate risks (e.g., asset damage from extreme weather) and transition climate risks (e.g., policy changes rendering technologies obsolete).
- ❖ **Double Materiality Mandate:** CS must steer the Board away from single-financial reporting, embedding a comprehensive Double Materiality Assessment into the company's strategic core.

DOUBLE MATERIALITY FRAMEWORK

1. **FINANCIAL MATERIALITY (Outside-In):** How climate change, resource scarcity, and shifting green regulations impact the company's financial health, asset values, and cash flows.
2. **IMPACT MATERIALITY (Inside-Out):** The Material impact exerted by the company's operational footprint, waste management, and carbon emissions exert on the external ecosystem.



Risk Mitigation & Anti-Greenwashing Audit

Greenwashing is the practice of making deceptive, exaggerated, or unsubstantiated claims regarding environmental benefits of a product, service, or corporate strategy. No longer just a marketing misstep, it has evolved into a severe legal, financial, and regulatory liability.

When an organization secures green bonds, sustainability-linked loans, or institutional ESG capital under false or unverified sustainability representations, it leaves itself exposed to regulatory enforcement from SEBI, contract breaches with international investors, and devastating reputational damage. To safeguard the organization and ensure compliance with SEBI's reasonable assurance mandates, CS needs to coordinate with internal audit and sustainability teams to replace decentralized, manual reporting tracking methods with institutional data systems.

CS: The Boardroom Strategist

The evolution of the corporate world has completely redefined the office of the Company Secretary. In this new era of *Climate Capital*, the Company Secretary must serve as a core boardroom strategist. By mastering sustainable finance frameworks, maintaining rigorous compliance infrastructure, and insulating the enterprise from greenwashing liabilities, CS turn regulatory compliance into a distinct, long-term competitive financial edge.

ESG IN NEWS

FIFA's Sustainability Strategy faces its biggest test as World Cup Emissions set to Double

The 2026 FIFA World Cup across North America carries an unprecedented environmental cost. A carbon assessment by Greenly estimates 7.8 million metric tons of CO₂—equal to the annual output of 1.7 million cars or all of Sierra Leone. By comparison, Qatar 2022 generated 3.8 million tons. The expanded format with 48 teams in 16 cities across three countries is the main driver. Unlike Qatar's compact geography, this edition spans 2,800 miles from Vancouver to Miami, making intercontinental air travel unavoidable. Researchers estimate 87% of emissions will come from travel, mostly aviation.

One overlooked factor is the digital ecosystem: streaming, broadcasting, data feeds, and gambling platforms consume vast energy through satellites, data centers, and billions of devices. The UK's National Energy System Operator projected each Scotland and England group match could add 600 megawatts of demand—the combined usage of Glasgow and Leeds.

For ESG practitioners and investors, the gap between FIFA's sustainability claims and the measurable emissions of its flagship event is now quantifiable. The decision to expand without a credible offset framework, plus the omission of digital emissions, leaves a large portion of climate impact unaccounted. Independent estimates suggest this will be the largest carbon footprint in football history. Sponsors, broadcasters, and investors must now weigh whether association with the tournament carries reputational climate risk beyond official communications.

<https://esgnews.com/fifas-sustainability-strategy-faces-its-biggest-test-as-world-cup-emissions-set-to-double/>

GLOBAL FRAMEWORKS AND EMERGING TRENDS

UK Plans to replace TCFD Climate Reports for Investment Products

The UK's Financial Conduct Authority (FCA) plans to simplify climate reporting rules for asset managers, aiming to save firms about £20 million annually. Current product-level reports based on the Task Force on Climate-related Financial Disclosures are seen as too complex and rarely used by retail investors.

The new approach would provide clearer, more targeted information on climate risks—such as floods and storms—and how they affect investment performance. This aligns with the FCA's Consumer Duty, which requires firms to deliver useful, decision-ready information to customers.

While asset managers may welcome reduced costs, they must still maintain strong systems to identify and explain climate exposures. Globally, regulators are shifting focus from lengthy disclosures to proportional, cost-effective reporting that genuinely helps investors understand risk and resilience.

The UK's move could influence other markets, signalling that climate risk reporting will be judged less by volume and more by clarity and usability.

<https://esgnews.com/uk-plans-to-replace-tcfd-climate-reports-for-investment-products/>

LEGISLATIVE DEVELOPMENTS

Science Based Targets initiative (SBTi) releases New Corporate Net-Zero Standard to Tighten Climate Target Delivery

SBTi's Corporate Net-Zero Standard Version 2.0 expands the framework for companies setting and implementing science-based climate targets. The updated standard introduces differentiated pathways for SMEs and companies in lower-income countries. Companies must report annually, assess implementation barriers, and strengthen targets through continuous improvement cycles.

<https://esgnews.com/sbti-releases-new-corporate-net-zero-standard-to-tighten-climate-target-delivery/>