



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.

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Carbon Leakage

Carbon leakage is defined as the increase in CO₂ emissions outside the countries taking domestic mitigation action divided by the reduction in the emissions of these countries. It has been demonstrated that an increase in local fossil fuel prices resulting, for example, from mitigation policies may lead to the re-allocation of production to regions with less stringent mitigation rules (or with no rules at all), leading to higher emissions in those regions and therefore to carbon leakage. Furthermore, a decrease in global fossil fuel demand and resulting lower fossil fuel prices may lead to increased fossil fuel consumption in non-mitigating countries and therefore to carbon leakage as well.

It refers to the situation that may occur if, for reasons of costs related to climate policies, businesses were to transfer production to other countries with laxer emission constraints. This could lead to an increase in their total emissions. The risk of carbon leakage may be higher in certain energy-intensive industries. It is the situation in which, as a result of stringent climate policies, companies move their production abroad to countries with less ambitious climate measures, which can lead to a rise in global greenhouse gas emissions.

In simple words, it is a phenomenon where efforts to reduce greenhouse gas emissions in one region or sector unintentionally lead to increased emissions elsewhere. This can happen when companies relocate production to countries with less stringent environmental regulations, or when global demand for certain products remains unchanged, leading to increased emissions in other parts of the world.

Good Practices in ESG

ENVIRONMENTAL

Organizations should adopt standard operating procedure for waste segregation and have onsite waste collection facilities

SOCIAL

Organisations should provide private and conducive nursing spaces for young mothers

GOVERNANCE

Organizations should adopt a sustainability mandate in addition to sustainability policy to ensure the enforcement

Tips for Environment Friendly Initiatives

Ensure recycling of waste papers

Adopt weekly environmental target such as reduced electricity consumption

Promote waste segregation practices

News in ESG

(i) EU Launches Roadmap for Nature Credits to Attract Private Investment in Biodiversity

The European Commission has launched a 'Roadmap towards Nature Credits' to attract private investment into biodiversity restoration and ecosystem preservation, rewarding businesses, landowners, and communities that take measurable nature-positive action.

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Nature credits represent investments in actions that restore and protect ecosystems such as reforestation or wetland rehabilitation with verified environmental outcomes. These credits are expected to deliver cleaner ecosystems, reduce environmental risks, and enhance the social license and reputation of investing entities.

With 75% of eurozone businesses dependent on nature, the Commission sees nature credits as an innovative asset class with dual benefits: driving biodiversity restoration while opening revenue streams for custodians of the land such as farmers, foresters, and local communities.

The roadmap outlines a bottom-up approach, developed with stakeholders, that aims to close the biodiversity financing gap by complementing public funding with a voluntary, standardised and certified nature credit market. It will establish clear standards and certification mechanisms to ensure trust and avoid green washing, while limiting the administrative burden for participants.

The EU is already piloting nature credit schemes in France, Estonia, and Peru, and collaborating with global actors like the Biodiversity Credit Alliance, the World Economic Forum, and the International Advisory Panel on Biodiversity Credits.

Source: EU Launches Roadmap for Nature Credits to Attract Private Investment in Biodiversity - ESG News

(ii) Sri Lanka Launches Sustainable Finance Roadmap 2.0 to Tackle Climate Risk and Boost Inclusion

Sri Lanka launched its Sustainable Finance Roadmap 2.0 on May 5, 2025 to address a 10.85 billion dollar climate funding gap by 2030 while boosting financial inclusion and social justice. Led by the Central Bank of Sri Lanka (CBSL) the roadmap expands beyond green finance to support MSMEs gender equality and climate resilience.

Building on the 2019 framework Roadmap 2.0 embeds social sustainability via the CBSL Act's inclusion mandate. It promotes Inclusive Green Finance through Phase II of the National Financial Inclusion Strategy targeting 5,00,000 MSMEs with 1 billion dollars in green loans by 2028. Internal risk management frameworks aim to cut non-performing loans by 20% addressing climate driven inflation. The roadmap introduces a green finance taxonomy to standardize 80% of ESG investments and mandates climate disclosures for banks to align with Paris Agreement NDCs needing 10.85 billion dollars by 2030.

The roadmap prioritizes social equity by expanding financial access for 1.5 million underserved citizens particularly women and rural communities. Gender equality initiatives aim to close a 15 percent financial access gap with 100 million dollars in microfinance for female entrepreneurs. MSME support includes 0.5 billion dollars in green loans to boost 10 percent of GDP from small businesses. Financial literacy programs reaching 2 million people by 2028 align with the Financial Literacy Roadmap to improve decision making and cut poverty by 5 percent.

Source: <https://onestopesg.com/esg-news/sri-lanka-sustainable-finance-roadmap-2-0-targets-climate-and-inclusion-1752069114748>

(iii) Singapore Issues Practical Guidance to Advance Adoption of Singapore-Asia Taxonomy for Transition Finance

The Singapore Sustainable Finance Association (SSFA), supported by the Monetary Authority of Singapore (MAS), has developed the practical guidance to advance adoption of Singapore-Asia Taxonomy (SAT), to help financial institutions and borrowers navigate

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complex real-world challenges in applying SAT criteria. Launched in December 2023, the SAT is the first global taxonomy to include a dedicated “transition” category, setting out thresholds for climate mitigation across eight focus sectors.

The guidance aims to support financiers and borrowers in applying the Singapore-Asia Taxonomy (SAT) to real-world green and transition financing. It addresses data limitations, interim thresholds, and evolving transition activities, while promoting alignment with industry best practices.

The Guidance structure is divided in 2 parts:

- **Part 1:** Applying SAT Criteria in Practice
- **Part 2:** Recognising Credible Transition Efforts

While Part 1 focuses on SAT-aligned financing, Part 2 addresses how financiers and borrowers may reference the SAT even when full alignment is not possible due to constraints beyond the borrower’s control.

Source: Singapore Issues Practical Guidance to Advance Adoption of Singapore-Asia Taxonomy for Transition Finance - ESG News

(iv) GRI Opens Global Consultation on New Textiles & Apparel Sustainability Reporting Standard

The Global Reporting Initiative (GRI) has launched a global public consultation on its proposed Textiles & Apparel Sector Standard, advancing efforts to improve transparency and accountability in one of the world’s most environmentally and socially impactful industries.

The exposure draft is open for public feedback until **28th September, 2025**. The global consultation seeks feedback from stakeholders on the exposure draft’s clarity, feasibility, completeness, and relevance. It targets organizations involved in textiles, clothing, footwear, and jewelry production and manufacturing across retail and wholesale covering impacts across the full value chain to the point of sale.

The standard addresses long-standing challenges in traceability and transparency, particularly in globally dispersed supply chains. These complexities hinder efforts to manage and report on issues such as water pollution from hazardous chemicals, substandard working conditions, and gender-based discrimination.

The draft addresses major sector risks including hazardous chemical use, gender discrimination, excessive working hours, and poor labor practices.

Source: GRI Opens Global Consultation on New Textiles & Apparel Sustainability Reporting Standard - ESG News

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.