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। धर्मंचर।
speak the truth. abide by the law.

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

Souvenir

National Sustainability Conference 2025

Theme: Fostering Sustainability towards a Resilient Future

July 26- 27, 2025 (Saturday & Sunday)

Ramee Royal Resort, Udaipur, Rajasthan

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THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

July, 2025

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IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

The Institute of Company Secretaries of India (ICSI) is a premier professional body, established under an act of Parliament (The Company Secretaries Act, 1980), to regulate and develop the profession of Company Secretaries. ICSI functions under the jurisdiction of the Ministry of Corporate Affairs, Government of India. The Institute provides top- quality education to the students of Company Secretaries (CS) Course and best quality set standards to CS Members.

With around 75,000 members and around 200,000 students, the ICSI has the largest membership and student base of Company Secretaries in the world.

As an inclusive body on the global governance map, the ICSI has been taking various initiatives for the growth and development of the profession. ICSI has been contributing to the initiatives of Government of India that have potential to excel the socio-economic growth of India.

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2. **Regional Offices**: EIRC (Kolkata), NIRC (New Delhi), SIRC (Chennai), WIRC (Mumbai)
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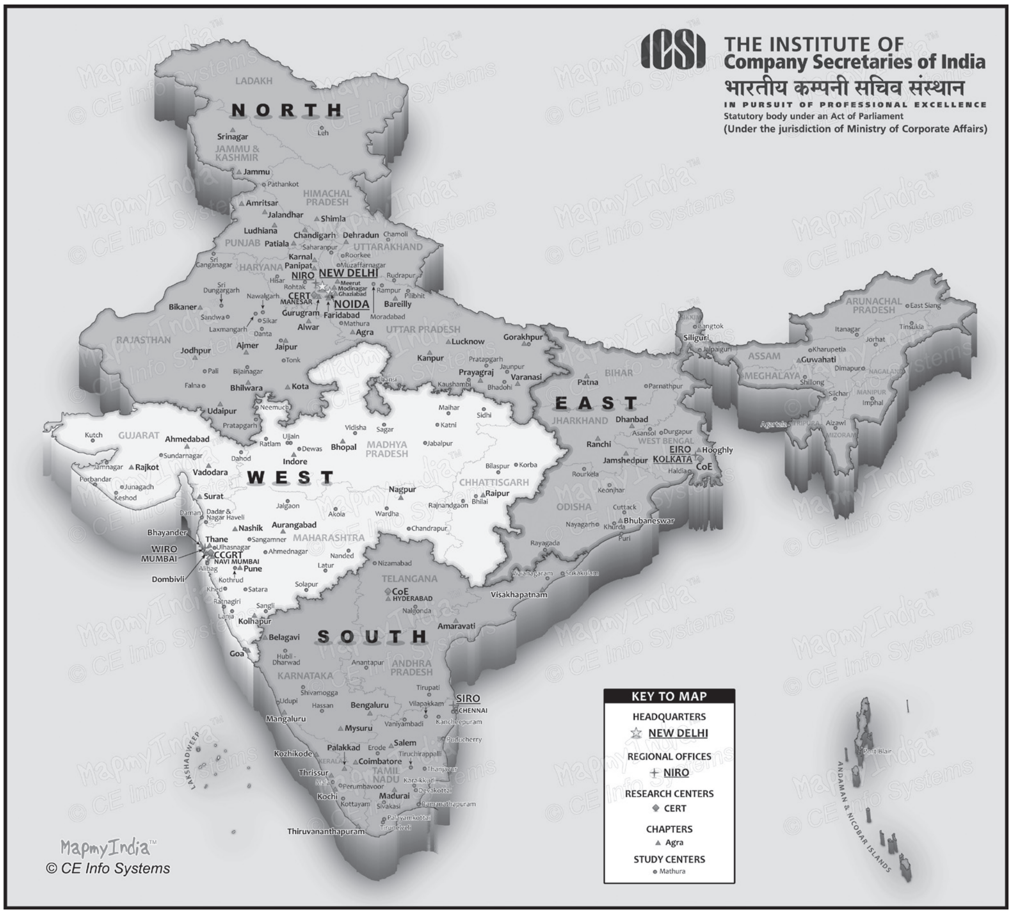

FUNCTIONS OF THE INSTITUTE

- Develops a cadre of Company Secretaries for ensuring governance and effective management in corporates. Students passed / appearing in Senior Secondary (10+2) Examination or equivalent thereto may appear in Company Secretary Executive Entrance Test (CSEET) and after qualifying the same, they are registered for Executive Programme (graduates or students appearing in final semester/year of graduation/post graduates may directly register for Executive Programme) of Company Secretaryship Course with course contents in Law, Tax, Management, Accounting and Finance disciplines;
- Provides postal / oral / web-based coaching and training enabling students to qualify as Company Secretaries;
- Conducts Company Secretaryship Examination twice a year in June and December at centres spread all over India and at an overseas centre at Dubai;
- Arranges for practical training of Executive / Professional Programme qualified Students with Companies / Practicing Company Secretaries etc. empanelled with the Institute for the purpose;
- Enrolls qualified persons as Associate / Fellow Members of the Institute and issues Certificate of Practice to Members taking up practice;
- Conducts Post Membership Qualification (PMQ) / Certificate / Crash Courses for Members of the Institute;
- Formulates Secretarial Standards, Auditing Standards and brings out Guidance Notes thereon;
- Conducts elections to the Council of the Institute;
- Maintains library and publishes books and periodicals relating to management of companies and allied subjects;

Initiatives to achieve these objectives

- Publishes widely read and highly acclaimed monthly Journal which is listed under the prestigious listing of journals by UGC, the UGC-CARE;
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- Grants ICSI Signature Award (Gold Medal & Certificate) to the toppers of B.Com. Examinations of reputed Universities and selected programmes of IIMs as per the MoUs with the respective Universities/ institutions;
- ICSI Academic Collaboration with Universities & Academic Institutions for learning & development of students, professionals and academicians;
- Ties up with reputed Colleges for establishment of Study Centres for providing basic services to the students;

- Organises Career Awareness Programmes (CAP) for the benefit of prospective students;
- Exercises supervision over the Members of the Institute both in practice and in employment in matters pertaining to Professional Ethics and Code of Conduct;
- Undertakes research in Corporate Laws, Corporate Governance, Management, Finance and Capital Market disciplines and brings out research publications of its own accord and on behalf of Government and its agencies / Institution;
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- Organises Professional Development and Continuing Education Programmes, National Convention of Company Secretaries, International / National / Regional Conferences directly or through its Regional Councils and Chapters, Chambers of Commerce, Department of Public Enterprises, Sister Professional Institutes and other Professional Development / Management Bodies;
- Interacts with various National and Regional Chambers of Commerce with regard to various Government Policies and Legislations;
- Interacts with various international, multi-lateral bodies / institutions with regard to issues relating to Corporate Governance, Business Ethics, Sustainability and Corporate Social Responsibility;
- Interacts with Centre and State Governments on various issues concerning the profession;
- Undertakes benevolence of Members;
- Interacts with Members of Corporate Secretaries International Association (CSIA) and Company Secretaries Institutes in other jurisdictions;
- Bestows ICSI National Award for Excellence in Corporate Governance to best governed companies;
- Bestows ICSI CSR Excellence Award;
- Bestows Best Secretarial Audit Report Award;
- Bestows Best PCS Firm Award;
- Bestows Business Responsibility & Sustainability Award;
- Bestows ICSI Lifetime Achievement Award to eminent corporate personalities for translating Excellence in Corporate Governance into reality and;
- Conducts Investor Awareness Programmes throughout the country under the aegis of the Investor Education and Protection Fund (IEPF), Ministry of Corporate Affairs (MCA).

BUILDING FUTURE PROFESSIONALS TO GUIDE CORPORATE INDIA

The ICSI conducts the Company Secretaryship examination to bring in high level professionals specialized in corporate laws, management and governance.

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Students passed / appearing in Senior Secondary (10+2) Examination or equivalent thereto may appear in Company Secretary Executive Entrance Test (CSEET) and after qualifying the same, they are registered for Executive Programme of Company Secretaryship Course.

STAGES TO BECOME A COMPANY SECRETARY

The Company Secretaryship Course is conducted in the following stages as under:

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A student passed / appearing in the Senior Secondary (10+2) Examination or equivalent thereto and passed Company Secretary Executive Entrance Test (CSEET) Examination shall be eligible to appear in the CS Executive Programme.

OR

ICAI, ICMAI Final Course passed, Graduates and Post Graduates can seek direct admission to Executive Programme.

OR

Foundation Passed Student of ICSI

PROFESSIONAL PROGRAMME

A registered student is admitted to the Professional Programme on passing the Executive Programme.

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A Company Secretary is defined under the Company Secretaries Act, 1980 to mean a person who is a member of ICSI.

ASSOCIATE MEMBERSHIP

After successful completion of examination and training, a candidate is conferred with Associate Membership of the ICSI.

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ICSI - CENTRE FOR CORPORATE GOVERNANCE RESEARCH & TRAINING (ICSI-CCGRT), NAVI MUMBAI

ICSI-CCGRT, Mumbai was established with the sole purpose of conducting high end research and training programmes for the CS fraternity on the contemporary issues concerning the profession. The Centre was inaugurated and dedicated to the nation in the worthy hands of Dr. A S Anand, then Chief Justice of India on 16th May 1999. Since then the Centre has been performing as an organ of the Institute in the domain of research, governance and training.

The primary objective of the Centre is to act as a catalyst organisation in the professional development of the Indian corporate sector through qualitative research and high-level corporate training with 'Corporate Governance' as the thrust area. Since its inception, the Centre has undertaken a number of activities aimed towards fostering qualitative research.

ICSI - CENTRE FOR CORPORATE GOVERNANCE RESEARCH & TRAINING (ICSI-CCGRT), HYDERABAD

The ICSI in its candid endeavours to foster good corporate governance and inculcating analytical approach through research and training among CS fraternity and other vital segments of society, has initiated to set up learning and knowledge centres across India. The ICSI-CCGRT being the first of its kind located in Navi Mumbai, the Institute has set up its second Research & Training centre in Hyderabad which has commenced its activities effective from June 2018.

The ICSI-CCGRT, Hyderabad sprawling in a lush green area of 4166 square meters is located in Uppal area of Hyderabad, the Capital of Telangana State which is best known as "City of Pearls" and located on the banks of Musi River. The Centre is at a walkable distance from NGRI Metro Station.

The vast campus of the Centre comprises 200-seater Auditorium, Training Halls of different seating capacity, Board Room, Computer Room, Library, Yoga Room & Institutional Blocks equipped with ultra-modern and state of the art audio visual aids to facilitate high end training programmes and undertaking research of topical interests to the Institute. The campus has also 24 self-content dwelling units on twin sharing basis catering to the residential projects of the Institute.

ICSI - CENTRE FOR CORPORATE GOVERNANCE RESEARCH & TRAINING (ICSI-CCGRT), KOLKATA

ICSI CCGRT Kolkata is the 3rd Training and Research Facility, inaugurated by Dr. C.V. Ananda Bose, Hon'ble Governor of West Bengal, on 6th December 2023, with the vision to promote and develop research and training for students, professionals and public at large. The CCRT-Kolkata is located in Action Area II, Newtown Kolkata near Amity University which is well connected to Airport and major Railway Stations (Sealdah and Kolkata).

Located in the Smart Green City of Kolkata, the ICSI CCGRT has an Educational Block of 27,494 sq. ft. area and a Hostel Block of 21,708 sq. ft. area. The Educational Wing houses classrooms, a library, two Moot Courts, a Conference Room, and an Auditorium with a capacity of 300 people. The CCGRT-Kolkata Campus is having an Exclusive Hostel facility with Air-conditioned rooms and Recreation Facilities.

INSTITUTE OF GOVERNANCE PROFESSIONALS OF INDIA (FORMERLY ICSI GRKF)

Institute of Governance Professionals of India (IGPI) - a Section 8 company promoted by the ICSI is entrusted with the task of taking forward its purpose to generate, spread and impart knowledge, directly or in association with person(s) having similar objects or engaged in similar activities by way of Research, Publications, Training and Education. The areas of focus of these activities include Corporate Laws, Governance, Management, Business Sustainability and CSR, Capital and Financial Markets, Economic Laws and Policies, Information and Control Systems and Allied Disciplines. With the intent of honing the members of Board room and corporate decision makers on matters of governance and sustainability, the ICSI through IGPI, launched the ICSI Board Mentorship Programme. The intent of the Programme is to bring directors together to share an experiential thought process, the individual challenges faced in the line of decision making, all while developing financial acumen and ESG capabilities. The first edition of the Programme was held during September 12-14, 2024 at Ooty (Tamil Nadu).

ICSI INSTITUTE OF INSOLVENCY PROFESSIONALS (ICSI IIP)

The ICSI – Institute of Insolvency Professionals (ICSI IIP) is a section 8 Company incorporated under the Companies Act, 2013 and formed by ICSI with its 100% capital owned by ICSI. The Company is registered as an Insolvency Professional Agency with Insolvency and Bankruptcy Board of India to enroll and regulate the members practising as Insolvency Professionals (IPs) in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with rules and regulations made thereunder.

ICSI REGISTERED VALUERS' ORGANISATION (ICSI RVO)

The ICSI Registered Valuers Organization (ICSI RVO) is a Section 8 Company incorporated under the Companies Act, 2013 and formed by ICSI with its 100% capital owned by ICSI. The Company is recognised as Registered Valuers Organization with Insolvency and Bankruptcy Board of India, formed with the intent to enroll, register, educate, train, promote, develop and regulate Registered Valuers as per the Registered Valuers Rules, while establishing and promoting high standards of practice and professional conduct and promote good professionalism, ethical conduct and competency ensuring quality of valuation work.

ICSI INSTITUTE OF SOCIAL AUDITORS

IIndia's social enterprises ecosystem is growing on a fast pace, but the access to debt or equity was a huge barrier to growth and sustainability. To overcome this barrier, there was a need to bring social enterprises and investors on a single platform and which paved the idea of Social Stock Exchange. The Government of India in the budget speech for the financial year 2019-20 proposed the creation of a Social Stock Exchange (SSE). In this regard, based upon various reports and public consultation, the governing framework for a Social Stock Exchange was brought in by SEBI and SEBI (ICDR) Regulations, 2018 were amended wherein the concept of Social Impact Assessor evolved.

In this regard, the Institute of Company Secretaries of India incorporated the 'ICSI Institute of Social Auditors or the ICSI-ISA' a Section 8 Company under the Companies Act, 2013 with the objective to register Social Impact Assessor, lay down criteria/ norms for empanelment as well as standards of professional conduct for the registered Social Impact Assessor. The ICSI-ISA commenced the empanelment of Social Impact Assessors (SIAs) who have obtained the requisite NISM Certification. The ICSI-ISA commenced the empanelment of Social Impact Assessors from May 12, 2023. Further, SEBI vide circular, EBI/HO/CFD/PoD-1/P/CIR/2024/0060 dated May 27, 2024 has specified the ICSI Institute of Social Auditors (ICSI-ISA) as a Self-Regulatory Organization (SRO) for the Social Impact Assessors and Social Impact Assessment Entities registered with ICSI-ISA.

ICSI INTERNATIONAL ADR CENTRE

With the intent to facilitate Arbitration, Mediation and Conciliation at National and International level, the Institute of Company Secretaries of India (ICSI) established its first ICSI International ADR Centre at Noida (U.P.). Hon'ble Mr. Justice P. Sathasivam, former Chief Justice of India and former Governor of Kerala inaugurated the ICSI International ADR Centre at ICSI House, C-36, Institutional Area, Sector - 62, Noida (U.P.) on 29th of February, 2024.

The ICSI International ADR Centre at Noida is a state-of-the-art facility with world-class infrastructure, advance Video Conferencing facility, top notch administrative facilities, etc.

The Objective of the ICSI International ADR Centre is to promote Alternate Dispute Resolution (ADR) methods including Mediation, Conciliation and Arbitration to assist and educate all sections of Society, Individuals, Corporates, Firms, Institutions and Establishments (Local or International).

ARTICLES

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"ADVANCING NATIONAL SUSTAINABILITY IN INDIA: THE ROLE OF ESG COMPLIANCE AND CORPORATE GOVERNANCE"

CS Shashi Sonthalia (Agrawal), ACS 25358

Abstract

'National sustainability' refers to a nation's ability to sustain the growth and overall development of the country while simultaneously promoting human well-being, environmental protection, and economic prosperity. In India, a fast-developing country with a population exceeding 1.4 billion, the challenge is to balance rapid economic growth with ecological conservation and social justice. At the same time, Environmental, Social, and Governance (ESG) compliance has emerged as a major framework for businesses to align with sustainability goals, regulatory mandates, and stakeholder expectations.

This article explores India's environmental, economic, social, and infrastructural sustainability challenges, institutional capabilities and gaps, and proposes strategic pathways toward a resilient and equitable future. It further discusses the challenges Indian companies face in ESG compliance and emphasizes the strategic role of Company Secretaries in embedding ESG into governance structures. This also highlights how India can leverage comprehensive policy reforms, institutional strengthening, and corporate governance innovations to become a global leader in sustainable development.

Introduction

Sustainability has evolved beyond a theoretical concept to become a core principle guiding national policies and corporate strategies worldwide (United Nations Development Programme [UNDP], 2022; World Bank, 2023) In India's context, sustainability is particularly complex due to its vast ecological diversity, stark socio-economic disparities, and dense population. The country's development blueprint must integrate solutions that support livelihoods, protect natural ecosystems, and ensure equitable prosperity.

Parallel to national sustainability efforts, the corporate sector increasingly recognizes Environmental, Social, and Governance (ESG) compliance as an essential framework for sustainable growth, regulatory adherence, and reputation management (BlackRock, 2021). For Indian companies, the integration of ESG principles is both an opportunity and a challenge amid evolving regulations, investor expectations, and operational complexities (Securities and Exchange Board of India [SEBI], 2021).

This article first delineates the national sustainability challenges facing India, focusing on environmental pressures, economic resilience, social equity, urbanization, and governance. It then examines the role of ESG compliance in India's corporate environment, identifying key barriers and strategies for effective integration. Finally, it highlights the pivotal role of the Company Secretary in driving ESG governance and compliance within organizations.

1. National Sustainability Imperatives in India

1.1 Environmental Imperatives

India faces mounting environmental challenges including air and water pollution, deforestation, soil degradation, and biodiversity loss. For example, the states of Punjab and Haryana have depleted about 64.6 billion cubic meters of groundwater between 2003 and 2020, driven largely by intensive agriculture and urbanization (Ipsita Pati, 2024; News18, 2024). To visualize this volume, it is equivalent to filling nearly 25 million Olympic-size swimming pools—a staggering figure underscoring the urgency of sustainable water management.

Air quality presents another critical concern. Delhi, the national capital, recorded its highest pollution levels in 2024, far exceeding safe thresholds (Centre for Science & Environment, 2025). To comply with national clean air standards, the city must reduce pollution by 62%. However, only about a third of the funds allocated for pollution control have been utilized, highlighting implementation bottlenecks (Times of India, 2025). This poor air quality directly impacts public health, especially in vulnerable groups like children and the elderly.

Example: In 2019, Delhi's air pollution reached a crisis point during winter, forcing school closures and public health advisories. The government's response included temporary restrictions on vehicular traffic and increased monitoring, but long-term structural reforms such as promoting electric vehicles and expanding green cover remain limited.

1.2. Economic Resilience and Energy Security

India's economic growth depends on environmental stability. Climate-related disasters such as floods, droughts, and heatwaves increasingly threaten agricultural productivity and food security. Studies project that climate shocks could reduce India's GDP by up to 25% by 2070 if mitigation measures are not taken (Financial Times, 2024). The Global Climate Risk Index ranks India sixth among countries most affected by climate events from 1993 to 2022, underscoring vulnerability to global warming (Germanwatch, 2025).

To address these risks, India is investing in renewable energy, circular economy initiatives, and green infrastructure. The nation pledged to achieve net-zero carbon emissions by 2070 and to reduce carbon intensity by 45% relative to 2005 levels by 2030 (Time, 2021; Wikipedia, 2025). This ambitious commitment aligns with the Paris Agreement and global climate goals.

Example: The solar power sector in India exemplifies this shift. The government's National Solar Mission has driven a rapid expansion of solar capacity, making India the world's third-largest solar market by 2023. Solar parks in states like Rajasthan and Gujarat contribute to energy independence, job creation, and emission reductions.

1.3. Social Equity and Public Health

Sustainability must also address deep social inequalities. Groundwater depletion disproportionately affects rural farmers who depend on agriculture for their livelihoods. Urban residents face challenges including unsafe drinking water, inadequate housing, and poor sanitation. Outdoor air pollution causes about two million premature deaths annually in India, making it one of the leading mortality factors nationally (Health Effects Institute, 2022).

Delhi's children are especially vulnerable to respiratory illnesses due to chronic exposure to pollutants (Wikipedia, 2025). Ensuring equitable access to clean air, water, and nutritious food is fundamental to improving public health and social justice.

Example: The government's Ujjwala Yojana, which provides LPG connections to poor households, aims to reduce indoor air pollution from traditional cooking fuels. This policy has improved respiratory health outcomes for millions of rural women and children, demonstrating how targeted social interventions contribute to sustainability.

1.4. Urbanization and Infrastructure

India's urban population is expected to reach 600 million by 2030 (UN-Habitat, 2022), presenting both opportunities and challenges for sustainability. Rapid urban growth strains existing infrastructure, leading to increased waste, pollution, and traffic congestion.

Programs such as the Smart Cities Mission and Atal Mission for Rejuvenation and Urban Transformation (AMRUT) seek to modernize urban services, yet they often lack clear sustainability indicators and robust implementation mechanisms. For example, the National

Clean Air Programme (NCAP), which aims to reduce $PM_{2.5}$ levels by 20-30% in major cities, remains underfunded and suffers from coordination challenges across government agencies (Centre for Science & Environment, 2025).

Example: Pune, one of India's rapidly growing cities, has experimented with green building codes, expanded public transit, and waste recycling. These initiatives demonstrate the potential of sustainable urban planning but require scaling up and better integration with regional policies.

1.5. Policy, Governance, and Institutional Reform

India's flagship initiatives, including the National Action Plan on Climate Change (NAPCC), Swachh Bharat Abhiyan (Clean India Mission), Ujjwala Yojana, NCAP, and Bharat Stage VI emission standards, reflect strong political commitment to sustainability (MoEFCC, 2024). However, implementation is often hampered by fragmented governance, weak monitoring systems, and limited community participation.

To enhance effectiveness, reforms should:

- Empower environmental institutions with enforcement authority.
- Tie funding to measurable sustainability outcomes.
- Expand real-time environmental monitoring.
- Engage local communities actively in environmental governance (The Print, 2024; Question of Cities, 2024).

Example: The success of the Swachh Bharat Mission in improving rural sanitation shows the power of coordinated governance combined with public engagement. Similar models could be adapted for pollution control and water conservation.

1.6. Intergenerational Responsibility and Cultural Tradition

Sustainability also demands honoring cultural values and responsibilities toward future generations. Traditional Indian practices like community water harvesting, rainwater conservation, and agroforestry reflect centuries of ecological wisdom that can complement modern conservation technologies.

Example: "In Rajasthan, community-led johads (rainwater-harvesting ponds) have successfully revitalized groundwater levels and sustainably supported agricultural activities." Integrating such indigenous knowledge into national policies could enhance environmental resilience.

2. The Growing Importance of ESG Compliance in India's Corporate Sector

2.1 Understanding ESG Compliance

Environmental, Social, and Governance (ESG) compliance refers to how corporations manage their impacts on the environment, social responsibilities, and governance practices in line with regulatory standards and stakeholder expectations (European Commission, 2023). ESG encompasses climate risk mitigation, human rights protection, diversity and inclusion, transparency, and ethical business conduct (BlackRock, 2021).

2.2 The Necessity of ESG Compliance

2.2.1 Legal and Regulatory Mandates

Globally, regulatory frameworks such as the European Union's Corporate Sustainability Reporting Directive (CSRD) and the U.S. Securities and Exchange Commission's (SEC) climate disclosure rules have increased transparency and accountability requirements for firms (SEC, 2022; European Commission, 2023).

In India, SEBI's Business Responsibility and Sustainability Reporting (BRSR) mandates ESG disclosures for the top 1,000 listed companies, signaling the transition from voluntary reporting to compulsory compliance (SEBI, 2021). Non-compliance risks penalties, reduced investor confidence, and restricted market access.

2.2.2 Investor and Market Expectations

Investors now prioritize ESG factors in evaluating long-term corporate value and risk. Asset managers like BlackRock and Vanguard channel capital toward firms demonstrating credible ESG performance, thereby incentivizing companies to strengthen sustainability credentials (BlackRock, 2021; Morningstar, 2023).

2.2.3 Risk Management and Operational Efficiency

ESG frameworks help companies identify and manage non-financial risks – ranging from climate impacts to labor disputes and governance lapses – that can disrupt operations or tarnish reputations. Effective ESG integration also promotes resource efficiency, cost savings, and access to green financing instruments such as sustainability-linked loans (McKinsey & Company, 2021; Climate Bonds Initiative, 2023).

2.2.4 Brand Value and Workforce Engagement

Consumers and employees increasingly favor companies committed to sustainability. Surveys reveal that millennials and Gen Z expect active ESG engagement from employers, influencing brand loyalty and talent retention (PwC, 2021; Deloitte Global, 2022).

2.2.5 Supply Chain Compliance

Multinational corporations increasingly require suppliers to meet ESG standards to maintain global supply chain integrity. Failure to comply can exclude companies from critical contracts and markets (Reuters, 2022).

3. Challenges Hindering ESG Compliance in India

3.1 Lack of Standardized Reporting Frameworks

Although SEBI's BRSR offers a baseline, Indian companies face challenges harmonizing it with global standards like the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), and Carbon Disclosure Project (CDP). This multiplicity leads to inconsistent disclosures and benchmarking difficulties (KPMG, 2022).

3.2 Limited ESG Awareness and Expertise

Many Indian corporations, particularly small and medium enterprises (SMEs), lack sufficient ESG literacy and expertise. Often, ESG is perceived as a compliance exercise rather than a strategic opportunity, limiting integration into core business processes (PwC India, 2023).

3.3 Data Quality and Collection Issues

Effective ESG reporting depends on robust data systems. Indian firms struggle with collecting accurate data on emissions, social impact, and supply chain practices due to fragmented data systems and manual processes (EY, 2022).

3.4 High Costs of ESG Implementation

Upfront investments required for clean technologies, training, and governance upgrades pose significant financial challenges for many firms operating under tight margins, hindering widespread adoption (McKinsey & Company, 2022).

3.5 Fragmented Supply Chains

India's predominantly informal and complex supply chains complicate the enforcement of ESG standards, reducing transparency and increasing compliance risks (Deloitte India, 2023).

3.6 Evolving Regulatory Environment

The ESG regulatory landscape in India is still maturing, with frequent policy updates creating uncertainty. Many companies adopt a reactive compliance approach rather than embedding ESG principles proactively (NITI Aayog, 2022).

3.7 Greenwashing Risks

Instances of greenwashing—misrepresenting sustainability efforts—undermine stakeholder trust and expose firms to reputational and legal risks, compounded by weak enforcement and verification mechanisms (The Economic Times, 2023).

4. Role of the Company Secretary in ESG Compliance

4.1 Governance Facilitation

Company Secretaries (CS) play a critical role in integrating ESG considerations into boardroom agendas, ensuring informed decision-making about sustainability risks and opportunities. They advise boards on evolving regulations and best practices, fostering strategic prioritization of ESG beyond mere compliance (Institute of Company Secretaries of India [ICSI], 2023).

4.2 Regulatory Compliance and Reporting

CS professionals oversee preparation and submission of mandatory ESG disclosures like SEBI's BRSR and alignment with global frameworks such as GRI, SASB, and TCFD, navigating the complex regulatory environment (Global Reporting Initiative, 2022).

4.3 Stakeholder Engagement

Effective communication with investors and other stakeholders regarding ESG performance falls within the CS's remit, enhancing transparency and corporate reputation (BlackRock, 2021).

4.4 Risk Management and Internal Controls

CS officers integrate ESG risks into enterprise risk management frameworks, coordinating cross-departmentally to implement controls mitigating environmental, social, and governance risks (Committee of Sponsoring Organizations of the Treadway Commission [COSO], 2017).

4.5 Capacity Building and Cultural Advocacy

CS leaders promote ESG awareness and education within the organization, cultivating a culture of accountability and sustainability ownership (ICSI, 2023).

5. Best Practices for Effective ESG Role Execution by Company Secretaries

5.1 Continuous Learning and Expertise Development

Given the evolving ESG landscape, continuous professional development through ESG training is vital for CS to stay abreast of regulatory changes and emerging best practices (CFA Institute, 2022).

5.2 Leveraging Technology

Adoption of ESG reporting software and real-time analytics enhances data accuracy and reporting efficiency, enabling timely insights for governance (Deloitte, 2023).

5.3 Cross-Functional Collaboration

CS should foster collaboration among finance, legal, sustainability, risk management, and HR teams to ensure cohesive ESG strategies (PwC, 2022).

5.4 Embedding ESG into Governance Frameworks

Establishing dedicated board committees and clear ESG policies institutionalized sustainability oversight, with CS playing a leadership role (Institute of Chartered Secretaries and Administrators [ICSA], 2023).

5.5 Championing Transparency and Assurance

CS should advocate for independent assurance and third-party audits of ESG disclosures to build stakeholder trust and validate sustainability claims (KPMG, 2023).

Conclusion

India's path to sustainable development must integrate ecological protection, economic growth, and social equity into a cohesive strategy. Achieving this requires:

- Comprehensive and enforceable policies.
- Significant investments in green infrastructure and renewable energy.
- Active participation from rural and urban communities.
- Transparent monitoring and accountability systems.

Strategic action grounded in policy reform, technology adoption, and people-centric governance can position India as a global leader in sustainability, securing prosperity for current and future generations.

1. **BlackRock. (2021). *Sustainability as BlackRock's standard for investing*.**

   https://www.blackrock.com

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STEWARDSHIP GOVERNANCE FOR SUSTAINABLE AND INCLUSIVE GROWTH

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"The greatest threat to our planet is the belief that someone else will save it."

– Robert Swan, Environmentalist and Explorer

Introduction

Growth isn't just about making more money or expanding quickly. It's about building a future where everyone benefits and resources are used wisely. Economic, environmental, and social challenges are deeply interconnected, demanding a transformative approach to governance. Climate change, social inequality, declining trust in institutions, and the pressure on natural resources call for a departure from business-as-usual strategies. Unlike traditional governance models driven primarily by profit or short-term political gains, stewardship governance champions ethical responsibility, long-term value creation, and inclusive decision-making. If we want long-lasting progress, we must act responsibly now.

That's where stewardship governance comes into play. This approach focuses on managing resources in a way that helps future generations thrive while making sure everyone has a fair shot at success. It's not just about rules - it's about cultivating trust, responsibility, and fairness at the core of every decision.

This article explores how stewardship governance can be a catalyst for sustainable and inclusive growth. It examines its philosophical foundations, practical applications across sectors, challenges to implementation, and the path forward in aligning leadership with the broader needs of society and the planet.

What is Stewardship Governance?

Stewardship governance is a way of managing resources whether assets, environment, or social capital with a long-term view. The core idea is that leaders and organizations are caretakers, not just owners. They are entrusted to protect and enhance resources for the benefit of society and future generations.

Unlike traditional governance models that often focus on short-term performance and maximizing shareholder value, stewardship governance emphasizes long-term value creation, ethical leadership, sustainability, and inclusive decision-making.

The Foundations of Stewardship Governance

Stewardship governance is rooted in the belief that leaders are custodians of the resources, responsibilities, and institutions they manage - not just for shareholders or voters, but for society at large and future generations. Unlike traditional governance, which often prioritizes short-term performance and hierarchical control, stewardship governance emphasizes moral responsibility, collective benefit, and ethical leadership.

Balancing economic growth with social responsibility is key. Leaders should aim for progress that benefits all, not just a select few. This balance ensures growth is sustainable and fair.

Pillars of Stewardship Governance include:

1. **Ethical Responsibility:** Decision-makers act based on integrity, justice, and care for

others. It involves safeguarding financial resources, data, and reputation. Embedding responsibility into company culture makes it part of everyday work. Every team member understands their role in maintaining integrity. This foundation requires decision-makers to act with honesty, fairness, and an unwavering focus on the common good.

2. **Accountability**: Effective stewardship requires strong mechanisms for accountability. Accountability involves regular audits, honest reporting, and clear accountability lines. When leaders share information transparently, they foster trust and show they're serious about their duties.

3. **Transparency**: Offering clear information helps build trust with stakeholders. Transparency means sharing company news, financial data, and decision-making processes openly. Practices like open meetings, public disclosures, and accessible reports keep everyone in the loop. Increased transparency leads to better stakeholder engagement and stronger relationships.

4. **Long-term Orientation**: Emphasizing strategic decisions that prioritize sustainability and resilience over quarterly performance. Stewardship governance prioritizes long-term outcomes over short-term gains. It recognizes that meaningful progress whether in a business, government, or civil institution must be sustainable over decades.

5. **Stakeholder Engagement:** Unlike conventional governance models that focus narrowly on shareholders or hierarchical control, stewardship governance adopts a stakeholder approach. This means valuing the input and well-being of all affected parties: employees, communities, customers, suppliers, civil society, and the environment. Decisions are made with a deep awareness of how they impact diverse stakeholders, both locally and globally.

6. **Systems Thinking**: Understanding the interdependence of economic, social, and environmental systems. Stewardship governance is built on the recognition that economic, social, and ecological systems are interconnected. Leaders must understand the ripple effects of their decisions, taking a holistic view that includes climate impacts, social equity, institutional trust, and global stability.

Stewardship vs Traditional Governance Models

Traditional governance structures model tends to:

a) Prioritize profits over people and the planet

b) Reinforce hierarchical decision-making

c) Depend heavily on financial performance indicators

d) Focus on short-term gains at the expense of long-term stability

In contrast, stewardship governance seeks to shift this paradigm by:

a) Serving long-term societal and environmental interests

b) Encouraging inclusive and participatory decision-making

c) Valuing non-financial metrics like sustainability and social impact

d) Building resilient systems for future generations

e) Encouraging participatory leadership and shared accountability

f) Investing in employee well-being, community relations, and ethical supply chains

g) Promoting sustainable development goals as integral to strategic planning

Operationalizing Stewardship in Different Sectors

Stewardship governance is gaining traction across a variety of sectors, each applying its principles in unique ways.

1. **Corporate Sector**: **From Shareholder Value to Stakeholder Impact** - Leading companies are adopting stewardship in:

    - ESG (Environmental, Social, and Governance) integration
    - Ethical decision-making
    - Transparent reporting and impact assessments
    - Stakeholder-inclusive board structures

    Example: Unilever: Under its Sustainable Living Plan, Unilever integrated environmental and social targets directly into its business strategy.

2. **Public Sector: Policy-Making with Long-Term Vision -** Governments practicing stewardship:

    - Design policies guided by long-term public interest
    - Participatory governance and decentralization
    - Public trust and accountability
    - Green public infrastructure investments
    - Measure success through holistic well-being indicators, not just GDP

    Example: Kerala's participatory budgeting process allows local citizens to have a say in how public funds are allocated at the panchayat level. This promotes civic engagement and transparency - key aspects of stewardship in governance.

3. **Financial Sector: Responsible Capital Allocation -** Responsible investing is a pillar of financial stewardship. Key practices include:

    - Screening investments using ESG criteria
    - Sustainable finance and impact investing
    - Climate risk assessment in portfolios
    - Integration of stewardship codes
    - Engaging with companies on shareholder activism
    - Promoting long-termism over quarterly performance

    Global Initiatives:

    - UN PRI (Principles for Responsible Investment)
    - Climate Action 100+
    - Impact investing and green finance regulations in the EU and UK

4. **Civil Society and NGOs: Advocating for People and Planet -** Stewardship is embodied in:

    - Advocating for policy changes and holding institutions accountable
    - Facilitating inclusive dialogues and participatory processes

- Participatory development models
- Coalition-building for systemic change
- Promoting transparency and trust in democratic system

Example: Pratham, an Indian NGO focused on education, exemplifies stewardship by delivering scalable, evidence-based interventions to improve literacy outcomes, while ensuring efficient use of donor funds and local participation.

Stewardship for Sustainable Growth

Sustainable growth is defined by economic development that meets the needs of the present without compromising future generations' ability to meet theirs. When done right, stewardship aligns businesses with caring for the environment, building economic strength, and working with policies. Stewardship governance plays a central role in achieving this through:

1. **Environmental Stewardship**
    - Reducing carbon footprints, conserving biodiversity, and transitioning to renewable energy
    - Implementing circular economy practices to minimize waste and maximize resource efficiency
    - Cut down on waste and recycle whenever possible.
    - Choose suppliers that follow sustainable practices.
    - Encouraging green innovation and environmentally responsible investment
    - Use renewable energy sources like solar and wind.
2. **Economic Resilience**
    - Building business models that are adaptable to climate risks, market shocks, and global disruptions
    - Supporting fair trade, ethical procurement, and local enterprise development
    - Run scenario planning to identify potential risks.
    - Invest in sustainable infrastructure - like energy-efficient facilities.
    - Train workers to handle new technologies.
    - Partner with other firms to share resources and ideas.
    - Driving long-term value creation rather than speculative gains
3. **Policy and Regulation Alignment**
    - Aligning corporate and governmental strategies with national and international climate goals
    - Staying updated on new regulations.
    - Participating in industry groups to shape policy.
    - Supporting policies that promote sustainable growth.
    - Reporting openly on environmental and social impacts.
    - Developing resilience strategies for environmental disasters and resource scarcity.

Stewardship for Inclusive Growth

Inclusive growth ensures that the benefits of development are equitably shared and that no group is left behind. Leaders must act with care to foster prosperity that reaches all corners of society. Stewardship governance addresses structural inequalities through:

1. **Social Justice, Equity and Inclusion**
   - Embedding diversity, equity, and inclusion into organizational values and policies
   - Conduct regular audits to check for equity gaps within organizations.
   - Foster diverse leadership to include different perspectives.
   - Partner with civil groups to shape policies that support marginalized groups.
   - Addressing pay gaps, representation disparities, and workplace discrimination
   - Ensuring equal access to resources, services, and opportunities
2. **Empowered Engagement**
   - Creating inclusive decision-making platforms that amplify marginalized voices
   - Support training programs to help people build skills.
   - Use technology—like apps and social media—to connect communities.
   - Set up feedback systems so people can share their opinions freely and see change.
   - Implementing community-led development and participatory budgeting
   - Supporting indigenous leadership and culturally respectful governance
3. **Sustainable Human Development**
   - Investing in education, vocational training, and digital literacy
   - Launch inclusive vocational training programs for youth and adults.
   - Promote health and wellness initiatives in workplaces and communities.
   - Support companies in training employees for future roles.
   - Promoting lifelong learning and upskilling in response to the future of work
   - Ensuring health, safety, and mental well-being in organizational cultures

The Benefits of Stewardship Governance

Organizations and institutions that adopt stewardship governance often report a broad array of benefits:

1. **Long-Term Resilience**: Long-term planning helps navigate crises more effectively.

   Example – India's proactive climate resilience planning under the National Action Plan on Climate Change (NAPCC) has helped manage water stress and agricultural risks in several states.
2. **Enhanced Trust:** Transparency and ethical behavior build stakeholder confidence.

   Example – Initiatives like the RTI Act in India promote openness in governance, enhancing public trust in institutions.
3. **Improved Reputation**: Ethical behavior leads to stronger brand value and employee satisfaction.

Example – Companies like Infosys and Tata Group have earned reputations for ethical governance and corporate responsibility.

4. **Stronger Community Relations**: Engagement with local populations builds mutual respect and support.

   Example – The Self-Help Group (SHG) model in India has empowered millions of women economically and socially, enhancing community-based stewardship.

5. **Innovation Through Collaboration:** A stewardship mindset encourages knowledge sharing, system thinking, and collaborative problem-solving across sectors and stakeholders. This often leads to more creative and durable solutions.

   Example – India's Atal Innovation Mission promotes inclusive innovation through its support for grassroots entrepreneurs, especially in rural areas.

6. **Better Investment Appeal:** Investors increasingly seek ESG-aligned organizations.

   Example – India's Securities and Exchange Board (SEBI) has mandated Business Responsibility and Sustainability Reporting (BRSR) for listed companies, aligning capital markets with stewardship principles.

Barriers to Implementation

Despite its clear advantages, stewardship governance faces several barriers:

1. **Cultural Resistance to Change**: Ingrained organizational cultures or societal norms may resist shifts toward participatory, ethical, and forward-thinking governance.

   Example: A rigid hierarchical culture in public administration may discourage innovation or community-led decision-making.

2. **Lack of Awareness and Capacity**: Many leaders and organizations are either unfamiliar with the principles of stewardship governance or lack the skills and tools to implement them effectively.

   Example: Local governance bodies like Panchayati Raj Institutions may lack sufficient training in participatory planning and sustainability practices, even when well-intentioned.

3. **Data and Metrics Gaps**: Without reliable data to measure impact and track progress, it's difficult to make the case for stewardship or adjust strategies over time. Non-financial performance is harder to measure and compare.

   Example: Many sustainability initiatives struggle to quantify their social or ecological outcomes, making it harder to justify continued investment.

4. **Short-Term Market Pressures**: Quarterly earnings expectations can override long-term strategies.

Overcoming these requires persistent leadership, education, cross-sector collaboration, and policy reform.

International Frameworks and Standards

Several global standards guide stewardship practices:

a) **UN Principles for Responsible Investment (PRI):** Emphasizes integrating ESG (environment, social, governance) factors into investment decisions.

b) **United Nations Sustainable Development Goals (SDGs):** These 17 goals emphasize peace, prosperity, and protection of the planet, aligning closely with stewardship values.

c) **OECD Guidelines for Multinational Enterprises:** Provides best practices for responsible behavior by large companies operating globally.

d) **Global Reporting Initiative (GRI):** Offers standards for sustainability reporting, helping organizations track and share their progress transparently.

Enablers and Tools for Stewardship Governance

To transition toward stewardship governance, organizations need enabling environments:

1. **Organizational Structures**
   - Establish ESG and sustainability committees at board level
   - Create stakeholder advisory councils
   - Integrate SDG alignment into strategy planning
2. **Policy Support**
   - Require ESG reporting in regulatory filings
   - Offer tax incentives for sustainable practices
   - Develop national frameworks for stewardship in public institutions
3. **Technological Tools**
   - **AI & Big Data**: Predict and model long-term impacts of decisions
   - **Blockchain**: Ensure supply chain transparency and traceability
   - **Digital Platforms**: Facilitate civic participation and organizational feedback loops
4. **Leadership Development**
   - Cultivate ethical, systems-oriented leadership through targeted training
   - Encourage mentorship and diversity in leadership pipelines
   - Integrate stewardship values into academic and corporate learning
5. **Multi-Stakeholder Collaboration**
   - Align corporate, government, and civil society efforts through shared goals
   - Engage in public-private partnerships to co-create solutions
   - Encourage global platforms for knowledge sharing and standard setting

The Future of Stewardship Governance

Stewardship governance is not just a trend-it's an imperative. Several global and regional developments are rapidly making stewardship the preferred model of governance across sectors. As the world enters an era of complex transitions - digital, environmental, demographic, and economic - stewardship offers a values-based, future-oriented compass.

Here are the key trends shaping the future of stewardship governance:

1. **Public Policy and Civic Engagement**
   - Governments are adopting stewardship principles in designing well-being budgets, inclusive urban planning, and community-centered policy frameworks.

- In India, initiatives like **Aspirational Districts Programme**, **Swachh Bharat Mission**, and **Digital India** demonstrate participatory governance aligned with stewardship values.

2. **Generational Shifts and New Leadership Expectations**

   - **Millennials and Gen Z**, who prioritize sustainability, purpose, and social justice, are taking up leadership and influencing workplace cultures.
   - There is a growing demand for ethical, empathetic, and inclusive leadership styles—hallmarks of stewardship governance.

3. **Integration of ESG into Core Strategy**

   - Environmental, Social, and Governance (ESG) metrics are becoming **central to investment and risk assessment**.
   - Companies that fail to integrate ESG principles may face divestment, talent shortages, and consumer backlash.

4. **Rise of Digital Stewardship**

   - The use of **AI, blockchain, and big data** allows for unprecedented transparency and stakeholder engagement.
   - Digital governance tools are enabling better feedback mechanisms, community consultations, and performance tracking.

5. **Role of Institutional Investors**

   - Institutional investors are exercising stewardship by influencing board decisions and demanding long-term value creation.
   - Indian financial regulators like **SEBI** are mandating sustainability-linked disclosures, ensuring markets reward responsible governance.

6. **Strengthening of Global Sustainability Frameworks**

   - International agreements like the **Paris Climate Accord**, the **UN SDGs**, and regional sustainability pacts are pushing governments and businesses toward measurable stewardship outcomes.
   - **Mandatory ESG disclosures** and climate risk reporting are gaining ground in countries like India, the UK, and the EU.

7. **Corporate Purpose and Stakeholder Capitalism**

   - A shift from shareholder primacy to **stakeholder-centric models** is reshaping corporate governance.
   - Companies like **Tata Group**, **Mahindra**, and **Infosys** are already adopting stewardship principles in India through integrated reporting, inclusive value chains, and social commitments.

8. **Demand for Inclusive Global Governance**

   - Crises such as pandemics and climate change have underscored the importance of **collective, inclusive action**.
   - Stewardship governance fosters multilateralism, global cooperation, and intergenerational responsibility.

9. **Education and Leadership Development**

    - Business schools and leadership programs are introducing **stewardship ethics**, stakeholder theory, and system thinking into curricula.
    - The future of governance depends on nurturing leaders who see themselves as stewards, not just managers.

10. **Impact of Climate and Biodiversity Emergencies**

    - The planetary emergency is elevating environmental stewardship to a survival necessity.
    - Future governance models will be judged by their contributions to **net-zero goals, climate resilience, and biodiversity protection**.

In the coming decade, organizations that embrace stewardship will be better positioned to lead with legitimacy, retain stakeholder trust, attract capital, and make meaningful contributions to humanity and the planet.

Conclusion

Stewardship governance isn't merely a theoretical ideal - it's a practical necessity in our interdependent, fragile world. By reimagining how power is held and exercised, we can create systems that nurture life, promote equity, and sustain our planet for generations. It calls for a collective awakening-a shift in mindset from extraction to care, from control to collaboration, from the individual to the whole. Stewardship governance offers a comprehensive and future-proof model for sustainable and inclusive growth. Rooted in long-term thinking, ethical leadership, and stakeholder inclusion, it stands in sharp contrast to outdated paradigms focused narrowly on profit and control.

By reimagining governance as a practice of care, responsibility, and shared benefit, stewardship challenges institutions to lead with integrity, wisdom, and vision. Businesses, governments, and civil society must seize this moment to adopt and champion stewardship values-not as a compliance burden, but as a strategic necessity for enduring success.

Sustainable and inclusive growth is not just a lofty aspiration; it is a collective responsibility. Stewardship governance provides the map, the compass, and the moral clarity to achieve it. Let us move forward with purpose, partnering across boundaries and generations to build a thriving, just, and resilient future for all.

The future belongs to those who see themselves as caretakers, not owners. Embracing stewardship today prepares us for a resilient, equitable tomorrow. It's time for organizations and policymakers to act with purpose, care, and vision for a better world.

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STEWARDSHIP GOVERNANCE- A WAY FORWARD FOR SUSTAINABLE AND INCLUSIVE GROWTH

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Introduction

"We know that the profitable growth of our company depends on the economic, environmental, and social sustainability of our communities across the world. And we know it is in our best interests to contribute to the sustainability of those communities." - Travis Engen, Former CEO of Alcan Group

We are living in an era marked by climate change, social inequalities, and rapid industrialization. Corporations and their Directors and CEOs are expected to make decisions in the best interests of the shareholders, along with other key stakeholders. However, real-life examples of leadership in large corporations present an entirely different story. The Directors & CEO have forgotten the lessons learnt from the corporate scandals of Volkswagen emissions, Enron, Madoff Investment Scandal internationally, and the Satyam Scandal, Saradha Group Financial Scandal, Kinginsher Airlines, Jet Airways and the latest being the PNB scam in India. The Society lives in constant gloom resulting from the unending examples of corporate governance failure, ethical misconduct, and fraudulent intentions in the corporations.

To address these challenges, Corporations/Companies have started adopting the Stewardship principle, which is the responsible allocation, management, and oversight of capital & resources to create long-term value for the stakeholders, which includes employees, customers, suppliers, local communities, and the environment. It involves recognising that corporations are custodians of resources, entrusted with their management for the benefit of present and future generations, leading to sustainable benefits for the economy, the environment, and society.

Stewardship Governance

Stewardship governance is a framework where Directors & officers of Corporations/Companies act as stewards, managing resources—financial, environmental, and social—with a sense of duty to current and future generations. While the traditional governance models prioritize short-term profits, stewardship governance, on the other hand, works on the principle that inheritance should be preserved and passed on to others, rather than using it up.

The stewardship principle, as a governance framework, emphasizes ethical leadership and long-term value creation for all stakeholders while prioritizing societal and organizational sustainability. The following are the characteristics of Stewardship governance:

1) **Ethical Focus:** An ethical focus in stewardship governance emphasizes integrity, fairness, and moral accountability in decision-making. Directors & officers act as stewards who prioritize doing what is right over what is expedient, ensuring actions align with ethical standards and organizational values.

2) **Authenticity:** Authenticity in stewardship involves companies acting consistently with their core values and the organization's mission, fostering trust through transparency and genuine commitment.

3) **Integrating Interests of All Stakeholders, Including Shareholders:** This principle requires balancing the needs of all stakeholders—shareholders, employees, customers, suppliers, and communities—rather than prioritizing one group, i.e., shareholders. Stewardship governance seeks to create shared value, ensuring benefits to all the groups that are related to the company.

4) **Long Term Wealth Generation:** Stewardship prioritizes sustainable wealth creation over short-term profits, focusing on strategies that ensure financial stability and growth for future generations, including generations which have not even been born.

5) **Serving the interest of society:** Stewardship governance extends beyond organizational boundaries to address societal needs, such as environmental protection, social equity, and community development. This principle aligns with the SDGs, emphasizing responsible consumption, climate action, and reduced inequalities in society.

6) **Empowering employees to maximize their potential:** The stewardship governance aspects focus on creating an environment where employees are motivated, trusted, and empowered to contribute fully. Stewardship governance fosters a culture of collaboration, professional growth, and intrinsic motivation, aligning with stewardship theory's emphasis on trust over control.

At its core, stewardship governance recognizes that organizations are not isolated entities but integral components of complex social and ecological systems wherein achieving profit is not the sole objective. The focus is on the interconnectedness of environmental, social, and economic factors to optimize outcomes across all three dimensions simultaneously.

Defining Sustainable and Inclusive Growth

Sustainable Growth

Sustainable growth refers to economic development that meets present needs without compromising the ability of future generations to meet theirs. Sustainable growth is a fundamental element of any long term business. It requires optimal utilization of natural resources, reduction of environmental degradation, and adoption of practices that ensure long-term ecological and economic viability. The process includes reducing greenhouse gas emissions, promoting renewable energy, and minimizing waste to maintain environmental balance. Following are the reasons Companies/corporation are moving towards sustainable growth:

- **Addressing Climate Change:** Climate change represents perhaps the most pressing driver of this transformation, with scientific consensus indicating that current patterns of resource consumption and environmental degradation are fundamentally unsustainable. The World Meteorological Organization's (WMO) "State of the Global Climate 2024" report indicates that 2024 was likely the first year to exceed the 1.5°C warming threshold above pre-industrial level. Organizations are increasingly recognizing that their long-term viability depends on operating within planetary boundaries and contributing to climate resilience rather than climate degradation.

- **Natural Resource Management:** Natural Resource scarcity is another critical factor driving the need for sustainable growth models. As per a report by the UN's International Resource Panel of 2024, Global natural resource consumption is predicted to increase by 60% by 2060, compared with 2020 levels. As the global population continues to grow and consumption patterns increase, organizations face increasing pressure on natural resources, from water and energy to raw materials and land. Stewardship governance approaches this challenge by seeking to decouple growth from resource consumption through circular economy principles.

- **Regulatory Changes:** Regulatory pressure is also driving the adoption of sustainable growth models, with governments worldwide implementing increasingly stringent environmental and social requirements. The European Union's Green Deal, carbon pricing mechanisms, and mandatory sustainability reporting requirements are creating a regulatory environment that favors organizations with strong stewardship practices.

Inclusive Growth

Inclusive growth is economic growth that is distributed equitably across society, particularly benefiting marginalized and disadvantaged groups. It aims to reduce income inequality, improve access to opportunities, and ensure that economic progress enhances social well-being without discriminating. This involves policies and practices that promote fair wages, access to education and healthcare, and social inclusion, ensuring that growth is not concentrated among a few but shared broadly. Following are the reasons Companies/ corporation are working towards inclusive growth:

- **Inclusion promotes creativity:** The business case for inclusive growth is compelling and multifaceted. Organizations that prioritize inclusion often benefit from enhanced innovation as diverse perspectives lead to more creative solutions and better decision-making. Access to broader talent pools allows organizations to recruit and retain the best people regardless of their background, while inclusive practices often lead to improved employee engagement and productivity. As per McKinsey reports organizations with more diverse teams are 33% more likely to outperform their peers in terms of profitability.
- **Accountability:** Inclusive growth also addresses the social license to operate, which has become increasingly important as stakeholders demand greater accountability from organizations. Companies that are perceived as contributing to inequality or social exclusion face growing risks to their reputation, and more scrutiny by the regulatory authorities. The Corporations/Companies which promote equality and social justice receive appreciation from the Stakeholders.
- **Shared Benefit:** The implementation of inclusive growth requires organizations to examine their practices across all aspects of their operations, from hiring and promotion policies to supplier selection and community engagement. It involves creating opportunities for underrepresented groups such as Tribal people or the people from LGBTQIA community and, addressing systemic barriers that prevent equal participation, and ensuring that the benefits of organizational success are shared equitably with all stakeholders who contribute to that success

Nexus of Stewardship Governance in Sustainable & Inclusive Growth

The nexus lies in stewardship governance's ability to balance environmental care with social equity or social justice. It creates a framework where growth is both sustainable—preserving resources for the future—and inclusive—ensuring benefits are shared widely. This dual focus is evident in corporate Environmental, social & governance practices and national policies promoting transparency.

By balancing the interest of all stakeholders, stewardship governance ensures benefits are shared widely and in an equal manner, supporting inclusive growth. It also focuses on long-term sustainability, preserving resources for future generations, as highlighted in the National Oceanic and Atmospheric Administration definition of stewardship as enhancing ecosystem resilience and human well-being.

Company	Stewardship Initiative	Impact	Source
Unilever	Sustainable Living Plan: Reduces environmental impact and enhances social impact	Sustainable products grow >50% faster, improved financial performance	Unilever

Patagonia	Environmental stewardship: Uses recycled materials, donates profits to conservation	Revenue reached $1 billion in 2019, strong stakeholder relationships	Patagonia
Mahindra & Mahindra	The "Together We Rise" program is an umbrella initiative that encapsulates various diversity and inclusion projects, promoting equal opportunities and diversity across the organisation.	Increase in participation of women in the corporate workforce	Mahindra & Mahindra

Challenges : While stewardship governance offers significant benefits, it faces several challenges:

- Diversity and Inclusion: The rate of progress in achieving the racial and ethnic diversity on the board is still slow. As per, IiAS a report Report on Corporate India Women on Boards of the board composition of NIFTY-500 companies as of 31 March 2022. These companies had 4,694 directorships, of which 827 (17.6%) were held by women. Companies must prioritize diverse representation to align with stewardship principles.
- Virtual Shareholder Engagement: The shift to virtual meetings during the COVID-19 pandemic revealed issues like limited shareholder participation, affecting transparency and engagement. Corporations/Companies should focus increasing participation of shareholders especially small shareholders to ensure decision making is balanced.
- Executive Compensation: The compensation of the directors and executive should be balanced with stakeholder interests, especially during economic crises, remains contentious, with investors scrutinizing mid-cycle incentive changes.
- Climate Change Risks: Increasing pressure to address climate risks, such as achieving net-zero emissions, requires significant investment and strategic shifts.

The Corporations/Companies are required to address these challenges so that sustainability and inclusivity is promoted.

Measuring Success and Impact of stewardship governance in Sustainable and Inclusive Growth

Measuring the success of stewardship governance requires a comprehensive approach that goes beyond traditional financial metrics to encompass environmental, social, and governance outcomes. The following are some of the practices that can be adopted to measure the success of stewardship governance in promoting sustainable growth and inclusive growth:

- **Developing an Integrated Reporting:** The legislature or the Corporations/Companies on its own should work on preparing an Integrated reporting framework which provides a structure for communicating value creation across multiple dimensions, helping organizations and stakeholders understand the full impact of stewardship practices.
- **Environmental Metrics:** Corporations/Companies should focus on building environmental metrics which aligns with the regulatory requirement and such metrics may include greenhouse gas emissions, resource consumption, waste generation, biodiversity impact, and ecosystem services. These metrics help organizations track their environmental footprint and progress toward sustainability goals while identifying opportunities for improvement.

- **Social Metrics:** Corporations/Companies should lay down a Social metrics which will encompass a wide range of indicators related to employee welfare, community impact, customer satisfaction, and social equity. These may include diversity and inclusion metrics, employee engagement scores, community investment levels, and customer loyalty indicators.
- **Governance Metrics:** Corporations/Companies should focus on building governance metrics which analyse the effectiveness of governance structures and processes, including board composition, executive compensation alignment, stakeholder engagement quality, and transparency measures. These metrics help ensure that governance systems are supporting stewardship objectives.
- **Value Creation Metrics:** Corporations/Companies should focus on creating long-term value creation metrics which will attempt to capture the sustainable value being created for all stakeholders over extended time periods. This may involve tracking customer lifetime value, employee retention rates, community development indicators, and environmental restoration outcomes.

Future Directions and Emerging Trends

The future of stewardship governance is being shaped by several emerging trends and developments which are listed below:

- **Technology & AI:** The growth of technology & Artificial Intelligence is playing an increasingly important role in enabling stewardship practices, with artificial intelligence, blockchain, and other technologies providing new capabilities for measuring, monitoring, and optimizing environmental and social impacts.
- **Regulatory Development:** With several countries focusing on working towards regulatory evolution to create new requirements and incentives for stewardship practices, with policies that favor organizations with strong sustainability and inclusion credentials. This regulatory environment is likely to continue evolving, creating both challenges and opportunities for organizations with strong stewardship governance.
- **Investor Focus:** Investor engagement is intensifying as institutional investors increasingly recognize the financial materiality of environmental, social, and governance factors. This is driving demand for better disclosure and performance on stewardship metrics, while also creating new sources of capital for organizations with strong stewardship practices.
- **Stakeholder Activism:** Stakeholder is no longer a "mute spectator" but is now engaging in activism as communities, employees, and customers demand greater accountability from organizations. This activism is driving organizations to be more responsive to stakeholder concerns and more transparent about their impacts and practices.

Role of Company Secretaries in Stewardship Governance to promote sustainable and inclusive Growth

Company secretaries (CSs) in practice or in employment with their expertise in corporate governance, compliance, and legal frameworks, are uniquely positioned to play a pivotal role in implementing and advancing stewardship governance for sustainable and inclusive growth. Drawing on the stewardship principles outlined—ethical focus, authenticity, stakeholder integration, long-term wealth generation, serving societal interests, empowering employees & other stakeholders. Following are the various functions that CS can perform:

- **Ethical Focus:** Company Secretaries ensure that Companies/Corporations operate with integrity by establishing and enforcing ethical governance frameworks. Company

Secretaries act as guardians of compliance, aligning business practices with legal and ethical standards. Company secretaries have a “bird’s eye view of all organisational and board practices” and can “support internal efforts to drive the ESG changes and collaborate with the Board and the relevant stakeholders to ensure sustainable and inclusive development.

- **Cultural Transformation:** Company secretaries can serve as change agents in embedding stewardship values throughout the organization. CS can help the Board in developing incentive structures that reward stewardship behaviors
- **Communication Strategy:** Company Secretaries can focus on creating internal communication programs that reinforce stewardship commitments.
- **Balancing interest of all stakeholders:** Company Secretaries can act as mediators, ensuring governance structures balance the interests of shareholders, employees, customers, and communities, fostering inclusive decision-making. Design governance frameworks that include stakeholder advisory committees or consultation processes, ensuring diverse voices are heard.
- **Promoting Authenticity:** Company Secretaries can foster authentic leadership by aligning corporate governance with the organization’s mission and values, ensuring transparency and consistency in operations.

The Company Secretaries either in practice or in employment need to move from the “traditional Compliance officer” and should focus on developing new capabilities to support sustainable and inclusive growth.

Conclusion

Stewardship governance serves as a cornerstone for achieving sustainable and inclusive growth, integrating ESG practices in the governance framework. Corporations/Companies should focus on promoting responsible resource management, stakeholder engagement, and transparent policies to ensure that economic development is both environmentally sustainable and socially inclusive. As global challenges persist, adopting stewardship governance principles is essential for creating a prosperous, equitable, and sustainable future.

Companies/Corporations looking to adopt stewardship governance should start by embedding ESG principles, fostering transparent communication, and prioritizing stakeholder inclusivity.

To sum up-“**The essence of stewardship governance lies in making decisions today that will be praised by stakeholders we may never meet, in communities that may not yet exist, for a planet we are borrowing from future generations—this intergenerational thinking is not just moral leadership, it is the foundation of resilient business strategy.”.**

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CLIMATE GOVERNANCE: SDGS, CHALLENGES & SOLUTIONS

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Introduction

The 2030 Agenda for Sustainable Development, adopted unanimously by all United Nations Member States in 2015, presents a transformative roadmap to eliminate poverty, reduce inequality, and safeguard the environment. Rooted in decades of international commitments, from the 1992 Earth Summit to the Millennium Development Goals (MDGs) of 2000, the 2030 Agenda marks a shift to a more interconnected and inclusive development paradigm. Central to this framework are the 17 Sustainable Development Goals (SDGs) and 169 specific targets, designed to address the world's most pressing social, environmental, and economic challenges.

The rationale behind the SDGs lies in creating a developmental paradigm where economic advancement is harmonized with environmental protection and social inclusion. The Goals span a wide array of priorities, including ending poverty (Goal 1), achieving quality education (Goal 4), ensuring clean energy (Goal 7), and combating climate change (Goal 13). The implementation pathway—"the how"—relies on collaborative partnerships, sustainable finance, capacity building, and strong governance.

Within this ecosystem, climate governance emerges as a cornerstone. It represents the systems, institutions, policies, and processes that steer collective action toward climate-resilient development. Climate governance is the bridge that integrates climate considerations into sustainable development, ensuring adaptive, inclusive, and accountable policy frameworks that are resilient in the face of growing climate risks.

Understanding the SDGs: A Brief Overview

The SDGs serve as a universal framework for balancing economic advancement with environmental integrity and social justice. The goals are interlinked, and progress in one often catalyzes improvements in others. For example, access to quality education (Goal 4) fosters gender equality (Goal 5), improves livelihoods, and contributes to poverty alleviation (Goal 1).

Some of the key SDGs include:

- **No Poverty (Goal 1):** Ending poverty in all forms everywhere.
- **Quality Education (Goal 4):** Ensuring inclusive and equitable education.
- **Gender Equality (Goal 5):** Empowering women and girls.
- **Affordable and Clean Energy (Goal 7):** Promoting sustainable and renewable energy solutions.
- **Climate Action (Goal 13):** Urgent action to combat climate change and its impacts.

These goals provide a roadmap for sustainable development and require coordinated efforts from governments, businesses, civil society, and individuals.

India's SDG Journey: Achievements and Challenges

India has been proactive in aligning national priorities with the SDG framework. Programs such as Swachh Bharat Abhiyan, Make in India, and the National Solar Mission align with SDG objectives. According to the 2022 SDG Index, India ranked 121 out of 163 countries, reflecting significant but uneven progress.

Achievements:

Digital inclusion and financial access: Through Jan Dhan Yojana and Digital India.

Renewable energy: Installed capacity of over 100 GW of renewables, a key contribution to SDG 7.

Sanitation and hygiene: Swachh Bharat significantly improved rural sanitation.

Challenges:

Gender disparities: Unequal access to education, employment, and leadership roles.

Food insecurity and malnutrition: High prevalence among marginalized communities.

Climate vulnerability: India is increasingly affected by extreme weather events.

Regional inequality: States like Kerala, Himachal Pradesh, and Tamil Nadu show higher SDG performance, while states like Bihar, Uttar Pradesh, and Jharkhand lag.

Key recommendations for India:

- Foster policy convergence across ministries to ensure coherent implementation.
- Promote data transparency and granular metrics to enable better targeting.
- Leverage public-private partnerships for scaling infrastructure and social welfare.
- Strengthen community-level governance to build resilience and local ownership.

Climate Governance in the SDG Context

Climate governance refers to the collective rules, institutions, processes, and stakeholders involved in shaping climate policy design, implementation, and enforcement. It operates across multiple levels—national, regional, and local—and includes government agencies, private sector actors, civil society, indigenous groups, and international organizations.

Within the SDG framework, effective climate governance is essential to:

- Aligning India's national policies with global climate commitments, such as the Paris Agreement.
- Integrating climate risk assessments into urban planning, budgeting, and development projects to build resilience.
- Coordinating efforts among ministries of environment, energy, finance, and rural development to ensure coherent policy actions.
- Enhancing public participation through inclusive platforms that empower communities and stakeholders.
- Mobilizing finance and technology to support climate mitigation and adaptation initiatives.

While climate governance is most directly linked to Goal 13 (Climate Action), it also supports progress in Goals such as Goal 2 (Zero Hunger) through climate-resilient agriculture, Goal 6 (Clean Water and Sanitation) by safeguarding water resources, and Goal 11 (Sustainable Cities and Communities) by fostering climate-sensitive urban development.

ESG: The Bridge to SDG Implementation

In recent years, Environmental, Social, and Governance (ESG) criteria have emerged as powerful tools to evaluate and guide sustainable business practices. ESG serves as a bridge between the high-level objectives of the SDGs and the operational realities of the private sector.

ESG frameworks help companies and investors measure the non-financial aspects of organizational performance, enabling them to align their strategies with long-term global sustainability goals.

Sustainable Development Goals (SDGs) and ESG Integration – How?

ESG factors, encompassing Environmental, Social, and Governance considerations, align closely with the Sustainable Development Goals (SDGs) set forth by the United Nations. Some of the factors motivates how ESG framework and SDGs intersect.

1. **Environmental Factors and SDGs**: Environmental factors within the ESG framework correspond to several SDGs related to environmental sustainability, such as:
   a) SDG 6 (Clean Water and Sanitation): ESG factors related to water management, pollution control, and conservation align with efforts to ensure access to clean water and sanitation for all.
   b) SDG 7 (Affordable and Clean Energy): ESG criteria focused on renewable energy adoption, energy efficiency, and carbon emissions reduction contribute to the goal of ensuring access to affordable, reliable, sustainable, and modern energy for all.
   c) SDG 13 (Climate Action): ESG factors related to climate risk assessment, greenhouse gas emissions reduction, and adaptation measures support efforts to combat climate change and its impacts.
2. **Social Factors and SDGs:** Social factors within the ESG framework are closely linked to SDGs addressing social development, equality, and well-being, including:
   a) SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities): ESG factors related to fair wages, labor rights, and social inclusion contribute to poverty reduction and reducing inequalities within and among countries.
   b) SDG 3 (Good Health and Well-being) and SDG 4 (Quality Education): ESG considerations related to workplace health and safety, employee wellness, and access to education support goals for promoting health and education for all.
   c) SDG 5 (Gender Equality): ESG factors promoting diversity, gender parity, and inclusive workplace practices align with efforts to achieve gender equality and empower all women and girls.
3. **Governance Factors and SDGs:** Governance factors within the ESG framework are instrumental in achieving SDGs related to accountable and transparent institutions, including:
   a) SDG 16 (Peace, Justice, and Strong Institutions): ESG criteria emphasizing transparency, ethical conduct, and anti-corruption measures contribute to building effective, accountable, and inclusive institutions at all levels.
   b) SDG 17 (Partnerships for the Goals): Strong governance practices, including

stakeholder engagement, responsible business conduct, and sustainable investment, facilitate partnerships for achieving the SDGs and mobilizing resources for sustainable development.

ESG in India: From Voluntary to Mandated Practice

In India, ESG is rapidly transitioning from a **corporate responsibility trend** to a **regulatory requirement**. The Securities and Exchange Board of India (SEBI) has mandated the **Business Responsibility and Sustainability Reporting (BRSR)** framework for the top 1,000 listed companies by market capitalization, effective from **FY 2022–23**.

The BRSR requires companies to disclose:

- Environmental impacts (e.g., energy use, emissions).
- Social factors (e.g., employee well-being, diversity).
- Governance practices (e.g., board structure, ethics policies).

This regulatory shift aligns corporate reporting with the SDG framework, making ESG not just a matter of ethical business—but also of regulatory compliance and investor confidence.

For Company Secretaries and compliance professionals, the BRSR offers an opportunity to take leadership roles in aligning organizational strategies with global sustainability standards.

Excerpt from the WEF future of Jobs Report 2025

Technological advancements and the green transition are driving transformations across industries globally. In particular, the demand for roles such as renewable energy engineers, environmental specialists, and sustainability experts is surging. According to the report, increased investments in carbon emission reductions and climate change adaptation are among the top trends reshaping businesses worldwide. For India, which is a global leader in green energy initiatives, this underscores the pivotal role of governance professionals, including Company Secretaries in integrating sustainability into corporate strategies. By aligning with these transformative trends, Indian organizations can strengthen their competitiveness and contribute to achieving the Sustainable Development Goals (SDGs).

The Ripple Effect of Governance

Imagine a mid-sized manufacturing company that decides to align with the SDGs. With the guidance of its Company Secretary (CS), the company embarks on a transformative journey:

Waste Reduction: By adopting circular economy practices, the company cuts waste by 30%, minimizing environmental impact while reducing operational costs.

Skill-Building Programs: The organization introduces training initiatives for local workers, uplifting 500 individuals and fostering community development.

Renewable Energy Adoption: Switching to solar energy, the company reduces annual emissions by 40%, contributing to cleaner air and sustainable energy goals.

Challenges in Climate Governance and Sustainable Development

Despite progress, achieving effective climate governance and SDG implementation faces several challenges:

- **Policy Coordination:** Fragmented policies and siloed ministries can slow integrated climate and development action.

- **Data Gaps:** Limited availability and reliability of climate and socio-economic data hinder evidence-based policymaking.
- **Financial Constraints:** Insufficient funding, especially for adaptation and resilience projects in vulnerable regions.
- **Capacity Building:** Limited technical expertise and institutional capacity at local levels weaken governance effectiveness.
- **Social Inclusion:** Marginalized communities often lack representation in decision-making, leading to unequal benefits and vulnerabilities.
- **Rapid Urbanization:** Cities face infrastructure stress and environmental degradation without adequate climate-sensitive planning.

Corporate Governance and Sustainable Development in India – A Future Ahead

To overcome these challenges, corporate governance must evolve to embed sustainability into the core of decision-making:

1. **Board Leadership and Commitment:** Boards of directors must champion sustainability by integrating SDG targets into corporate strategy. This involves:
    - Setting clear sustainability goals linked to SDGs.
    - Monitoring ESG risks and opportunities alongside financial performance.
    - Ensuring diversity and inclusion within board composition to enhance decision-making.
2. **Policy Integration:** Companies should align their internal policies with sustainability objectives, covering areas such as:
    - Environmental management and climate risk mitigation.
    - Labor practices and human rights protections.
    - Ethical conduct and anti-corruption measures.
3. **Transparent Reporting and Accountability:** Robust sustainability reporting frameworks, like BRSR, enable companies to disclose their ESG performance transparently. Transparent reporting fosters stakeholder trust and facilitates informed decision-making by investors and regulators.
4. **Stakeholder Engagement:** Meaningful dialogue with stakeholders—including employees, customers, communities, and investors—helps companies understand sustainability expectations and collaborate on solutions.
5. **Capacity Building and Innovation:** Investing in training, technology, and innovative practices empowers companies to address complex sustainability challenges effectively.

Government of India's Stand and Status on SDGS

1. **Strong Policy Commitment**: India supports the 2030 Agenda and has integrated SDGs into national development programs like Swachh Bharat, Ayushman Bharat, Beti Bachao-Beti Padhao, and Jal Jeevan Mission.
2. **Nodal Agency**: **NITI Aayog** leads SDG implementation and monitoring, supported by the Ministry of Statistics and Programme Implementation (MoSPI) through the National Indicator Framework.

3. **Progress Monitoring**: India publishes the SDG India Index to track state-level progress and promote competitive federalism. States are also preparing localized action plans and indicators.
4. **Key Achievements**: Progress is notable in clean energy (SDG 7), sanitation (SDG 6), and infrastructure (SDG 9). Challenges remain in gender equality (SDG 5), zero hunger (SDG 2), and climate action (SDG 13).
5. **Financing & Partnerships**: The government is promoting SDG-aligned budgeting, green bonds, and public-private partnerships to mobilize funds. India also shares knowledge globally via the International Solar Alliance and South-South cooperation.
6. **Localizing SDGs**: Efforts are underway to integrate SDG planning at the state, district, and panchayat levels for more inclusive development.

Success Stories and Emerging Trends in India

Several Indian companies have begun to embed SDGs within their governance frameworks:

- Tata Group emphasizes sustainability as a core value, integrating ESG into governance and operations across its businesses.
- Mahindra & Mahindra reports on sustainability performance aligned with global standards and actively pursues renewable energy and community development projects.
- Infosys achieved carbon neutrality in 2020 and invests heavily in green buildings.
- Startups in the clean energy and agritech sectors are innovating solutions that address SDGs while attracting sustainable investment.

Furthermore, ESG investing is gaining traction, with investors increasingly demanding responsible corporate behavior linked to long-term value creation.

Role of Company Secretaries in Achieving Sustainable Development Goals (SDGS)

As sustainability becomes central to business strategy, Company Secretaries (CSs) emerge as key enablers in aligning corporate governance with SDGs. Positioned at the nexus of compliance, governance, and stakeholder engagement, CSs contribute in several critical ways:

1. **Facilitators of ESG Integration and Reporting**
    - Coordinating data collection and disclosures on environmental, social, and governance metrics.
    - Ensuring compliance with ESG reporting frameworks like BRSR.
    - Liaising with auditors and sustainability officers to verify reports.
2. **Strategic Advisors on Sustainability Governance**
    - Advising boards on aligning corporate policies with SDG priorities.
    - Helping formulate sustainability policies focused on climate action, social equity, and ethics.
    - Encouraging adoption of sustainability-linked performance metrics.
3. **Champions of Stakeholder Engagement and Inclusivity**
    - Managing sustainability discussions at shareholder meetings.

- Facilitating dialogue with diverse stakeholders for collaborative sustainability efforts.
- Ensuring transparent and responsive communication.

4. **Custodians of Regulatory Compliance and Ethical Standards**
    - Monitoring adherence to environmental, labor, anti-corruption, and human rights laws.
    - Overseeing ethics and compliance programs aligned with SDG 16.
    - Preparing organizations for emerging sustainability disclosures.
5. **Enablers of Capacity Building and Sustainability Awareness**
    - Organizing training programs on SDGs and sustainable practices.
    - Promoting cross-department collaboration.
    - Fostering innovation in sustainability performance.
6. **Advocates for Long-term Value Creation and Resilience**
    - Guiding companies to manage sustainability risks and opportunities.
    - Aligning strategic planning with SDG goals for resilience.
    - Supporting inclusive growth initiatives.

Solutions and the Way Forward

To overcome these challenges and accelerate SDG progress, India and other countries must adopt the following strategies:

1. **Strengthen Institutional Coordination:** Establish inter-ministerial platforms and enhance collaboration between government levels to harmonize climate and development policies.
2. **Improve Data Systems:** Invest in robust data collection, monitoring, and reporting frameworks to enable targeted interventions and accountability.
3. **Mobilize Sustainable Finance:** Leverage public-private partnerships, green bonds, and climate funds to scale up investments in mitigation and adaptation.
4. **Build Local Capacity:** Empower local governments and communities with training, resources, and decision-making authority for climate-resilient development.
5. **Promote Inclusive Governance:** Ensure meaningful participation of women, indigenous peoples, and marginalized groups in climate and SDG governance.
6. **Integrate ESG in Business Strategy:** Encourage wider adoption of ESG practices, backed by regulatory frameworks like BRSR, to align private sector actions with sustainability goals.
7. **Focus on Innovation and Technology:** Utilize digital tools, renewable energy technologies, and climate-smart agriculture to enhance efficiency and resilience.

Conclusion

Climate governance is a cornerstone of sustainable development governance, vital for achieving the ambitious targets set out in the 2030 Agenda. It ensures that climate action is not isolated but integrated with broader economic and social policies, fostering a balanced approach that leaves no one behind.

India's journey toward SDG implementation illustrates both progress and persistent challenges. With strong institutional coordination, enhanced data systems, sustainable financing, inclusive governance, and the integration of ESG practices, India and other countries can accelerate their progress.

By embracing innovation and empowering local actors, the global community can realize a future where economic development, social equity, and environmental sustainability coexist harmoniously – achieving the true spirit of sustainable development.

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CLIMATE GOVERNANCE: SDGS, CHALLENGES AND SOLUTIONS

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Summary

Climate Governance and the Sustainable Development Goals (SDGs) are intricately interconnected, with over 80% of the SDG targets directly contributing to efforts in mitigating and adapting to climate change. The SDGs, adopted by all United Nations Member States in 2015, provide a comprehensive blueprint for achieving a better and more sustainable future for all.

Introduction

Climate governance is one of the most pressing global challenges of our time. Recognizing its far-reaching impact, countries around the world have acknowledged that this issue must be addressed collectively. Nations are coming together to formulate and implement coordinated plans and policies aimed at mitigating the effects of climate change, much of which is driven by human activity.

In this context, the Sustainable Development Goals (SDGs) provide a unified framework for global action. Efforts across the globe are now aligned toward achieving these goals, with countries measuring progress against established benchmarks. However, it is widely understood that sustainable development cannot be achieved without urgent and effective climate action. Therefore, climate solutions must be integrated across all sectors and embedded within national development strategies.

The alignment of government policies, planning processes, and investment priorities plays a crucial role in ensuring long-term environmental sustainability. When implemented cohesively, the SDGs contribute not only to a healthier planet but also to the creation of a more resilient and equitable future for generations to come.

Climate change has emerged as one of the most critical and complex challenges facing humanity in the 21st century. It poses a direct threat to ecosystems, economies, and human health, and its impacts are being felt across all regions of the world. Recognizing the urgency and scale of this crisis, nations have increasingly acknowledged that addressing climate change requires a unified, global response. No single country can tackle climate change in isolation, as its causes and consequences transcend borders. Therefore, countries have come together under various international frameworks, such as the Paris Agreement, to develop coordinated strategies, share responsibilities, and implement policies aimed at reducing greenhouse gas emissions and adapting to the adverse effects of a changing climate.

Sustainable Development Goals (SDGS): A Detailed Overview

The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet, and ensure peace and prosperity for all people by the year 2030. These goals were formally adopted in 2015 by all 193 United Nations Member States, as part of the 2030 Agenda for Sustainable Development. However, the roots of the SDGs can be traced back to the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, in 2012, also known as Rio+20. The main aim was to build upon the Millennium Development Goals (MDGs) and to create a broader, more inclusive framework that addresses the pressing global challenges of the 21st century.

The SDGs address interconnected global challenges, encompassing environmental, social, and economic dimensions of development. Climate change, being one of the most urgent and complex issues, is a cross-cutting theme in the SDG framework. In fact, over 80% of the SDG targets either directly or indirectly contribute to climate change mitigation and adaptation, as well as building climate resilience. The SDGs are deeply intertwined with efforts to combat climate change. The 17 Sustainable Development Goals are detailed hereunder.

Goal 1. No Poverty. End poverty in all its forms everywhere. This goal aims to eradicate extreme poverty, ensure equal access to resources, and provide social protection systems.

Goal 2. Zero Hunger. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture. Focus is on increasing agricultural productivity, ensuring food access, reducing food waste, and improving the sustainability of food systems.

Goal 3. Good Health and Well-being. Ensure healthy lives and promote well-being for all at all ages.This includes reducing maternal and child mortality, combating epidemics like HIV/AIDS and malaria, achieving universal health coverage, and promoting mental health.

Goal 4. Quality Education. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Targets include universal primary and secondary education, equal access to technical and vocational training, and eliminating gender disparities in education.

Goal 5. Gender Equality. Achieve gender equality and empower all women and girls. This includes ending all forms of discrimination and violence against women, ensuring equal opportunities in leadership, and access to reproductive health.

Goal 6. Clean Water and Sanitation. Ensure availability and sustainable management of water and sanitation for all. Efforts are focused on improving water quality, water-use efficiency, integrated water resources management, and protecting water-related ecosystems.

Goal 7. Affordable and Clean Energy. Ensure access to affordable, reliable, sustainable, and modern energy for all. This goal promotes renewable energy sources, energy efficiency, and infrastructure development to reduce dependence on fossil fuels.

Goal 8. Decent Work and Economic Growth. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all. Aims to eradicate forced labour, promote entrepreneurship, and ensure safe working environments.

Goal 9. Industry, Innovation and Infrastructure. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation. This includes promoting technological development, upgrading industries for sustainability, and expanding access to information and communications technology.

Goal 10. Reduced Inequality. Reduce inequality within and among countries. This focuses on empowering and promoting the social, economic, and political inclusion of all, regardless of age, gender, disability, or other status.

Goal 11. Sustainable Cities and Communities. Make cities and human settlements inclusive, safe, resilient, and sustainable. Emphasis is on access to safe and affordable housing, sustainable transport systems, urban planning, and protection of cultural and natural heritage.

Goal 12. Responsible Consumption and Production. Ensure sustainable consumption and production patterns. Targets include reducing waste generation, improving efficiency in the use of natural resources, and encouraging businesses to adopt sustainable practices.

Goal 13. Climate Action. Take urgent action to combat climate change and its impacts. This involves integrating climate change measures into national policies, improving education and awareness, and strengthening resilience and adaptive capacity to climate-related hazards.

Goal 14. Life Below Water. Conserve and sustainably use the oceans, seas, and marine resources. This includes reducing marine pollution, protecting marine ecosystems, and regulating fishing to prevent over exploitation.

Goal 15. Life on Land. Protect, restore and promote sustainable use of terrestrial ecosystems. Focuses include combating desertification, halting deforestation, and conserving biodiversity and natural habitats.

Goal 16. Peace, Justice and Strong Institutions. Promote peaceful and inclusive societies, provide access to justice for all, and build effective, accountable institutions. This involves reducing violence, promoting the rule of law, and ensuring responsive, inclusive governance.

Goal 17. Partnerships for the Goals. Strengthen the means of implementation and revitalize the global partnership for sustainable development. It calls for cooperation between governments, the private sector, civil society, and international organizations to mobilize financial resources, share knowledge, and build capacity.

Synergy Between Climate Governance and SDGS

Climate Action in the 21st Century's greatest opportunity to drive forward all the sustainable development goals. It was an urgent call to act jointly on both the climate and the development agendas and a reminder to everyone that the 2030 Agenda for Sustainable Development and the Paris agreement are intrinsically linked-one cannot be achieved without the other.

Tackling Climate and SDG Action together, provided overwhelming evidence that climate and development are intrinsically linked with over 80 per cent of the SDG's targets linked to climate, either positively through co-benefits or negatively through trade- offs. Connections between climate action and the SDGs go so deep that it seems incongruous that any actions designed to address both the climate and development agendas do not take advantage of the co-benefit and minimize the trade- offs that is to address climate and development synergistically.

Strengthening the connections between the SDGs and climate action is essential for several reasons:

1. Achievement of SDGs goals depends on the progress of climate change mitigation and adaptation and vice versa.
2. Integrated planning can deliver several development benefits like improving heath, boosting economy, new jobs and reducing carbon emissions.

Impact of Climate Change on SDG1 and 2

Climate change will have adverse effect on the Agriculture and crop production of the country which will intensifies the poverty and hunger in the country. The basic necessities like food directly made available to the masses through the cultivation. Excessive monsoon and drought which are result of climate change will have direct adverse impact on poverty and hunger thereby being obstacle in the achievement of SDG1 and 2.

Impact of Climate Change on SDG-3 (Good Health and Well- being)

Climate change leads to excessive heat waves and affecting the seasons cycle which gives birth to vector-borne diseases and malnutrition which affects the public health. In India, the rising temperatures and change of precipitation patterns have resulted in the spread of diseases like malaria, dengue etc. According to reports, climate change impacts are evident in India with disease outbreaks and heatwaves being more frequent.

Impact of Climate Change on SDG-6,7, 11, 12, 14 and 15

Clean water and sanitation are directly linked with the climate change, protecting the sources of water and making its availability are one of the prominent areas to work upon. In India, shrinking glaciers, altered rainfall patters and increased evaporation rates and decreasing water sources.

Affordable and clean energy is the result of protection of the natural resources and the ecosystem. Sustainable cities and communities can be developed with planning and building infrastructure in alliance with the environment.

Responsible use of resources will help in reducing the waste generation thereby building a clean environment which contributes to the healthier planet.

Lives on both land and water can be protected with planned use of resources and the change in climate will have devastating effect on both the species of earth.

> "The Sustainable Development Goals (SDGs) framework is a unique articulation of public interest on a global scale. The 2030 Agenda for Sustainable Development was adopted by 193 members of the United Nations General Assembly in 2015."

SDG India Index

Being a most populous country, India will play a leading role in determining the achievement of development goals. In recognition of this responsibility, India has actively worked to achieve the 2030 Agenda, aligning itself with the global commitment to sustainable development. The Government of India's commitment to inclusive and sustainable growth is highlighted through its motto 'Sabka Saath, Sabka Vikas'. India, with its mission for inclusive and sustainable growth, resonates deeply with the core principle of the SDG framework.

In India owing to the persistent efforts of the NITI Aayog, the State Governments and other departments are making the SDGs as the integral part of all the policies formulations. Government of India has been designing and implementing key interventions, programmes and schemes to provide the impetus for accelerating progress on the SDGs. These efforts include Central Sector Schemes, Centrally Sponsored Schemes, fully funded by the Central Government focus on areas such as healthcare, education and social protection, among others ensuring comprehensive national coverage.

As per **SDG India Index Report 2023-24**, as a result of the various programmes and dedicated efforts by the State and Central Government the country has shown progress on the below pillars:

Social: 248 million people have escaped multidimensional poverty between 2013-14 and 2022-23. The people have been benefitted from food security provision, expanding access through the Public Distribution system and One Nation One Ration card with 35 million portability transactions monthly. Urban and rural houses have been constructed, toilets built for improved sanitation, 100 million connections provided for clean cooking fuel, 1.4 million Angadwadi centres operational with 77 million children under six and 18 million pregnant and lactating mothers. Mission Indradhanush has shown remarkable progress, tap water connections, maternity benefits, health and wellness centres and affordable generic medicines, promotion of school education and higher learning.

Economic: The government schemes have contributed towards livelihood security by providing over 140 million workers employment under Rural Employment Guarantee Scheme. Loans to micro entrepreneurs under Mudra Loan with disbursement of INR 22.5 trillion. Investments in road Transport has increased considerably by 500 % since 2014. Urban mobility has improved with metro network, improved digital infrastructure with reduction in internet data cost by 97%. PM Jan-dhan Accounts with direct transfer benefits has been given to local people, 40 million farmers availed crop insurance, 7.8 million street vendors provided with credit insurance. End-to-end support to artisans and craftspeople engaged in 18 trade, The Skill India Mission led to 14 million youth being trained and upskilled and reskilled 5.4 million youth. 22.5 trillion worth loans sanctioned so far for fulfilling entrepreneurial aspirations of youth; Fund of Funds, Start Up India, and Start Up Credit Guarantee schemes are assisting youth.

Environmental: Reduction in emission intensity vis-à-vis the country's gross domestic product (GDP) by 33% between 2005 and 2019, thus achieving the initial nationally determined contribution (NDC) target for 2030, 11 years ahead of the scheduled time. Achieved 40% of electric installed capacity through non-fossil fuel sources, 9 years ahead of the target for 2030. Between 2017 and 2023, India has added around 100 GW of installed electric capacity, of which around 80% is attributed to non-fossil fuel-based resources. Solar Power Capacity increased from 2.82 GW to 73.32 GW in the past decade. Committed to green finance – the government raised about INR 160 billion through sovereign green bonds during the financial year (FY) 2023.

Challenges

Despite India's remarkable achievements, there are many areas that need greater emphasis. It is crucial to provide individuals with the necessary skills and opportunities for gainful employment in order to drive income growth. Further, increased emphasis is required on high-quality data, providing the correct information on the critical concerns at an appropriate time to inform designing, financing, monitoring and evaluating policies. The visible challenges in achieving the SDG goals are as under:

Poor understanding of interactions between climate governance and development pathways:

The ways climate change will affect the achievement of nearly 60% of SDG targets, especially those related to education, health, inequality, innovation, resource production and consumption, sustainable cities and communities, peace, justice, institutions is poorly understood. Hence, there is need to make people understand the linkages between the climate change and social systems.

Effective application of tools and policies:

There are plethora of tools and methods which establish the synergies between the climate change and SDGs for the policy makers, but assessing the best method and its effective contribution to the goal is a challenge. A way forward is towards a standard approach to include the quantitative and qualitative approaches to decentralize the knowledge from the experts to the local stakeholders.

Precise data collection:

Most of the SDG are social dimensions and the data related to these are often collected by the mapping, community surveys and from other numerous local resource, but it is essential to understand context-specific challenges addressing the need so that policies are tailored to the unique needs and circumstances of different communities.

Recommendations

1. **Use knowledge and data to drive impactful actions**

   To effectively achieve the Sustainable Development Goals (SDGs), it is essential to leverage knowledge, evidence, and data for informed decision-making and targeted interventions. A global platform for knowledge exchange and data sharing must be developed, where countries, institutions, and stakeholders can share best practices, innovations, and real-time progress.

   At the same time, local-level awareness and capacity-building are crucial. Empowering grassroots stakeholders—such as panchayats, local governments, NGOs, and communities—with relevant data and knowledge will ensure more context-specific and impactful actions. Without awareness and ownership at the local level, national strategies are unlikely to translate into sustainable outcomes.

2. **Multi Stakeholder Collaboration is Essential**

   Achieving the Sustainable Development Goals (SDGs) requires a collaborative approach involving all segments of society—governments, multilateral institutions, think tanks, the private sector, civil society, and academia. Each stakeholder plays a vital role in shaping and implementing effective solutions.

   In particular, the private sector contributes significantly by bringing in financial resources, technological innovation, and skilled human capital. Through corporate social responsibility (CSR), public-private partnerships (PPPs), and impact-driven investments, businesses can drive scalable and sustainable solutions, complementing public efforts to accelerate SDG progress.

3. **Implement Green Tax Reforms and Incentivize Sustainable Practices**

   To align financial systems with the Sustainable Development Goals (SDGs) and climate action targets, green fiscal reforms are essential. This includes introducing and strengthening carbon taxes, resource-use taxes, and other environmental levies that reflect the true social and environmental cost of unsustainable activities.

   Such measures not only discourage pollution and overconsumption, but also help generate public revenue that can be redirected towards clean energy, sustainable infrastructure, and climate resilience programs. At the same time, it is vital to enhance resource efficiency by incentivizing businesses and consumers to adopt eco-friendly practices through subsidies, tax breaks, and green finance instruments.

4. **Improving data, monitoring and accountability**

   Monitoring the SDGs requires better, more granular data to be available faster and has created new and enormous demands on the National and State statistical systems, given that SDGs address the full range of intersectional problems an individual or community faces and are no longer about one agency or ministry implementing one isolated agenda. As the SDGs aim to leave no one behind, from a data collection perspective, it entails enhancing current systems to gather adequate information about different population groups, especially the vulnerable groups of society.

Conclusion

The connection between climate change and the other SDGs is profound. Addressing climate change requires urgent, collective, and transformative action. While the challenges are complex—ranging from financial constraints and policy gaps to lack of awareness and institutional coordination—there are also immense opportunities. Solutions lie in integrating climate policies with development strategies, leveraging green finance, strengthening climate-resilient infrastructure, and promoting sustainable consumption and production.

A multi-stakeholder approach that involves governments, the private sector, civil society, academia, and local communities is essential. By embracing innovation, enforcing accountability, and empowering grassroots actions, we can build a climate-resilient future and accelerate our path toward achieving the SDGs.

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Synergy solutions for Climate and SDG Action: Bridging the Ambition Gap for the Future we want.

CLIMATE-SMART GOVERNANCE!

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When the Climate Knocks on the Boardroom Door!

They didn't hear the climate crisis enter the boardroom. It didn't arrive with a warning bell but crept in through audit reports, insurance premiums, vanishing monsoons, and shareholder queries written in the language of existential risk. Now, it no longer whispers – it roars. What once belonged to CSR cells and sustainability footnotes has claimed center stage in business continuity plans and strategic balance sheets. For Practising Company Secretaries (PCSs), the question is no longer if we need to act – but how boldly. The rules have changed, and so has our mandate: from silent record-keepers to architects of foresight. This is not just a corporate response plan. It is a governance renaissance.

This is not a distant thunder. It's the sound of change pounding at the pillars of Indian corporates – heatwaves that don't whisper, floods that rewrite city maps, and regulatory tsunamis that upend once-familiar compliance routines. In this era, climate disruption isn't a subplot; it's the headline of corporate destiny. For Practising Company Secretaries, the climate conversation has outgrown the ESG annex. It now demands a central seat at the strategic table. Because when the planet changes its script, governance must rewrite its role – not just to comply, but to anticipate, absorb, and adapt.

I. The Reality Check – Why Now, Why India?

India is no longer grappling with a hypothetical future; the climate crisis is already altering the very foundations of its economy and infrastructure. In 2025 alone, India has experienced record-breaking heatwaves, monsoon floods that paralyzed cities, Himalayan landslides disrupting border economies, and severe groundwater depletion threatening agriculture and urban stability. According to recent estimates, dry spells have increased by 27% since the 1980s, while coastal erosion continues to endanger over 27 million citizens by the century's end.

But beyond these physical risks lie the more subtle, yet equally devastating, transition risks. India's regulatory landscape is rapidly evolving. The Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI) have introduced green taxonomy guidelines, mandatory climate disclosures, and performance-linked ESG frameworks. The IndiaAI Mission and climate-tech policies are further accelerating the pace of technological disruption. For Company Secretary (PCS), climate resilience is no longer an ESG checkbox – it is central to corporate continuity and fiduciary responsibility.

In March 2025, the Ministry of Corporate Affairs (MCA) released recommendations through its ESG Advisory Committee to align India's corporate reporting frameworks with international standards (GRI, ISSB, ESRS), including a roadmap for mandatory ESG reporting for unlisted large entities and MSMEs by 2027. This signals a massive compliance expansion PCS professionals must anticipate and structure corporate responses for now.

India witnessed climate inaction by corporates, citing violations of Article 21 and public trust doctrine. Though nascent, this trend indicates emerging legal risks for directors and KMPs. PCS must anticipate future shareholder activism and litigation exposure in board advisories.

II. The PCS Blueprint – A Strategic Six-Chapter Guide

From boardroom blind spots to blueprint brilliance – this six-chapter strategy empowers the PCS to move from climate awareness to climate action.

1. **Genesis: Aligning Climate with Corporate Strategy**

   The first and most fundamental shift a PCS must orchestrate is the realignment of climate action from a siloed sustainability department into the core strategy of the enterprise. This involves conducting rigorous vulnerability assessments that map every physical site – from data centers in Bangalore to factories in the Sundarbans – against current and forecasted climate hazards. Tools like RBI's geospatial climate dashboards, IMD hazard indices, and flood overlays from Munich Re can help model not just direct exposures but also cascading risks across operations.

   This step requires translating climate intelligence into board-level language. A PCS must articulate not just what the risk is, but how it affects shareholder value, business continuity, regulatory liability, and reputation. It demands climate fluency not as an add-on skill but as a strategic imperative.

2. **Diagnose: Building Climate Risk Intelligence**

   Beyond initial assessments, climate intelligence must be dynamic. Using AI-powered digital twins and remote-sensing technologies, PCS professionals must build live models that simulate how floods, heatwaves, or salinization might affect assets and supply chains over time. This is not limited to physical damage but includes operational downtimes, insurance costs, and regulatory exposure.

   Incorporating scenario-based planning with 2030 and 2050 horizons, professionals can test enterprise resilience under worst-case climate scenarios. These projections must integrate both acute risks (like extreme weather events) and chronic stressors (such as rising temperatures, reduced rainfall, and shifting biodiversity).

   In 2025, a surge in climate-induced disruptions – most notably the heatwave-triggered power grid failures across Spain, Portugal, Andorra, and parts of southwest France – has underscored the urgent need for similar preparedness in India. These cascading failures led to widespread operational downtime and exposed critical sectors to cyber vulnerabilities and data breaches. For India, this serves as a timely warning: climate events can no longer be viewed in isolation from digital infrastructure risks. PCS professionals must now proactively advise risk officers on integrated contingency frameworks that address the intersection of environmental and cyber threats. Regulatory regimes are also evolving to treat such compound failures as 'critical incidents,' mandating enhanced disclosure, preparedness, and board-level accountability.

3. **RBI's Banking Sector Stress Test: Why It Matters to Corporates Too?**

   As of May 2025, the RBI rolled out climate stress-testing guidelines for commercial banks, mandating scenario analysis on loans exposed to climate-sensitive sectors (agriculture, infrastructure, energy). PCS professionals in affected industries must collaborate with CFOs and lenders to simulate how their businesses impact financial risk ratings. It also means corporate borrowers must prepare climate-aligned data to ensure continued bank creditworthiness.

4. **Architecture of Adaptation: Designing Resilient Options**

   Once the risks are mapped, the next act is action. PCS professionals must guide their organizations in crafting a layered adaptation architecture:

   - **For physical risk:** This means relocating facilities from vulnerable zones, redesigning with heat-resistant infrastructure, investing in green roofs, urban wetlands, and permeable pavements to absorb excess water and heat.
   - **For transition risk:** Enterprises must migrate toward green energy sources – solar

rooftops, hydrogen pilots, grid-enhancing technologies, and efficient cooling systems. These moves not only reduce emissions but also future-proof against rising carbon pricing and stricter emissions norms.

- **For supply chains:** Diversify procurement from vulnerable geographies and embed circular economy principles to reduce raw material dependency. In sectors like apparel or electronics, digitized value chains offer higher traceability, transparency, and resilience.

In 2025, sector-specific adaptation guidelines were released by the Ministry of Power (for DISCOMs), Ministry of Textiles (for apparel exports), and Ministry of Chemicals and Fertilizers (for green ammonia & hydrogen). PCS must incorporate these frameworks into board advisories, especially in high-emission sectors, as they influence compliance ratings and export eligibility.

5. Financialization: Mobilizing Green Capital and KPIs

The evolving Indian financial landscape is ripe with climate-linked capital instruments. Sovereign green bonds, green deposits, and ESG-linked syndicated loans are all part of a new financial ecosystem. PCS professionals must work with CFOs to structure climate-aligned debt and equity instruments, using RBI and SEBI's evolving green frameworks.

Equally important is the incorporation of climate KPIs into investor communications, executive remuneration, and annual reports. This includes Scope 1-3 emissions, energy usage, water intensity, and social impact metrics as mandated under the new GRI 2025 framework.

Financialization is not merely about raising funds; it is about embedding climate resilience into the valuation narrative of the company. In 2025, India released a draft India Green Taxonomy, aligning sector-specific sustainable activities with national climate goals. This affects fund-raising instruments, eligibility for green bonds, and sectoral classification. PCS professionals must now validate corporate activities against this taxonomy before labelling them as "green" for financial purposes.

As of July 2025, SEBI clarified via a circular that major climate events – such as plant shutdowns due to extreme weather or stranded assets – constitute "material information" under Regulation 30 of the LODR Regulations. PCS professionals must now advise listed entities to integrate real-time climate triggers into their disclosure controls and event management protocols. Missed disclosures may lead not only to reputational risks but regulatory penalties under insider trading and unfair disclosure norms.

With the Indian Carbon Credit Trading Scheme (CCTS) rolling out its second phase in 2025, companies in sectors like power, steel, and aviation are now trading emission allowances. PCS professionals must help boards determine internal carbon pricing strategies aligned with national targets, and also structure board oversight frameworks for trading participation, audit trails, and ESG investor communications. Climate governance now intersects with market-making decisions – no longer optional, but fiduciary.

6. Governance: Oversight with Integrity and Inclusion

Governance structures must evolve to meet the scale and complexity of climate risks. Boards must constitute specialized Climate Risk Councils with cross-functional representation – including the PCS, legal, risk, ESG, and finance heads. These councils should lead double materiality assessments: mapping both how climate affects business and how business, in turn, impacts the climate.

Yet, governance cannot remain confined to data and disclosures alone. No climate strategy is complete without social justice. The PCS must ensure that transition plans integrate job reskilling, community impact mitigation, and responsible sourcing. Embedding Just Transition principles is not only ethically necessary but vital to securing the long-term social license to operate.

As of April 2025, SEBI's BRSR Core framework entered Phase II enforcement, expanding mandatory disclosures on climate-linked financial risks, biodiversity loss, and transition commitments. This demands that PCS professionals take charge of internal assurance mechanisms, ESG-linked board oversight, and facilitation of third-party verifications – not as passive reporters, but as strategic custodians of corporate integrity.

In tandem, the India Climate Alliance for Corporates (ICAC) – launched in early 2025 – has brought together over 500 companies, including SMEs, to co-develop disclosure templates, share technology, and build knowledge repositories. PCS professionals can harness this network as both a benchmarking forum and a strategic intelligence platform for ESG-led decision-making.

A transformative shift is also underway through the Ministry of Corporate Affairs' proposal to amend Schedule III of the Companies Act by introducing a Climate-Linked Annexure, mandating high-risk industries to disclose material environmental risks in their annual filings. PCS professionals may soon be required to co-verify this information – embedding climate risk into statutory registers, board resolutions, and ROC filings. This formalizes climate governance as part of the corporate regulatory core.

Further, in May 2025, SEBI issued draft ESG assurance guidelines, introducing empanelment criteria that could make Company Secretaries with ESG credentials eligible for limited assurance roles on BRSR disclosures. This evolution repositions the PCS as an ESG verifier – ensuring the credibility of disclosures before they reach stakeholders and investors.

A growing trend is the integration of climate governance into board evaluation frameworks. Proxy advisory firms and ESG rating agencies have begun assessing boards based on climate literacy, active oversight, and incorporation of climate KPIs into executive performance metrics. PCS professionals must now influence these templates – ensuring that climate leadership is not just documented but demonstrably exercised.

III. Case-in-Point – Indian Corporate Scenarios

Consider an AgriTech MNC in Madhya Pradesh whose seed procurement depends on monsoon reliability. Facing erratic rainfall, the company partners with meteorological startups and invests in drought-resilient seed technology. PCS leadership ensures that these changes are backed by green loans and integrated into investor communications.

In Bengaluru, an IT conglomerate's data centers faced cooling failures due to power outages during heatwaves. Under PCS guidance, the company adopted grid-enhancing technologies, AI energy modulation, and smart water recycling systems – cutting risks and qualifying for climate bonds.

In Chhattisgarh, a steel plant transitioned from coal-heavy operations to hybrid green hydrogen and circular scrap processing, reducing its emissions intensity. The PCS worked with regulatory bodies to structure a performance-linked SLB (sustainability-linked bond), leveraging SEBI's disclosure frameworks.

Climate resilience is reshaping deal-making. In recent M&A transactions involving infrastructure and manufacturing firms, undisclosed climate liabilities have led to post-deal litigation. PCS professionals must now lead climate due diligence – probing flood risks to facilities, transition cost exposures, and pending environmental clearances. Deal structuring is evolving to include climate indemnity clauses – a new area of practice for CS professionals.

IV. 2025 Touchpoints and Transformations

As of mid-2025, India stands at a crucial junction. The GRI 102/103 standards are being revised to incorporate not just environmental impacts but also human rights and transition risks. RBI's green disclosure mandates are entering their second phase of enforcement, while the India Green Credit Initiative is mobilizing climate finance for rural industries and MSMEs.

Technology is another accelerant. AI-integrated climate models, satellite-fed early warning systems, and real-time water stress monitors are becoming standard tools in corporate risk arsenals. For the PCS, fluency in these tools is non-negotiable.

As of 2025, startups like Climatrix AI and SustainaComply offer real-time climate compliance dashboards integrating satellite data, regulatory calendars, and board reporting templates. PCS professionals now have access to domestic, affordable, and scalable solutions for automating ESG disclosures and climate risk alerts – an evolution from traditional manual reporting.

The Ministry of MSME is piloting a 3-tier ESG disclosure regime for smaller entities in 2025, linking it with access to green finance under the SIDBI framework. For PCS professionals advising large corporates, this creates a dual compliance challenge – ensuring that downstream vendors meet disclosure thresholds, and building climate accountability into procurement contracts. Governance, thus, must cascade beyond corporate walls.

V. The PCS Mandate – Lead the Climate Renaissance

In this landscape, the Principal Company Secretary is not a backstage compliance officer but the conductor of a corporate symphony that harmonizes profitability with planetary stewardship. Climate risk is now a boardroom agenda, an investor pitch point, and a community responsibility.

PCS professionals must:

- Institutionalize dynamic climate risk audits.
- Design cross-functional response frameworks that go beyond SOPs to real-time agility.
- Integrate climate disclosures not as obligations but as reputational capital.
- Mentor the next generation of CS professionals in climate governance.

The call is not merely to comply. It is to "lead". With foresight, with strategy, and with conscience.

In February 2025, the Institute of Company Secretaries of India (ICSI) partnered with SEBI and GIZ to launch the "PCS for Climate Governance" initiative, offering tiered certifications and practical workshops for CS professionals on green compliance, BRSR assurance, and integrated reporting. Including this reflects institutional readiness and emphasizes ongoing professional upskilling.

VI. From Resilience to Regeneration - The New PCS Frontier

Climate strategy is no longer about shielding the enterprise from loss – it is about designing business models that regenerate value for both shareholders and ecosystems. Whether through nature-based solutions, community-centric adaptation, or integrating biodiversity metrics into enterprise KPIs, the Principal Company Secretary now holds the pen that draws not just risk maps, but regenerative blueprints. This is where governance grows roots.

Conclusion: The Climate Covenant – A Legacy Beyond Compliance!

The future will not be built by those who merely adapt, but by those bold enough to architect new definitions of resilience. In this defining era, where boardrooms pulse with questions once reserved for environmental summits, the role of the Principal Company Secretary stands transfigured. You are no longer just the drafter of resolutions – you are the quiet strategist behind planetary pivots. Your signature may still rest on compliance sheets, but your true imprint is in the culture you embed, the courage you recommend, and the sustainability you normalize.

Climate governance is not a side script to corporate success – it is the new language of enduring relevance. Every disclosure you shape, every KPI you embed, and every risk you foresee becomes a line in the long manuscript of institutional integrity. And while others may measure your work by regulations met, history will measure it by ecosystems preserved, livelihoods sustained, and trust re-earned.

Time has come where the Principal Company Secretary becomes the steward of a new corporate covenant – one rooted not just in governance, but in generational guardianship. Crafting climate-resilient corporate strategies today is not just about survival. It is about shaping a future where businesses not only endure but evolve. The Principal Company Secretary is no longer just a custodian of laws, but a visionary steward of sustainable value. And in this journey, resilience is not a destination. It is a decision.

Epilogue: Climate is the New Compliance – But Leadership is the Legacy!

In a world recalibrating its future one crisis at a time, the Practicing Company Secretary must no longer be seen as a custodian of yesterday's laws, but as a compass for tomorrow's possibilities. Climate risk may wear the garb of data, disclosures, and deadlines – but beneath it lies a deeper calling: to rebuild trust between enterprise and Earth. To look beyond risk registers and see regeneration. To move from policy adherence to planetary allegiance. The true test of climate governance is not how well we respond to regulations, but how courageously we rewrite the rules. For the PCS, the task ahead is not just stewardship of compliance – but authorship of corporate conscience. And in that role, history won't just remember what we filed. It will remember what we dared to imagine and act on.

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ESG: AI AND TECHNOLOGY INTEGRATION

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Introduction

Environmental, Social, and Governance (ESG) principles have rapidly evolved from being corporate buzzwords to becoming foundational pillars of strategic business transformation. In today's interconnected global economy, where the impacts of climate change are accelerating, social inequalities are becoming more visible, and public scrutiny of corporate behavior is intensifying, ESG has emerged as a vital framework for long-term value creation. Businesses can no longer afford to treat sustainability and governance as peripheral concerns; instead, they are now seen as integral to managing risk, safeguarding reputation, attracting investment, and ensuring regulatory compliance.

According to a 2023 McKinsey & Company report, ESG-related assets are projected to surpass \$53 trillion by 2025, representing more than one-third of total assets under management globally. This staggering figure illustrates the increasing importance of ESG criteria not only in corporate boardrooms but also across global capital markets, where investors are demanding measurable action and accountability.

The integration of Artificial Intelligence (AI) and emerging technologies into ESG strategy represents a paradigm shift in how companies address sustainability goals and compliance obligations. AI offers powerful tools for gathering, analyzing, and reporting ESG-related data, making it easier for companies to track progress, forecast risks, and make informed decisions at scale. By leveraging AI, businesses are no longer limited to retrospective reporting; instead, they can adopt predictive and real- time analytics that enhance agility and precision in ESG initiatives.

One of the most compelling applications of AI in the environmental domain is its role in energy efficiency and emissions management. For instance, Google's use of DeepMind AI in its data centers has led to a 40% reduction in energy used for cooling, significantly lowering the company's carbon footprint while also reducing operational costs. Microsoft's "AI for Earth" initiative is another prominent example, using satellite imagery and machine learning to monitor deforestation, water stress, and biodiversity threats in real time. In India, Tata Steel has implemented AI-based blast furnace optimization systems, resulting in an annual 15% reduction in carbon emissions. These examples demonstrate how AI is helping both multinational giants and domestic industries transition to more sustainable operational models.

In the social and governance spheres, AI is enabling more ethical labor practices, transparent supply chains, and stronger employee engagement. IBM has developed AI tools capable of detecting forced labor and human rights violations by analyzing procurement records, worker feedback, and third-party data. Infosys, an Indian IT leader, uses an AI-powered "HR Brain" to monitor employee well-being, predict attrition, and promote workforce inclusion. Such innovations are not only improving internal governance but also strengthening companies' commitments to social responsibility.

As businesses face growing expectations to align with global ESG standards and deliver on climate and equity commitments, AI is proving to be more than just a technological enabler—it is a strategic necessity. The convergence of ESG and AI is unlocking new levels of accountability, transparency, and efficiency, empowering companies to transform sustainability from a reporting obligation into a competitive advantage and a driver of long-term impact.

This article explores:

- How AI is transforming ESG across environmental, social, and governance domains.
- Real-world case studies from India and globally.
- Ethical challenges and regulatory considerations.
- The future of AI-driven ESG innovation.

1. AI in Environmental Sustainability

1.1 Climate Change Mitigation

❖ **Carbon Tracking & Reduction**

AI-powered platforms, such as Microsoft's *AI for Earth*, leverage satellite imagery and IoT sensor data to monitor deforestation, methane leaks, and carbon footprints (Microsoft, 2023). According to a 2024 World Economic Forum (WEF) study, AI has the potential to reduce global greenhouse gas emissions by up to 4% by 2030—equivalent to 2.4 gigatons of CO_2 (WEF, 2024).

❖ **Case Study: Tata Steel's AI-Driven Emissions Control**

Tata Steel implemented AI-based predictive models to optimize blast furnace operations, achieving an annual 15% reduction in carbon emissions (Business Standard, 2023).

❖ **Energy Efficiency & Smart Grids**

- Google's DeepMind AI reduced cooling energy consumption in data centers by 40% (Google, 2022).
- India's Smart Grid Mission utilizes AI to balance renewable energy distribution, decreasing grid losses by 20% (Ministry of Power, India, 2023).

"*AI is not just a tool but a game-changer for industrial decarbonization.*" Dr. Ajay Mathur, Director General, International Solar Alliance (2024)

❖ **Renewable Energy Optimization**

- Siemens Gamesa employs AI to predict wind turbine performance, enhancing efficiency by 12% (Siemens, 2023).
- Indian solar power plants, such as Adani Green, use AI-driven robotic cleaners to maximize solar panel efficiency (The Hindu, 2024).

These advancements demonstrate AI's transformative potential in combating climate change, optimizing energy use, and accelerating the transition to a sustainable future.

1.2 Waste Management & Circular Economy

❖ **AI in Recycling & Waste Sorting**

AI is revolutionizing waste management by improving sorting accuracy and efficiency. For instance:

- ZenRobotics (Finland) deploys AI-powered robots capable of sorting 200+ waste categories with 95% accuracy, significantly enhancing recycling rates (ZenRobotics, 2023).
- In India, the Swachh Bharat Mission has integrated AI-based waste

monitoring systems in 50+ cities, optimizing waste collection and disposal processes (NDTV, 2024).

- **Predictive Maintenance for Sustainable Manufacturing**

  AI-driven predictive maintenance is helping industries minimize waste and improve resource efficiency. A notable example includes:

  - Mahindra & Mahindra, which reduced industrial waste by 30% by implementing AI-powered predictive maintenance systems (Forbes India, 2023).

These innovations highlight AI's crucial role in advancing the circular economy, reducing landfill dependency, and promoting sustainable industrial practices.

2. AI in Social Responsibility

2.1. Ethical Supply Chains & Labor Rights

- **AI for Fair Labor Monitoring**

  - IBM's AI Ethics Lab detects forced labor in supply chains by analyzing satellite data and worker grievances (IBM, 2023).
  - H&M's AI Audit System flagged 1,200+ unethical suppliers in 2023 (Reuters, 2024).

- **India Case Study: Wipro's AI-Powered Supplier Screening**

  Wipro's Responsible Sourcing AI reduced supplier violations by 45% (Mint, 2024).

- **Employee Well-being & AI HR Tools**

  - Infosys' AI-based "HR Brain" tracks employee stress levels, reducing attrition by 18% (Economic Times, 2024).

News Highlight:

"TCS faces backlash over AI-based layoff predictions—raises ethical concerns on workforce trust." The Times of India (March 2024)

2.2. Diversity & Inclusion

- **AI for Fair Labor Monitoring**

  AI is playing a pivotal role in ensuring ethical labor practices across global supply chains:

  - IBM's AI Ethics Lab identifies forced labor risks by analyzing satellite data, worker grievances, and procurement records, helping companies take corrective action (IBM, 2023).
  - H&M's AI Audit System detected 1,200+ unethical suppliers in 2023, reinforcing accountability in fast fashion (Reuters, 2024).

- **India Case Study: Wipro's AI-Powered Supplier Screening**

  Wipro's Responsible Sourcing AI reduced supplier violations by 45%, demonstrating how AI can enforce compliance and ethical sourcing (Mint, 2024).

❖ **Employee Well-being & AI HR Tools**

- Infosys' AI-based "HR Brain" monitors employee stress levels and engagement, leading to an 18% reduction in attrition (Economic Times, 2024).

❖ **Controversy Alert:**

"TCS faces backlash over AI-based layoff predictions—raises ethical concerns on workforce trust." The Times of India (March 2024)

❖ **Bias-Free Hiring with AI**

AI is helping organizations eliminate unconscious bias in recruitment:

- Unilever's AI Recruitment Tool increased female hires by 60% in leadership roles, promoting gender diversity (Harvard Business Review, 2023).
- Tata Consultancy Services (TCS) uses AI to anonymize resumes, ensuring fairer candidate evaluation (Business Today, 2024).

❖ **AI Hiring Challenges**

- Amazon's AI Recruiting Tool (2018) was discontinued after it penalized resumes containing words like "women's", revealing inherent gender bias (Reuters, 2018). This case underscores the need for ethical AI training and continuous auditing.

AI's role in social responsibility is transformative, enhancing ethical labor practices, employee well-being, and inclusive hiring, while also demanding strong governance to prevent misuse.

3. AI in Governance & Compliance

3.1 Fraud Detection & Regulatory AI

❖ **AI is transforming financial oversight and regulatory compliance with unprecedented efficiency:**

JPMorgan's COiN AI processes 12,000+ contracts annually, reducing compliance costs by $150 million through automated legal document analysis (Bloomberg, 2023).

India's SEBI employs AI to detect insider trading patterns, enhancing market integrity and investor protection (Livemint, 2024).

These advancements highlight AI's ability to enhance transparency, reduce financial crime, and streamline regulatory processes—while minimizing human error.

3.2 ESG Reporting & Blockchain Transparency

❖ **AI, combined with blockchain, is revolutionizing corporate sustainability disclosures:**

EY's AI ESG Platform automates 90% of sustainability reporting, improving accuracy and reducing manual effort (EY, 2023).

Reliance Industries integrates blockchain and AI for real-time ESG disclosures, ensuring tamper-proof sustainability data (Financial Express, 2024).

This fusion of technologies enables auditable, real-time ESG compliance, helping businesses meet regulatory demands while building stakeholder trust.

- **The Future of AI in Governance**

  As AI adoption grows, its role in fraud prevention, regulatory compliance, and ESG transparency will expand—but ethical frameworks must evolve alongside to ensure accountability and fairness in automated decision-making.

4. Ethical Challenges & Risks

4.1 Greenwashing with AI

- **While AI enhances sustainability efforts, it also presents risks of misuse:**
  - AI-powered "greenwashing" has emerged as a concern, with critics warning that companies may manipulate AI-generated ESG data to exaggerate sustainability achievements (The Guardian, 2024).
  - Without proper oversight, AI models can selectively highlight positive metrics while obscuring negative environmental impacts, misleading stakeholders.
- **Mitigation Strategies:**
  - Third-party AI audits for ESG claims
  - Transparent AI training data sources
  - Regulatory penalties for misleading AI-generated reports

4.2 Data Privacy & Algorithmic Bias

- **AI's reliance on vast datasets raises ethical and legal concerns:**
  - EU's AI Act (2024) enforces strict ethical guidelines for AI in ESG reporting, requiring explainability, fairness, and human oversight (European Commission, 2024).
  - India's Digital Personal Data Protection (DPDP) Act (2023) impacts AI-driven ESG data collection, mandating user consent and data anonymization (The Hindu, 2023).
- **Key Risks:**
  - Algorithmic bias in sustainability scoring, disadvantaging smaller firms
  - Privacy violations from excessive data harvesting for AI models
  - Lack of global standards leading to inconsistent AI governance
- The Path Forward: Responsible AI in Sustainability to harness AI's potential while mitigating risks, businesses must:
  - Adopt ethical AI frameworks aligned with global regulations
  - Ensure transparency in AI-driven sustainability reporting
  - Balance automation with human judgment to prevent misuse

As AI becomes integral to ESG strategies, robust governance will be crucial to maintaining credibility and public trust.

5. The Future of AI in ESG

5.1 Predictive ESG Analytics

- AI is set to become the backbone of ESG decision-making:
  - PwC forecasts that 70% of ESG decisions will be AI-driven by 2030, leveraging predictive analytics to assess risks, optimize sustainability strategies, and enhance reporting accuracy (PwC, 2024).
  - AI-powered simulations will allow companies to model the long-term impact of ESG initiatives, from carbon reduction to social equity programs.
- **Key Benefits:**
  - Proactive risk management (e.g., predicting supply chain disruptions due to climate change)
  - Real-time ESG performance tracking across global operations
  - Data-driven stakeholder engagement through dynamic reporting

5.2 AI & Global ESG Standards

- Standard-setting bodies are integrating AI to harmonize ESG disclosures:
  - IFRS (International Financial Reporting Standards) and GRI (Global Reporting Initiative) are co-developing AI-powered ESG frameworks to automate compliance and reduce reporting inconsistencies (GRI, 2024).
  - These frameworks will use natural language processing (NLP) to analyse unstructured ESG data (e.g., sustainability reports, news articles) and align disclosures with global standards.
- **Implications for Businesses:**
  - Streamlined compliance with AI-audited ESG reports
  - Cross-border comparability of sustainability performance
  - Reduced greenwashing risks through standardized AI validation
- **The Road Ahead: AI as an ESG Game-Changer**

  By 2030, AI will likely transform ESG from a static compliance exercise into a dynamic, predictive, and globally standardized practice. However, success depends on:
  - Ethical AI deployment to prevent bias and manipulation,
  - Collaboration between governments, corporations, and NGOs,
  - Transparency in AI methodologies to maintain stakeholder trust.

The integration of AI and ESG marks a new era of sustainable innovation, where data doesn't just measure progress but actively drives it.

Conclusion

AI is not just an enabler—it represents a paradigm shift in ESG strategy. Its potential to drive sustainability is revolutionary, offering transformative opportunities such as hyper-accurate carbon tracking through AI-powered IoT and satellite data, real-time ESG risk forecasting to preempt crises, and automated, audit-proof reporting that combats greenwashing. However, critical challenges remain. Ethical dilemmas persist around the trustworthiness of AI in ESG decision-making. Algorithmic bias raises concerns about whether AI will reinforce or reduce systemic inequalities, and significant regulatory gaps leave questions about how best to govern AI's expanding role in sustainability. The bottom line: companies that responsibly integrate AI into their ESG frameworks will not only future-proof their strategies but also redefine industry standards.

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ESG: AI AND TECHNOLOGY INTEGRATION

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"In a world chasing greener horizons, AI is the game-changer ESG needs. From predicting climate risks to tracking ethical supply chains in real time, smart algorithms turn sustainability goals into measurable actions. By weaving AI into ESG, companies can move beyond empty promises to real, data-driven impact. The future of responsible business isn't just smart – it's smarter, thanks to AI. This is where technology doesn't just support sustainability, it supercharges it."

Introduction

ESG – environmental, social, and governance – has become a defining lens through which companies are judged by investors, regulators, and consumers alike. It's no longer enough to issue glossy sustainability reports or make vague promises. Businesses today face relentless scrutiny, shifting compliance requirements, and a need to prove measurable progress on everything from carbon emissions to board diversity. This rising pressure has exposed the limits of traditional ESG strategies, which often rely on manual data collection, fragmented systems, and outdated metrics.

Enter artificial intelligence and advanced technologies. AI's ability to process enormous volumes of structured and unstructured data makes it a natural ally for ESG goals. From satellite imagery that monitors deforestation to algorithms that assess social sentiment and governance risks, AI offers unprecedented precision and scale. Machine learning models can forecast environmental impacts, optimize resource use, detect fraud in supply chains, and ensure regulatory compliance in real time.

But beyond data crunching, AI transforms ESG from a reactive obligation into a proactive, strategic advantage. By automating reporting and creating predictive insights, AI frees up human teams to focus on innovation and long-term value creation. The integration of AI with ESG frameworks allows companies to embed sustainability into every decision, not just at the executive level, but across operations, supply chains, and customer interactions. In short, AI doesn't just support ESG – it accelerates it, creating a smarter path to a sustainable and ethical future.

A Comprehensive Look at ESG: Beyond Buzzwords to Real Impact

ESG, or Environmental, Social, and Governance, is more than a trendy acronym; it's a lens through which companies are expected to prove they're not harming the planet, mistreating people, or cutting ethical corners to boost profits. Understanding each pillar in detail helps clarify why ESG has become central to modern business strategy.

The **Environmental** aspect isn't limited to carbon emissions. It spans a company's entire interaction with nature – how it sources raw materials, manages hazardous waste, protects natural habitats, and mitigates the impact of operations on air, water, and land. For example, a textile company reducing water usage in dyeing processes directly addresses environmental risks. Similarly, logistics companies are now turning to AI-optimized delivery routes to cut fuel consumption and lower greenhouse gases. Environmental efforts often intersect with innovation, as businesses develop new technologies or redesign products for a circular economy, where materials are reused or recycled rather than discarded.

The **Social** dimension goes beyond employees to the broader community and even society at large. It's about human rights in the supply chain – are suppliers using forced or child labour? It's about inclusion – are leadership and staff diverse, and are there programs to ensure equal opportunities for women, minorities, or under represented groups? It also includes product safety, customer data privacy, and supporting local communities. For instance, a food company sourcing ingredients from smallholder farmers and providing them fair prices not only strengthens its supply chain but also drives social development in rural areas. Companies with strong social practices often find better employee retention and engagement, reduced reputational risks, and greater customer loyalty.

Governance, the third pillar, ensures that companies act with integrity and transparency. Good governance starts with a diverse and independent board that can challenge management decisions, protecting the interests of shareholders and stakeholders alike. It also involves clearly defined codes of conduct, policies against bribery and corruption, transparent tax practices, and mechanisms for whistleblowing without retaliation. For example, a company publishing executive pay details and explaining how incentives are linked to ESG targets shows stakeholders it's serious about aligning leadership priorities with long-term sustainability goals. Weak governance can lead to scandals like accounting fraud or conflicts of interest, destroying years of trust in days.

What makes ESG powerful is that these pillars don't operate in silos – they're deeply interconnected. Poor governance can lead to social abuses or environmental neglect. Strong governance can drive meaningful social and environmental outcomes by embedding accountability and transparency into every decision. Moreover, ESG isn't just about avoiding harm; it's about actively creating value – reducing operational costs through efficiency, unlocking new markets with sustainable products, and attracting capital from investors increasingly focused on ESG performance.

Today, customers, employees, and investors want to see proof, not promises. Regulations like the EU's Corporate Sustainability Reporting Directive (CSRD) and India's BRSR mandate detailed ESG disclosures. Companies that fall short risk penalties, loss of investor confidence, or consumer boycotts. Meanwhile, those that lead in ESG often outperform their peers financially over the long term, because they anticipate risks, adapt faster, and earn trust.

How AI Supercharges ESG Initiatives: A Closer Look

AI is a powerful catalyst for ESG because it transforms vast, scattered data into actionable insights – and does it at a speed and scale humans simply can't match. Here's how it takes each ESG pillar to the next level:

- **Environmental Impact: Smarter and Faster**

  AI can process millions of data points from sensors in factories, vehicles, and offices, enabling real-time tracking of emissions, water use, and energy consumption. For example, AI models predict peak electricity demand so companies can shift operations to off-peak hours, cutting both costs and carbon footprints. Satellite AI tools track deforestation or illegal mining, giving companies and regulators up-to-date insights. Even agriculture companies now use AI to optimize fertilizer and irrigation, reducing chemical runoff into rivers – a direct win for the environment.

- **Social Responsibility: Deeper Visibility and Quicker Response**

  AI's ability to scan unstructured data – like news articles, social media, and supplier records – lets companies spot risks to people long before they escalate. For instance, if a news report emerges about unsafe working conditions at a supplier's factory overseas, AI monitoring tools can flag it within minutes. HR departments can use AI to analyse employee engagement survey responses for patterns of dissatisfaction or discrimination that might otherwise be missed. AI-driven language tools also break language barriers in global organizations, enabling better inclusion for workers across different regions.

- **Governance: Proactive and Predictive**

  Fraud and misconduct can destroy a company's reputation overnight. AI algorithms watch for anomalies in transactions, emails, or other records – like repeated round-dollar invoices or unexplained payments – flagging potential fraud instantly. AI bots can also scan thousands of pages of new laws or regulatory updates, automatically comparing them to internal policies to ensure a company stays compliant. Predictive analytics help boards and executives simulate the impact of decisions, identifying governance risks before they become real problems.

- **Integrated ESG Intelligence: Breaking Down Silos**

  Traditionally, different departments – HR, compliance, environment, finance – collected ESG-related data in isolated spreadsheets or systems. AI-driven platforms can consolidate these into a single ESG dashboard, showing carbon metrics next to employee diversity stats and governance KPIs. This unified view empowers leadership teams to set realistic, holistic ESG goals, monitor them in real time, and quickly communicate progress to stakeholders.

- **Transforming Reporting and Investor Communication**

  One of the most time-consuming ESG tasks is preparing disclosures for regulators, investors, and customers. AI can pull data from multiple systems, format it into standardized ESG reports, and update them in real time, ensuring accuracy and freeing up sustainability teams to focus on strategy rather than paperwork. This boosts transparency, which investors increasingly demand – and helps companies stand out in a crowded market.

  In short, AI doesn't just make ESG faster; it makes it smarter, more proactive, and more reliable. When properly integrated, AI can turn ESG from a reactive compliance exercise into a dynamic driver of innovation, efficiency, and competitive advantage.

Challenges and Ethical Pitfalls of AI in ESG: A Detailed Look

- **Bias and Discrimination**

  AI systems learn from historical data, and if that data is biased – like fewer women in leadership roles or underrepresentation of minority-owned suppliers – the AI will reflect and even amplify those biases. For example, a hiring algorithm trained on past resumes might prefer candidates from certain universities or demographics, unfairly disadvantaging others. These risks perpetuating the very inequalities ESG aims to address under the social pillar. Organizations must test AI models for bias, diversify training data, and include human oversight to catch discriminatory patterns.

❖ **Transparency and Explainability**

Many advanced AI algorithms, such as deep neural networks, can produce highly accurate predictions but don't reveal *why* they made a specific decision. In ESG, this opacity is a major problem – stakeholders expect clarity on how scores, ratings, or decisions were derived. For instance, if an AI system downgrades a supplier's ESG rating, the supplier deserves to know what specific factors led to that outcome. Without explainability, companies can face mistrust or even legal challenges, especially as regulations increasingly demand traceable decision-making processes.

❖ **Privacy and Surveillance Concerns**

AI tools used in ESG often rely on detailed employee, customer, or supplier data. For example, AI systems tracking social media for labour rights violations may inadvertently collect private or unrelated personal information. Monitoring internal communications for compliance could make employees feel watched, breeding mistrust and lowering morale. Companies must design AI tools with privacy by design, comply with local and international data protection laws (like GDPR), and clearly communicate how data will be used.

❖ **Overreliance on Automation**

AI can rapidly analyse data and automate tasks, but ESG is inherently human-centric, involving values, culture, and ethics that AI cannot fully grasp. Blindly trusting AI predictions without human review can lead to mistakes – for example, punishing a supplier flagged for risk due to inaccurate or outdated data. Human oversight is essential to interpret AI outputs in context, ensuring decisions align with ESG's intent of improving lives and ecosystems.

❖ **Cybersecurity Risks**

AI systems processing ESG data often consolidate sensitive information about operations, suppliers, and personnel into central platforms, creating attractive targets for hackers. A breach could expose confidential supplier practices, trade secrets, or employee records, leading to regulatory fines, lawsuits, and reputational harm. Implementing advanced cybersecurity practices – like multi-factor authentication, encryption, and regular penetration testing – is critical to protect AI-enabled ESG platforms.

❖ **Regulatory Uncertainty**

AI and ESG regulations are rapidly evolving, with new laws emerging globally. For example, the EU's AI Act proposes strict requirements for "high-risk" AI systems, while sustainability regulations like the CSRD are expanding disclosure expectations. Companies face uncertainty about how future laws will impact their AI systems or ESG reporting practices. Failing to adapt could mean fines or restrictions. Staying informed, engaging with industry groups, and building agile governance structures can help companies remain compliant as rules change.

The Future of ESG: Emerging AI Trends Shaping Sustainable Business

- **Hyper-Personalized ESG Insights**

  Tomorrow's AI systems won't just provide company-wide averages; they'll break down ESG data by office, plant, or even employee behaviour. For example, an AI tool could tell a facility manager exactly which machine is wasting the most energy or highlight specific teams lagging in diversity targets. This granularity empowers leaders to take precise, localized actions instead of blanket policies, saving money and boosting impact.

- **Real-Time ESG Tracking and Reporting**

  Instead of compiling quarterly or yearly ESG reports – often outdated before they're published – AI will enable continuous ESG monitoring. Imagine an ESG dashboard updating every second with live data from energy meters, logistics routes, and HR systems. Investors and regulators will be able to see a company's progress in near real-time, greatly enhancing transparency and accountability. This trend will make ESG reporting as dynamic as financial reporting.

- **Predictive and Prescriptive ESG Analytics**

  AI today mostly tells companies what's happening (descriptive analytics), but future AI will predict what's *about to happen* and suggest exactly what to do about it. For instance, if an AI system forecasts that a supplier's emissions will exceed limits next quarter, it could recommend switching orders to a cleaner supplier or adjusting production schedules. This prescriptive power will turn ESG from reactive damage control to proactive strategy.

- **AI-Assisted Circular Economy Innovations**

  Circular economy aims to design products that don't end up as waste. AI will enable more advanced material analysis, helping companies create products that are easier to disassemble and recycle. AI can also forecast where and when products will return as waste – like predicting when a batch of leased electronics will come back – allowing companies to plan efficient recycling or refurbishment, turning waste into new revenue streams.

- **Integration with Blockchain for ESG Transparency**

  Blockchain provides immutable records of transactions or events, perfect for verifying ESG claims. Coupled with AI, companies can automatically validate and record sustainable practices – for example, confirming the source of conflict-free minerals or proving that fair wages were paid along a supply chain. This combination will give regulators, investors, and consumers unprecedented confidence in ESG data authenticity.

- **AI-Enhanced Scenario Planning for Climate Risks**

  Climate change makes risk management much harder. Future AI will create complex simulations of how extreme events – like floods, droughts, or hurricanes – might impact specific assets or operations. Companies will use these simulations to adjust supply chains, insurance coverage, and infrastructure investments, making their ESG strategies truly climate-resilient.

- **Ethical AI Frameworks Becoming Standard**

  With growing concern over AI biases and ethical lapses, future ESG programs will formally include ethical AI governance. This means developing internal policies, third-party audits, and board oversight to ensure AI systems themselves adhere to ESG principles like fairness, accountability, and transparency. Companies will publicly report on these efforts, making ethical AI a central part of ESG performance and reputation.

The Critical Role of the Company Secretary in AI-Driven ESG

As ESG becomes integral to business strategy and AI transforms how companies manage and report on sustainability, the company secretary emerges as a linchpin ensuring governance, compliance, and ethical standards are upheld throughout this transformation. Far from being a purely administrative role, today's company secretary is a strategic advisor who helps the board and senior leadership navigate the complex intersection of ESG, AI, and regulatory expectations.

- **ESG Policy Development and Alignment**

  The company secretary leads the process of integrating AI-driven ESG initiatives into corporate governance policies. This involves updating codes of conduct, sustainability charters, and board policies to reflect new capabilities and risks introduced by AI – such as data privacy, algorithmic bias, and automated decision-making. They ensure ESG goals set by management align with AI's technical possibilities and the company's ethical commitments.

- **Regulatory Compliance and Disclosures**

  With regulations like the EU's Corporate Sustainability Reporting Directive (CSRD) and India's Business Responsibility and Sustainability Report (BRSR) demanding comprehensive ESG disclosures, AI-driven systems create both opportunities and challenges for compliance. The company secretary oversees how AI-generated ESG data is compiled, verified, and presented to regulators, shareholders, and other stakeholders. They ensure disclosures are timely, accurate, consistent with global standards like GRI or SASB, and able to withstand external scrutiny.

- **Board and Management Advising**

  Company secretaries are responsible for educating and advising the board on the risks and opportunities AI brings to ESG strategy. They prepare briefing papers, arrange training sessions on emerging AI trends, and facilitate discussions about ethical AI governance. By keeping the board informed, they help directors exercise their fiduciary duties effectively, especially as AI and ESG regulations evolve rapidly.

- **Ethical Oversight of AI Systems**

  AI tools can introduce risks of privacy violations, discrimination, or opaque decision-making – each of which can undermine ESG goals if not addressed. The company secretary ensures governance frameworks include clear protocols for ethical AI use, such as requiring regular bias audits, setting standards for explainability, and defining data handling practices. They may also establish whistleblowing mechanisms to report unethical AI applications within the organization.

- **Cross-Functional Coordination**

  Because AI-driven ESG initiatives involve multiple departments – sustainability teams, IT, HR, procurement, compliance, and risk management – the company secretary plays a key role in coordinating across silos. They help create steering committees or working groups that bring these diverse perspectives together, ensuring AI solutions address ESG holistically rather than in isolated pockets.

- **Risk Management and Mitigation**

  Company secretaries support enterprise risk management by helping identify, assess, and mitigate new risks introduced by AI in ESG processes. This includes risks like data security breaches of ESG information, inaccuracies in automated ESG scoring, or reputational harm from unforeseen AI behaviour. By incorporating these AI-specific risks into risk registers and mitigation plans, company secretaries help strengthen organizational resilience.

- **Stakeholder Communication and Engagement**

  Transparent, proactive communication with investors, regulators, employees, and the community is a hallmark of good ESG governance. Company secretaries are responsible for drafting or reviewing ESG sections of annual reports, investor presentations, press releases, and sustainability updates, ensuring messages clearly explain how AI is being used to advance ESG goals and what safeguards are in place.

- **Driving Continuous Improvement**

  Finally, as ESG standards, AI technologies, and stakeholder expectations evolve, the company secretary ensures corporate governance frameworks remain up to date. They monitor changes in relevant laws, industry guidelines, and best practices – proactively recommending adjustments to policies, processes, and board oversight structures to keep the company ahead of the curve.

  In the AI-driven ESG landscape, the company secretary is no longer a back-office administrator – they are the architect of ethical, effective governance. By guiding the responsible adoption of AI, ensuring compliance, and maintaining stakeholder trust, they help companies turn smart sustainability into a competitive, future-ready advantage.

Case Studies & Real-World Examples

- **Unilever: Smarter Supply Chain Sustainability**

  Unilever sources raw materials like palm oil, soy, and paper from complex, global supply chains – often linked to deforestation, habitat loss, and human rights concerns. To tackle this, Unilever uses AI-driven data platforms that integrate satellite imagery, supplier disclosures, and field reports. For example, AI analyses deforestation alerts from satellites and cross-references them with supplier locations to identify potential violations. This allows Unilever to act quickly, suspend non-compliant suppliers, and support sustainable farmers. By proactively using AI to monitor environmental risks, Unilever has committed to achieving a deforestation-free supply chain – showing how AI turns ESG commitments into measurable actions.

- **Microsoft: AI for Climate Risk Forecasting**

  Through its AI for Earth initiative, Microsoft has funded over 700 projects in 90 countries, helping partners apply AI to tackle pressing climate issues. For example, AI models are used to map flood-prone zones with high precision, giving governments better data for building flood defences or planning urban development. Microsoft itself uses these tools to assess the climate risks of its own data canters and supply chains worldwide. By sharing AI tools and insights with others, Microsoft multiplies its ESG impact – turning technology into a platform for collective climate resilience.

- **HSBC: AI for Ethical Governance and Compliance**

  HSBC faces the massive challenge of monitoring millions of transactions daily across more than 60 countries. They deploy AI models trained to recognize patterns of fraud, bribery, or money laundering, which adapt to new criminal techniques over time. This AI-enhanced monitoring system has increased detection rates and reduced false positives compared to traditional rule-based methods. By catching suspicious activity early, HSBC not only complies with anti-money laundering (AML) regulations but also protects customers and upholds governance standards, directly reinforcing its ESG strategy.

- **Patagonia: AI for Circular Economy Leadership**

  Patagonia's Worn Wear program aims to extend product lifecycles through repair and reuse. To scale this, Patagonia is experimenting with AI tools to predict when customers might need repairs or replacement parts. For example, AI can analyse purchase dates, product use patterns, and regional weather data (since outdoor gear wears faster in harsher climates) to forecast likely times for product service needs. Patagonia then proactively emails customers with offers for repairs or trade-ins, keeping products in use longer and reducing landfill waste. This forward-thinking use of AI exemplifies how businesses can combine customer service and circular economy principles for environmental and social gains.

- **Google: AI for Real-Time Energy Efficiency**

  Cooling is one of the biggest energy costs in Google's data canters. By feeding temperature, pressure, and humidity data into DeepMind's AI, Google built predictive models that adjust cooling systems minute by minute for optimal performance. The AI even learns from each adjustment to continually refine efficiency. This system has cut energy used for cooling by up to 40% in some facilities, reducing both operational costs and carbon emissions. Google's success shows how AI can directly advance the environmental pillar of ESG – transforming high-emission operations into low-carbon leaders.

Conclusion

The convergence of AI and ESG isn't a distant dream; it's reshaping how companies operate today. As environmental, social, and governance issues climb to the top of the global agenda, AI emerges as a transformative force – turning sustainability goals into precise, data-driven actions. From cutting emissions with real-time analytics to spotting social risks across supply chains and automating transparent reporting, AI empowers organizations to embed ESG at every level of decision-making.

Yet, as powerful as AI is, it must be wielded responsibly. Bias, privacy risks, and ethical pitfalls can quickly undermine even the best-intentioned ESG programs if companies don't pair technology with strong governance, transparency, and human oversight. This is where roles like the company secretary become essential – guiding boards through the complexities of ethical AI use and ensuring ESG strategies align with evolving regulations and stakeholder expectations.

Looking ahead, the future of ESG will demand even more agility, precision, and accountability. Companies that harness AI thoughtfully – anticipating both its opportunities and challenges – won't just meet ESG demands, but lead the way in building a smarter, fairer, and more sustainable world. The time to act is now: those who integrate AI with purpose will define the next era of responsible business.

Key Takeaways

- **AI amplifies ESG** by transforming sustainability goals into real-time, actionable insights across environmental, social, and governance pillars.
- **Environmental gains** include predictive energy management, smarter resource use, and advanced climate risk modelling – all powered by AI.
- **Social responsibilities** are strengthened through AI tools that detect labour abuses, improve diversity, and enhance employee engagement.
- **Governance improves** as AI monitors compliance, detects fraud, and automates accurate ESG disclosures for investors and regulators.
- **Company secretaries** play a crucial role in aligning AI with ethical, transparent, and regulatory-compliant ESG strategies.
- **Future trends** point to hyper-personalized ESG insights, AI-blockchain integration for data authenticity, and AI-driven circular economy innovations.
- **Responsible use is critical** – companies must guard against AI bias, privacy violations, and overreliance on automation to protect ESG integrity.

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ESG AND AI: EVOLVING ROLE OF GOVERNANCE PROFESSIONAL IN ATTAINING BUSINESS SUSTAINABILITY

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Abstract

This article attempts to explore the transformative roles of governance professionals in the dynamically evolving scope of Business Sustainability. Environmental, Social, and Governance (ESG) guidelines governing the workings of the Companies are constantly evolving in an everchanging global landscape. The digital transformation driven by advancements in Artificial Intelligence (AI) are further redefining the way we do business. This Article examines the challenges and opportunities presented by these evolving complexities and their impact on governance practices.

Introduction

In recent times, adapting to and mitigating climate change impact, inclusive growth and transitioning to a sustainable economy have emerged as major issues globally. Today business leaders around the world are aware that ESG is extremely important for ensuring business goals and their licence to operate. Balancing ESG Goals with profit ambitions is a tremendous challenge that the companies face today. Quantifying ESG performance and progress towards targets through pertinent ESG disclosures are critical at a time when both stakeholders and regulators expect relevant and accurate data. As businesses continue to mull over the best ways of delivering this expectation, one cannot overlook the role of Artificial Intelligence, in helping streamline key processes across sectors. AI enables smarter and more accurate workflows, faster delivery, and improved data analysis.

If utilised mindfully, a powerful digital technology such as AI can be immensely useful in helping businesses meet their ESG goals for a long-term impact. One may ask, how? There are many ways in which AI tools can help achieve near-term and long-term ESG ambitions. Collating large quantities of data on ESG metrics, undertaking climate risk assessments are just a few of them. When adopted properly AI enables work life balance & may even inspire higher level creative thought process as per individual inclination. However, it must also be remembered that Generative AI in itself uses massive amounts of energy and there has to be a way for this to be addressed and ensure there is accountability. While AI can be a powerful enabler for companies to achieve their ESG goals, guardrails and governance are critical in ensuring positive impact.

This brings us to the most prevalent axiom associated with AI. Will AI makes human labour obsolete? Is AI capable of making human race redundant? Or Is AI a tool that will help achieve the ultimate target of Holistic Sustainable Development and should be fully embraced?

The voices For and Against, the use of AI can be summed up as below:

A. Imagine two horses looking at an early automobile in the year 1900 and pondering their future. "I'm worried about technological unemployment." "Neigh, neigh, don't be a Luddite: our ancestors said the same thing when steam engines took our industry jobs and trains took our jobs pulling stage coaches. But we have more jobs than ever today, and they're better too: I'd much rather pull a light carriage through town than spend all day walking in circles to power a stupid mine-shaft pump." "But what if this internal combustion engine thing really takes off?" "I'm sure there'll be new jobs for horses that we haven't yet imagined. That's what's always happened before, like with the invention of the wheel and the plow." [From Farewell to Alms by Scottish-American economist Gregory Clark, 2007]. If we consider the above and corelate the same with the future of available employment opportunities, we may agree with the view that usage of AI should be deterred.

B. However, proponents of AI counter that the world's fascination with robots has bred a host of exaggerated beliefs and misconstrued notions, viz fears of AI taking over the world / expectations of human-like emotions and superhuman abilities, etc. AI do not have either emotions or consciousness, and they can only perform tasks and make decisions based on the algorithms and data programmed into them by humans. They operate purely on logic and do not possess subjective experiences. The truth is that AI enables automation of tasks and leads to a shift to less strenuous jobs with high added value. Digitalization revolutionizes work, shifting to less physically demanding tasks. Advocates of this thought have based their assumption on the understanding that machines can't control humans and hence adoption of AI would only lead to better quality work.

Considering, both the views appear to be valid. The crux of the matter is, "**Intelligence enables control**: humans control tigers not because we're stronger, but because we're smarter. This means that if we cede our position as smartest on our planet, it's possible that we might also cede control. [Max Tegmark]. It is an undisputed fact today that Artificial Intelligence is a technological innovation and is here to stay. How it is used, depends solely on user.

With this context, let's now delve into the field of 'ESG and Role of Governance Professional in the era of AI'. According to a KPMG Study, AI and ESG together top the CEO agenda across countries and form the biggest priority areas.

ESG

There is a universal consensus that ESG, simply put, is about corporate strategy and management oversight of core business in the context of Environmental Footprint, Social Impact and Governance Standards. ESG risks include those related to climate change mitigation, environmental management practices, good work and safety conditions, respect for human rights, anti-bribery and corruption practices, and compliance with relevant laws and regulations.

However, unlike financial data, ESG data comes in diverse formats and units. It is sourced from various parts of the organisation, both internal and external and is often recorded and stored in different systems, spreadsheets and documents. Companies with global operations face multiple regulations in various countries - such as Europe's' Corporate Sustainability Reporting Directive (CSRD), Carbon Border Adjustment Mechanism (CBAM) and Corporate Sustainability Due Diligence Directive (CSDDD). Further, the United States' Security and Exchange Commission (SEC) has also implemented climate rules. Existing and evolving ESG-related requirements are as varied as the jurisdictions that are required to follow them. While some focus on climate change, others cover the full set of ESG factors. These could be as varied as the EU's Taxonomy for Sustainable Activities, Germany's Supply Chain Act, the US's Uyghur Forced Labour Prevention Act, California's new law to reduce single-use plastics, guidance from the Task Force on Climate- Related Financial Disclosures (TCFD) or the newer Taskforce on Nature-related Financial Disclosures (TNFD), infrastructure and more.

With voices for climate-aware investing and carbon controls increasing globally, reporting on multiple cross-country disclosures has become challenging for many companies. The reasons include complexities of data collection, the need to establish robust new processes (sometimes involving information provided by third-parties in the company's value chain) and the lack of established good reporting practice. ESG reporting is an area that will continue to evolve and will impact various sectors in different ways. However, all of these would require significant planning as well as time and effort for corporates to be ready. Accuracy and reliability are critical when it comes to ESG reporting, especially with evolving regulations across regions. To leverage sustainability data effectively for decision-making, it must be collected, transformed and reported with greater speed, frequency and scalability. Achieving this typically necessitates substantial technological solutions, new processes and business transformation at scale.

The Rise of AI and Digital Data

It is clear that technology can drive change and accelerate climate action while mitigating risks. From making solar panels work better to more accurately predicting weather, machine learning tools can enable action on everything from reducing fossil fuel emissions to preparing for disaster threats. Machine learning can also help in accurately predicting climate driven effects like floods and wildfires with powerful computers testing likely scenarios at a fine scale. By leveraging AI and data, companies can develop predictive models to anticipate future climate risks and assess the potential impact on their operations. By understanding these risks in advance, businesses can proactively implement measures to mitigate them, minimising disruptions and increasing resilience.

AI excels in automating data validation processes. AI-powered systems can cross-check information, validate ESG data and identify inconsistencies or anomalies. Automated validation ensures data integrity, reduces errors and enhances credibility of ESG reporting. More importantly it can monitor regulatory changes, helping companies stay updated and adapt their practices accordingly. As a result, investors and stakeholders can confidently disclose ESG information.

It is needless to mention that the advent of AI and digital technologies has revolutionized business operations across various sectors. AI, with its capabilities in machine learning, natural language processing, and predictive analytics, enables businesses to automate routine tasks, enhance decision-making processes, and innovate continuously. AI-powered tools can process vast amounts of unstructured data from diverse sources, for example sustainability reports, social media, and regulatory filings, to generate comprehensive ESG profiles.

On the other hand, Digital Data also provides a wealth of information that is yet to be harnessed. AI can process and analyze vast amounts of structured and unstructured data (financial reports, market data, news, social media sentiment) at speeds unattainable by humans. This allows companies to gain deeper insights, identify patterns, and make more informed and timely strategic decisions. In the context of ESG, AI and digital data play a crucial role in collecting, analyzing, and reporting sustainability metrics. This not only improves the accuracy and transparency of ESG reporting but also helps businesses identify potential risks and opportunities related to their sustainability goals. It can suggest insights, such as correlations between energy consumption and carbon emissions, or sentiment from employee feedback, allowing for targeted improvements, predict the impact of climate change on a company's operations, supply chain, and market demand, helping to develop mitigation strategies.

Evolving Role of Governance Professionals

The traditional role of governance professionals, once primarily focused on compliance, risk management, and board administration, is profoundly transforming in the era of Environmental, Social, and Governance (ESG) factors and Artificial Intelligence (AI). Historically, the responsibilities were largely retrospective—ensuring regulatory adherence and documenting decisions. However, the rising prominence of ESG & use of AI has significantly broadened this mandate. Governance professionals can now lead the integration of sustainability into corporate strategy, oversee non-financial disclosures, and ensure ethical and social responsibilities are embedded within core business operations. This necessitates a more holistic understanding of business impact, stakeholder expectations, and evolving global standards.

AI further complicates and enriches this evolving role. While AI offers powerful tools for automating compliance checks, enhancing data analysis for ESG reporting, and predicting risks, it also introduces new ethical and governance challenges. Governance professionals now have to place guards against algorithmic bias, data privacy in AI systems, and ensure ways for responsible deployment of AI technologies within the Company. Their role extends to developing internal AI governance frameworks, ensuring transparency in AI decision-making, and establishing clear accountability for AI-driven outcomes. This requires a blend of legal acumen, technological literacy, and a strong ethical compass to navigate the complexities of intelligent systems.

Consequently, governance professionals are now transitioning from mere administrators to strategic advisors and facilitators of responsible innovation. They are becoming crucial liaisons between departments, ensuring sustainability initiatives align with business objectives and that AI adoption is both effective and ethical. This involves educating boards and executives on the implications of ESG and AI, guiding the development of robust data governance policies, and fostering a culture of accountability throughout the organization. This expertise becomes crucial in translating complex regulatory landscapes and technological advancements into actionable governance strategies.

To become future ready in the era of ESG and AI, Governance professionals need to focus on the following key areas:

- **Data Governance and Management**: Ensuring the integrity, accuracy, and security of data used in ESG reporting. This involves implementing robust data governance frameworks and policies to manage data lifecycle, quality, and compliance
- **Ethical Considerations in AI Deployment**: Addressing ethical issues related to AI, such as bias, fairness, and accountability. Governance professionals must ensure that AI systems are designed and used in ways that align with ethical standards and societal values
- **Data Privacy and Security**: Protecting sensitive information from breaches and unauthorized access. This requires a deep understanding of data protection regulations and best practices in cybersecurity
- **Skills Development**: Governance professionals need to hone their digital literacy skills to effectively oversee and leverage these tools in their roles.

Furthermore, the governance professional(s) are suitably poised to become a key architect of resilient and future-proof organizations. However, this role demands continuous learning and adaptation, staying abreast of rapidly evolving ESG frameworks, AI capabilities, and societal expectations. They will be instrumental in leveraging AI not only to meet compliance obligations but also to drive genuine **sustainability impact** and foster greater trust with stakeholders. This dynamic evolution positions governance professionals as indispensable leaders in shaping corporate responsibility and ensuring long-term value creation in an increasingly complex and interconnected world.

Governance Professionals: Pushing towards the goal of Sustainability powered by AI

The modern corporation stands at a critical crossroads. Financial performance alone no longer defines success. In an era profoundly shaped by escalating environmental concerns, societal demands for equity, and the transformative power of Artificial Intelligence, the very purpose and operational methods of businesses are being redefined. The overarching goal of **attaining sustainability**—encompassing ecological stewardship, social responsibility, and robust governance—has transcended mere corporate social responsibility initiatives to become a fundamental imperative for long-term viability and competitive advantage. It's not just about doing less harm; it's about actively creating positive impact, innovating for a circular economy, fostering inclusive practices, and building resilience against systemic risks. This holistic pursuit of sustainability, underpinned by rigorous ESG principles, is now intrinsically linked to a corporation's license to operate, its access to capital, its ability to attract and retain talent, and its reputation in an increasingly transparent global marketplace.

AI emerges not as a separate phenomenon but as a crucial enabler and, simultaneously, a significant new frontier for governance. Its analytical prowess allows for unprecedented insights into complex ESG data, enabling precise measurement of environmental footprints, identification of social inequalities within supply chains, and real-time monitoring of compliance risks. From optimizing energy consumption in smart factories to predicting climate-related supply chain disruptions, AI offers the tools to translate sustainability aspirations into actionable strategies. Moreover, it empowers companies to move beyond static reporting to dynamic, predictive, and transparent disclosures, meeting the escalating demands from investors, regulators, and civil society for granular, verifiable ESG performance. However, the ethical deployment of AI itself becomes a core governance challenge. Questions of algorithmic bias, data privacy, accountability for AI-driven decisions, and the "black box" nature of some AI models necessitate robust oversight and ethical frameworks. The potential for AI to inadvertently perpetuate existing biases or create new social divides underscores the urgent need for human-centric AI governance, ensuring that technology serves humanity's best interests in the pursuit of a sustainable future.

A report by McKinsey & Company emphasizes that AI can significantly enhance ESG reporting by providing more accurate and timely data, which is crucial for making informed decisions and demonstrating accountability to stakeholders. By integrating AI into ESG strategies, companies can better identify risks and opportunities, enhance transparency, and improve accountability. The push towards more robust ESG practices is not merely about regulatory compliance or public relations; it is about ensuring long-term viability and trust with consumers and investors. Companies must recognize that sustainability and technological advancement are not mutually exclusive but rather complementary goals. By leveraging AI responsibly, businesses can achieve significant strides in their ESG initiatives, ultimately contributing to a more sustainable future.

AI-led automation opens up new possibilities as it builds productivity-led tangible gains. Majority of chief economists are expecting productivity improvements to become economically significant in high-income economies within the next five years, including major benefits to emerge within the next three years. The potential gains from productivity benefits are in sharp contrast with concerns about the risks of automation, job displacement and degradation. Companies will soon need to balance technology-driven models with social responsibilities so that they do not lose their social licence to operate. This is particularly important for a large developing economy like India, with significant differences across regions. The future is not going to be more of the past. Multiple futures are possible, depending upon the choices we make.

This confluence of ESG demands and AI capabilities fundamentally reshapes the role of governance professionals. No longer confined to the traditional remit of compliance checklists and board meeting minutes, these individuals are now central architects of a corporation's sustainable future. The future roles of governance professionals in business sustainability and ESG will continue to evolve as AI and digital data technologies advance. These evolving responsibilities encompass a multifaceted leadership role:

1. Governance professionals are the strategic navigators, guiding boards and executive teams through the labyrinthine landscape of evolving ESG regulations, international standards, and stakeholder expectations. This involves identifying material ESG risks and opportunities, integrating them into strategic planning, and translating complex sustainability concepts into clear, actionable governance frameworks. They must ensure that ESG considerations aren't siloed but are deeply embedded across all business functions, from product development and supply chain management to human resources and finance.

2. Governance professionals act as data stewards and ethical guardians in the age of AI. This requires a sophisticated understanding of data governance, ensuring the integrity, accuracy, and ethical sourcing of the vast datasets underpinning AI-driven ESG insights. They're responsible for developing and enforcing AI ethics policies, overseeing the design and auditing of AI algorithms to mitigate bias, and establishing clear accountability structures for AI-powered decision-making. This extends to ensuring transparency in how AI is used for ESG reporting and fostering trust in the data presented to stakeholders.

3. Governance professionals are facilitators of cultural transformation. They play a pivotal role in embedding a culture of sustainability and responsible AI use throughout the organization. This includes educating employees at all levels, championing diversity and inclusion within the workforce, and fostering an environment where ethical considerations are paramount in technological adoption. They bridge the gap between technical teams, legal departments, and the board, ensuring alignment on governance principles and sustainable practices.

4. Governance professionals are champions of stakeholder engagement and transparent communication. In a world where corporate impact is under constant scrutiny, governance professionals are key in articulating the company's ESG journey, its AI strategy, and its commitment to long-term value creation. They oversee the development of credible and comprehensive ESG reports, engage effectively with investors and other stakeholders, and build trust through consistent and transparent disclosures.

Conclusion

In conclusion, the symbiotic relationship between ESG and AI represents both a profound challenge and an unparalleled opportunity for corporations and Governance professionals in particular. Achieving true sustainability is not merely an optional add-on but an existential necessity, driving innovation, attracting capital, and building enduring stakeholder trust. At the heart of this transformative journey lies the indispensable figure of the governance professional. Their sharp understanding of regulatory landscapes, their ethical foresight in deploying cutting-edge technologies, and their strategic ability to integrate sustainability into the very fabric of corporate governance will determine whether companies merely survive or truly thrive in this new, responsible, and intelligent global economy. Their role is no longer just about compliance, but about proactively shaping a better, more sustainable future for business and society alike.

ESG AND THE EVOLVING CORPORATE LANDSCAPE: REIMAGINING THE ROLE OF COMPANY SECRETARIES

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Introduction

In today's fast-evolving corporate landscape, the role of professionals is being redefined, not just by new technologies or market dynamics but by the growing importance of Environmental, Social and Governance (ESG) considerations. The past decade has witnessed a growing consensus that long-term business success must be aligned with sustainability, responsibility and ethical governance. No longer are businesses judged solely by their financial performance. Stakeholders - from Investors to Customers - are looking at how companies treat the planet, people and how well they are governed. ESG, has thus, emerged as a crucial framework for sustainable business practices.

Among all corporate professionals, Company Secretaries (CS) are at the forefront of the transformation. Traditionally known as the compliance backbone of companies, they are now stepping into strategic roles that drive ESG integration across operations. Their knowledge of governance, regulatory frameworks, stakeholder communication and ethical practices places them in a unique position to guide businesses in their ESG journeys.

This article explores how ESG is redesigning the role of Company Secretaries, the responsibilities that come with this evolution, the initiatives undertaken by the Institute of Company Secretaries of India (ICSI) to empower its members for the ESG era and underscores the opportunities and responsibilities emerging for the profession in a sustainability-driven future.

The Rise of ESG: A Global and Indian Perspective

Environmental, Social and Governance (ESG) is no longer confined to corporate social responsibility or voluntary disclosures. It is now a critical determinant of a company's long-term viability, risk profile and stakeholder trust. Global investors, regulators, consumers and employees are increasingly using ESG metrics to evaluate business performance.

In India, regulatory impetus is driving ESG integration. Securities and Exchange Board of India (SEBI) has introduced the Business Responsibility and Sustainability Reporting (BRSR) framework, mandating ESG disclosures for the top 1000 listed companies by market capitalisation. Additionally, there is growing emphasis on climate-risk disclosures, gender diversity, board independence and ethical governance and is also reflected in sectoral guidelines from the Reserve Bank of India (RBI), Ministry of Corporate Affairs (MCA) and NITI Aayog.

This evolution reflects a deeper shift: from mere legal compliance to stakeholder capitalism. ESG is no longer a tick-box activity; it is a lens through which companies are expected to view long-term value creation. Beyond compliance, companies are realising that strong ESG performance enhances brand equity, attracts responsible capital, improves stakeholders relationships and fosters operational resilience.

Company Secretaries: Positioned at the Confluence of Governance and Sustainability

Company Secretaries are uniquely positioned at the intersection of regulatory compliance, board advisory, corporate governance and stakeholder engagement. As ESG becomes central to boardroom discussions and corporate disclosures, the profession is being redefined, both in terms of scope and influence.

Let's understand how ESG is reshaping the role of Company Secretaries:

1) **Governance Leadership in ESG Implementation**

   Governance is the 'G' in the ESG and Company Secretaries are the natural champions of this pillar. Their expertise in regulatory frameworks, board procedures, corporate ethics and policy formulation positions them to:

   - Guide the Board in incorporating ESG into its strategic oversight.
   - Facilitate the constitution of ESG committees or sub-committees.
   - Support ethical decision-making, risk governance and transparency.
   - Ensure board composition reflects diversity and independence.

   CS professionals ensure that governance is not limited to statutory norms but extends to responsible corporate behaviour.

2) **Oversight of ESG Disclosures and Reporting**

   As ESG disclosures gain regulatory and investor importance, Company Secretaries play a pivotal role in:

   - Coordinating inter-departmental data collection for BRSR reporting
   - Ensuring timely, accurate and consistent ESG disclosures
   - Assisting in aligning disclosures with global frameworks (GRI, SASB, TCFD)
   - Liaising with auditors and assurance providers for ESG data

   With their experience in annual reports, secretarial reports and corporate governance disclosures, CS professionals are now extending their role into ESG reporting and assurance facilitation.

3) **Policy Development and Implementation**

   Company Secretaries are well-versed in corporate policy frameworks. As companies adopt sustainability-centric policies, the CS is instrumental in drafting, implementing and reviewing policies such as:

   - Environment and climate policy
   - Diversity, Equity and Inclusion (DEI) policy
   - Anti-bribery and corruption policy
   - Human rights and workplace safety policies

   Moreover, they are responsible for ensuring these policies are embedded into day-to-day operations, communicated clearly across the organisation and monitored for compliance.

4) **Stakeholder Engagement and Communication**

   Effective stakeholder engagement is central to the ESG journey. Company Secretaries act as conduits between the Board and shareholders, regulators and other key stakeholders. Their role includes:

   - Facilitating stakeholder consultations and materiality assessments
   - Managing investor queries related to ESG performance

- Reporting stakeholder concerns to the Board and ESG committees
- Enhancing transparency through integrated reporting mechanisms

In this capacity, CS professionals help the organisation maintain trust and legitimacy in a stakeholder-driven world.

How ESG Is Redesigning the Role of Company Secretary

The rise of ESG has not merely added another layer of responsibility to the Company Secretary's role, it has fundamentally redefined their professional identity and strategic significance within an organisation. Traditionally, the Company Secretary has been viewed primarily as a compliance officer - someone who ensures statutory obligations are met, records board meetings and files regulatory returns. However, the ESG era is transforming this perception dramatically.

Today, Company Secretaries are emerging as key drivers of sustainable governance. Their expertise in regulatory frameworks, board processes and ethical standards places them at the heart of ESG oversight. No longer confined to procedural duties, they are increasingly serving as strategic advisors to the Board on sustainability issues, helping shape ESG strategy and ensure it is integrated across the company's operations.

Their responsibilities now encompass the formulation and implementation of ESG-related policies such as climate change commitments, diversity and inclusion frameworks and human rights charters. They are actively involved in assessing ESG risks, facilitating stakeholder engagement and ensuring that the company's disclosures meet the expectations of investors, regulators, and ESG rating agencies.

Importantly, the Company Secretary is also playing a crucial role in aligning board governance with ESG principles. This includes supporting the establishment of ESG Committees, guiding board discussions on sustainability matters and ensuring board composition reflects the values of diversity, independence and long-term responsibility. The CS is becoming a steward of integrated thinking - where financial performance and non-financial impacts are considered together in corporate decision making.

Furthermore, ESG reporting has become a major area of involvement. From coordinating internal data collection for Business Responsibility and Sustainability Reporting (BRSR), to aligning disclosures with global frameworks such as GRI, TCFD and SASB, the Company Secretary ensures that sustainability communication is both credible and comprehensive.

In essence, the ESG era is elevating the Company Secretary from a back-office role to a boardroom enabler of responsible business. The profession is evolving into a multidimensional advisory function – bridging compliance, ethics, sustainability and strategic governance. This transformation signifies not just a shift in tasks, but a reimagining of the very purpose and potential of the Company Secretary in today's corporate landscape.

Integrating ESG into the Boardroom: Shifting Dynamics and the Central Role of Company Secretaries

As ESG becomes increasingly integrated into the DNA of corporate strategy, its impact is being most visibly felt within the highest decision-making body of any organisation- the boardroom. Traditionally focused on financial performance, risk oversight and regulatory compliance, corporate boards are now placing ESG at the core of their deliberations. The transformation is not merely cosmetic; it reflects a fundamental shift in how organisations perceive long-term value, stakeholder expectations and their social license to operate.

Today, boards are expected to actively monitor and steer ESG performance, assess ESG-related risks and opportunities and align corporate actions with sustainability goals. This evolving expectations has significantly altered the dynamics of boardroom conversations. In this shifting landscape, the Company Secretaries plays a pivotal role as the chief governance professional and ESG facilitator within the boardroom. As the primary interface between the board, senior management, shareholders and regulators, the CS is uniquely positioned to institutionalize ESG considerations into board practices and decision-making processes.

One of the foremost responsibilities of Company Secretaries in this new era is to embed ESG into the board's agenda. This involves identifying ESG priorities based on materiality assessments, advising the board on emerging ESG trends and compliance requirement, and ensuring these topics are meaningfully deliberated in meetings. By collaborating with sustainability officers, risk managers and compliance heads, the CS helps frame ESG discussions with the broader context of corporate risk and opportunity.

Further, CS is instrumental in facilitating the constitution of specialised board committees, such as ESG or Sustainability Committees. These committees oversee the implementation of ESG strategies, monitor performance metrics and ensure alignment with national and global frameworks like SEBI's BRRSR, GRI, TCFD and SDGs. The Company Secretary drafts the committee's charter, organizes its meetings and ensures its recommendations are escalated to the main board.

The growing expectation of ESG disclosure and transparency further strengthens the CS's role. The board relies on the Company Secretary to ensure that all ESG-related disclosures are accurate, consistent and aligned with global reporting frameworks. Whether it is the preparation of the Board's ESG report, integrated report or proxy statements, the CS ensures that communication with stakeholders reflects the board's ESG commitments.

In summary, ESG is transforming not only what the board discusses but how it functions - and the Company Secretaries is the architect of this transformation. The boardroom of the future is collaborative, transparent and purpose-driven, with ESG as its compass and the Company Secretary as its navigator.

Real-world Impact: Practical Illustration on ESG transformation at Infosys Limited

Infosys Limited, one of India's leading IT services companies, serves as a notable example of how ESG integration can drive sustained growth and enhance corporate credibility. The company has made significant strides in all three ESG dimensions – environmental, social and governance. It achieved carbon neutrality in FY2020, well ahead of its initial 2040 target, by investing in renewable energy sources, implementing green building practices, and improving energy efficiency across its campuses. As of FY2024, more than 44% of its electricity needs were met through renewables, underscoring its commitment to environmental stewardship.

On the social front, Infosys has demonstrated deep engagement through the activities of the Infosys Foundation, contributing extensively to healthcare, education, rural development and women's empowerment. The company's inclusive workplace culture and strong employee welfare initiatives have further cemented its reputation as a responsible employer, particularly through its response during the COVID-19 pandemic, when it extended medical and technological support to its workforce and communities.

Governance has always been a core strength of Infosys. It was one of the first Indian companies to adopt Integrated Reporting, reflecting a forward-thinking approach to corporate transparency. Its board structure exemplifies diversity and independence with robust internal controls, a well-defined code of ethics and an accessible whistleblower policy ensuring high standards of accountability and conduct.

As a result of its ESG leadership, Infosys has consistently featured in prominent global indices, including the Dow Jones Sustainability Index, FTSE4Good and MSCI ESG Ratings. These achievements have not only enhanced investor confidence but also attracted ESG focused-capital and bolstered the company's international standing. With annual revenues exceeding $18 billion, Infosys demonstrates how ESG principles can align with profitability and market leadership.

Key ESG Data: Trends and Insights

To understand the magnitude of ESG's rise and its impact on professionals, especially Company Secretaries, it is important to explore some compelling data:

- According to a 2023 study by Morningstar, global ESG fund assets reached $2.7 trillion, with significant inflows directed towards companies with robust governance and sustainability performance.
- A report by PwC India (2023) reveals that 88% of Indian business leaders believe ESG will directly impact long-term profitability and investment decisions.
- SEBI's 2024 enforcement report notes that 1000+ listed companies in India now file mandatory BRSR reports, showing compliance with ESG disclosure is becoming a national norm.
- As per a 2024 survey conducted by the Institute of Company Secretaries of India (ICSI):
    - 78% of Company Secretaries are actively involved in ESG reporting and advisory roles
    - 65% support board-level ESG sustainability committees.
    - Over 40% of practicing CS professionals have pursued additional ESG certifications, including those offered by ICSI.
- In the Asia-Pacific region, a 2022 Refinitiv survey noted that nearly 60% of investors use ESG scores to guide capital allocation decisions.

This data reflects that ESG is no longer an aspirational framework; it has become a core strategic imperative influencing how companies are managed and how professionals, especially Company Secretaries, are evolving to meet these new expectations.

The Future of ESG Regulations in India

India is at a critical inflection point in ESG regulation. With SEBI's BRSR now mandatory for the top 1,000 listed companies and likely to expand to more companies in the near future, regulators are signalling a long-term commitment to sustainability disclosure. We can expect:

- Broader adoption of assurance norms for ESG reports
- Sector-specific ESG guidelines for industries like banking, real estate and manufacturing
- Integration of ESG factors in credit ratings, IPO processes and financial risk disclosures
- ESG-linked lending rates or green financing incentives

In this scenario, Company Secretaries will serve as the connecting link between compliance, strategy and sustainability, ensuring organisations meet both current mandates and prepare for future ones.

ICSI's Strategic Initiatives in Promoting ESG

Recognising the pivotal role of Company Secretaries in advancing ESG goals, the Institute of Company Secretaries of India (ICSI) has taken several progressive steps to build capacity, promote awareness and provide actionable tools for its members.

1) **Guidance Notes and Framework Documents**

   ICSI has issued detailed Guidance Notes on BRSR, ESG Reporting and Sustainability Governance, offering members a structured approach to understand regulatory expectations, international best practices and ESG data mapping techniques.

   These publications serve as valuable reference tools for both practitioners and corporates striving to build robust ESG frameworks.

2) **Certification and Executive Development Programmes**

   ICSI has launched specialised Certificate Courses on ESG and Sustainability Reporting, aimed at equipping members with theoretical knowledge and practical skills. These programs cover:

   - ESG legal frameworks and evolving regulations
   - Stakeholder and materiality analysis
   - ESG metrics and performance measurement
   - Sustainability risk management

   Additionally, ICSI has conducted Executive Development Programmes (EDPs) and workshops in partnership with leading institutions to offer advanced learning on ESG assurance, reporting standards and sustainable finance.

3) **Curriculum Integration**

   To prepare future-ready professionals, ESG has been integrated into the CS Professional curriculum. Modules on sustainability, integrated reporting and corporate citizenship ensure that aspiring Company Secretaries develop a holistic understanding of ESG from the outset.

4) **Research, Dialogues and Advocacy**

   ICSI regularly publishes research papers, conducts roundtables and organises ESG-themed conferences that bring together regulators, academics and industry leaders. These forums foster knowledge exchange and reinforce the thought leadership of the profession in ESG matters.

ESG: A New Avenue for Career Growth

The ESG paradigm opens up exciting new career trajectories for Company Secretaries. Organisations – ranging from corporates to financial institutions and regulatory bodies – are seeking professionals with ESG expertise for roles such as:

- Chief Sustainability Officer (CSO)
- ESG Compliance Officer
- ESG Risk Manager
- Sustainability Reporting and Assurance Consultant
- Green Finance Advisor

Professionals with ESG skills will increasingly find roles in corporates, consulting firms, stock exchanges, regulatory bodies and financial institutions. By building expertise in ESG, Company Secretaries can significantly enhance their career value and expand their relevance across diverse sectors.

Call to Action for Company Secretaries

The message is clear: ESG is not a passing phase – it is the future of responsible business. Company Secretaries are no longer just record-keepers of compliance; they are emerging as strategic stewards of sustainable governance. Their holistic view of the organisation, coupled with their ethical orientation and regulatory expertise, positions them to lead the ESG movement from within.

It is now imperative from CS professionals to embrace ESG, invest in upskilling and take bold initiatives to bring sustainability to the forefront of boardroom agendas. By doing so, they will not only elevate their own profession but also contribute to building resilient, responsible and future-ready organisations that serve not just shareholders - but all stakeholders.

Conclusion

The ESG movement marks a paradigm shift in the way businesses operate and how they are evaluated by stakeholders. In this journey, Company Secretaries are emerging as enablers of responsible governance, ethical conduct and sustainability-led growth.

As organisations adopt ESG not just as a compliance checklist but as a business imperative, the CS is no longer limited to traditional statutory roles. Instead, they are becoming strategic advisors who shape ESG strategy, embed sustainability into governance frameworks and ensure transparent reporting.

With continued support from ICSI and a commitment to upskilling, Company Secretaries can lead this transition and redefine the profession in alignment with the aspirations of a sustainable, inclusive and equitable future.

Let the CS profession rise - not only as the guardian of governance but as the torchbearer of sustainability in corporate India.

ESG MEETS AI: A CONVERGENCE OF ETHICS, INNOVATION AND IMPACT

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Abstract

The article explores the transformative convergence of Artificial Intelligence (AI) and Environmental, Social, and Governance (ESG) frameworks, highlighting how AI-driven ESG platforms are revolutionizing sustainability reporting, risk assessment, and strategic decision-making**.** It states how AI has influenced the Environmental, Social, and Governance (ESG) frameworks from just a compliance checkbox to reshaping the corporate sustainability. From data to impact, Artificial Intelligence (AI) has enhanced the efficiency and accuracy of ESG initiatives by using several AI-Driven ESG platforms as CLARITY AI, DATAMARAN, and IBM's Environmental Intelligence Suite are leading this transformation by facilitating regulatory compliance, stakeholder engagement, and performance optimization. However, the challenges remain. As the rise of AI in ESG in not without obstacles with issues like algorithmic bias, lack of universal reporting standards, high cyber security risks and cost of maintenance and data privacy are of major concern. But despite these obstacles, the Artificial Intelligence (AI) in Environmental, Social, and Governance (ESG) is emerging as a vital tool enabling them to transition from reactive to proactive compliance.

Introduction

An important tool for directing sustainable business practices in a world struggling with climate change, growing corporate accountability, and social inequality, is the ESG (Environmental, Social, and Governance) framework. ESG is now essential for long-term value creation, investor confidence, and regulatory alignments, it is no longer just a compliance checkbox. ESG stands for **"Environmental, Social, and Governance."** It refers to a set of practices including policies, procedures, and metrics that organizations adopt to minimize negative impacts and promote more positive outcomes for the environment, society, and governance structures. ESG is the component of sustainability, which **the United Nations World Commission on Environment and Development** defines as **"meeting the needs of the present without compromising the ability of future generations to meet their own needs."**

In recent years, investors have placed greater emphasis on ESG criteria when making investment decisions. Consequently, many companies are integrating ESG considerations into their operations and strategic planning. ESG offers a framework for assessing an organization's impact and performance in three vital areas beyond just financial results. **The Environmental** component evaluates how a company interacts with the environment, considering factors like pollution, greenhouse gas emissions, waste management, energy use, and biodiversity. **The Social** component focuses on relationships with stakeholders such as employees, suppliers, customers, and the local communities, addressing issues like labor standards, diversity, safety, human rights, and community involvement. **The Governance** pertains to how a company is directed and managed, including executive compensation, board diversity, audits, internal controls, and shareholder rights. Although ESG is often linked to investing and sustainable finance, its principles also influence broader aspects of responsible management for customers, suppliers, and employees. Overall, ESG evaluates a company's sustainability and ethical practices by functioning as a valuation technique.

Taking it a step further, ESG is now redefined through AI (Artificial Intelligence) and technical innovations. From data to impact, AI-powered ESG is the next era of governance. In the realm of Environmental, Social and Governance (ESG), AI assists organizations with environmental monitoring, social responsibilities and optimizing governance. AI enhances a company's ESG performance and promotes sustainable development. For business and organizations across industries, AI (Artificial Intelligence) has become a technological reality now.

ESG Reporting and AI: Reshaping the business.

When ESG practices and AI technology come together, they create a huge chance for companies to make a bigger difference in a purpose-driven way. Organizations can become more committed to doing things in an ethical way as they learn how to deal with the complicated rules of modern governance and use AI. This changing connection between ESG and AI makes it possible for better ways to deal with global problems. This leads to a more complete way of investing that puts both profit and purpose first. Financial disclosures, yearly reports, and manual questionnaires are no longer adequate means of gathering and evaluating ESG data. The speed, size, and intelligence required to convert ESG from static compliance into a dynamic, data-driven strategy are provided by technology, especially artificial intelligence (AI). The significant benefits of using AI in ESG Reporting can be as follows:

(a) **Enhanced Speed and Scalability:** For global organizations, managing multiple reporting frameworks such as SASB, GRI and TCFD can be a bit slower manually but with the help of AI, the process is automated and accelerated saving time and reducing the operational costs, while enabling rapid response to emerging ESG issues. With the AI tools, large datasets can be monitored in real time enabling quicker ESG risk identification and reporting.

(b) **Accuracy and transparency in the Disclosures:** With evolving regulatory standards AI enhances data credibility, ensures compliances and boosts investor confidence in organization. The data can be collected and verified from diverse sources with even great precision. Natural Language Processing (NLP) and Machine Learning (ML) models can detect inconsistencies or green washing in ESG reports.

(c) **Strategic Decision-making with Actionable Insights:** AI helps in proactive decision-making in areas like carbon footprint reduction, supply chain optimization, and diversity initiatives by identifying ESG risks and opportunities early. It provides predictive analytics and scenario modeling that inform ESG strategy at the board and executive levels.

(d) **Enhanced Stakeholder Trust:** Supporting ethical business conduct, AI ensures consistent and unbiased ESG assessments. When transparent, data- driven ESG practices are backed by AI, it builds strong trust amongst investors, regulators, employees and consumers.

(e) **Ethics and Explaining ability:** ESG-specific model governance frameworks ensures alignment with ethical standards by adoption of Explainable AI (XAI) techniques. As, AI decisions must be auditable as well as explainable as they determine the ESG ratings and investment strategies.

Smarter Sustainability: How AI-Driven ESG Platforms Are Revolutionizing Corporate Responsibility.

Now-a-days as organizations are depending more and more on AI-driven platforms to expedite ESG data collection, analysis, reporting, and performance enhancement, ESG becomes a key component of corporate strategy and investor decision-making. By fusing big data, automation, predictive analytics, and artificial intelligence, these technologies are completely changing how companies approach sustainability. AI-driven ESG solutions use big data analytics, machine learning, and natural language processing to identify risks, automate reporting, guarantee regulatory compliance, and produce actionable insights.

These intelligent technologies provide previously unheard-of speed, precision, and scalability ranging from social risk assessment across global supply chains to real-time environmental impact monitoring. Businesses are simplifying processes, increasing stakeholder trust, and establishing themselves as leaders in sustainable governance for the future by using AI into their ESG strategy.

Companies across sectors are already using AI-Driven ESG tools to enhance their CSR activities especially when it comes to ESG management.

The following below are the list of few popular AI-DRIVEN ESG platforms used by the organizations now-a- days :

Leading AI-Driven ESG Platforms

1. **Clarity AI**

   Focus: Sustainability insights using AI and big data

   Strengths: ESG scoring, SDG alignment, regulatory compliance (SFDR, EU taxonomy)

2. **Datamaran**

   Focus: AI-powered ESG risk management and materiality analysis

   Strengths: Natural Language Processing (NLP) for real-time stakeholder monitoring

3. **Persefoni**

   Focus: Carbon accounting and climate disclosure using AI.

   Strengths: SEC, TCFD, and CDP-ready reporting; enterprise-grade GHG management

4. **IBM Environmental Intelligence Suite**

   Focus: Climate risk analytics and ESG data integration.

   Strengths: AI + geospatial analysis, predictive modeling, extreme weather forecasting.

5. **Microsoft Sustainability Manager**

   Focus: ESG data management and carbon tracking.

   Strengths: AI + cloud integration, customizable ESG KPIs, automated reporting.

6. **Measurabl**

   Focus: Real estate ESG data collection and analytics.

   Strengths: GRESB and ENERGY STAR integration, automated data acquisition.

7. **EcoVadis**

   Focus: Sustainable supply chain monitoring.

   Strengths: AI-assisted supplier scoring, sector benchmarking.

8. **OneTrust ESG**

   Focus: ESG program management.

   Strengths: AI-powered ESG assessments, materiality, and stakeholder engagement tools.

9. **RepRisk**:

   Focus: ESG and reputational risk analytics.

   Strengths: AI + NLP for tracking ESG controversies across 100,000+ sources.

Other relevant examples of AI-driven ESG Platforms and Tools are -

- Tracera: Best-in-class AI-driven ESG software for transparent and traceable ESG reporting.
- Workiva: Leverages generative AI for financial and ESG reporting.
- Pulsora: Offers smart data mapping capabilities.
- GreenFi ESG AI: A SaaS-based climate and ESG risk software that aggregates and analyzes sustainability data.
- C3 AI ESG: Enables companies to manage and improve ESG performance through machine learning, NLP, and generative AI techniques.
- KEY ESG: An all-in-one ESG management software that leverages AI for data collection and stakeholder reporting.

Challenges faced by AI-Driven ESG Platforms and Tools

Although AI have made ESG reporting more convenient and easier still there are few key concerns regarding it. As the AI and Technology must be implemented with caution otherwise it may lead to surveillance and privacy risks, particularly in workforce monitoring, and many more issues. While the AI-driven ESG platforms offer powerful tools for sustainability and compliance, they are not without limitations. These AI -driven models are as good as the data they are trained on. ESG data often suffer from the following main issues:

(a) **Interpretability and Algorithmic Bias:** AI systems can unintentionally be biased in data or models. This can lack transparency and make it more difficult or stakeholders to under ESG scores and take decisions based on it. As the stakeholders needs to understand the rationale behind the scores. They may not trust the AI recommendations if they cannot understand how the outputs were generated ("black box" issue).

(b) **Data quality and its Availability:** ESG data always suffer from incompleteness as many companies do not disclose full ESG metrics. Because of the data formats and definitions that vary widely across industries they also suffer from inconsistency. As we all know that AI models are as good as the data they are trained on.

(c) **Lacks in Standardization:** There is no global standard for ESG reporting, making comparisons difficult for stakeholders of various organizations.

(d) **Overreliance on Quantitative Metrics:** While ESG performance often includes qualitative dimensions like leadership ethics, inclusivity and cultural change, AI excels as quantification ignoring non-numeric data from sustainability reports, whistleblower disclosures and press coverage. This can lead to under representation of social and governance risk of an organization.

(e) **Dynamic Regulatory Environment:** AI platforms need constant updates to align with changing compliance requirements as ESG regulations are evolving rapidly (e.g., CSRD in EU, SEC climate disclosures in US). Failure to keep pace with regulations may result in non-compliance.

(f) **Data Privacy and Cyber Security Risks:** AI tools are cloud-based so there always an increased exposure to data breaches and cyber threats. Therefore ESG platforms need to be extra careful while processing sensitive data of companies, employees and supply chain.

(g) **High maintenance and Implementation Cost:** Smaller companies may find these ESG platforms cost prohibitive as the building and maintaining any AI-driven ESG platform requires advance data science teams, continuous algorithm training and other complex process. This makes the AI-driven platform less approachable when it comes to SMEs.

(h) **Limited Contextual Understanding:** ESG performance without human oversight or regional knowledge can be misinterpreted by AI as the metrics are context-sensitive.

(i) **Ethical Concerns and Stakeholder Skepticism:** As the ESG performance is tied to ethical values-some stakeholders may distrust the automation of moral judgment.

By addressing these issues, organizations can leverage AI in better way for meaningful ESG impact while maintain trust and accountability. With more hybrid approaches (including AI with expert analysis), transparent and explainable AI-models, and global efforts towards ESG data standardization and uniform formats for ESG reporting these drawbacks can be minimized. For further improving ESG ratings and built stakeholders trust, companies must adopt standardized ESG frameworks using GRI, SASB, TCFD, and ISSB for credible, comparable disclosures, ensure external ESG audits, disclose both ESG risks and achievements, align sustainability with business performance for regulatory compliance, and use AI and block-chain to improve ESG tracking, validation and compliance.

Some Real-World Applications using AI-Driven ESG Platforms are -

Google AI and Climate forecasting: Google uses DeepMind's weather forecasting AI-GraphCast for faster and more accurate climate models. This helps governments and companies in preparing for climate- related disruptions. GraphCast is a weather forecasting system based on machine learning and Graph Neural Networks (GNNs) for forecasting at high resolutions.

Microsoft's Sustainability Calculator: Microsoft uses AI to power its sustainability calculator further helping customers measure carbon emissions from cloud usage. It integrates machine learning with carbon accounting frameworks to guide greener IT choices.

TrueValue Labs and ESG Intelligence: TrueValue Labs (acquired by FactSet) uses AI to provide real-time ESG signals. Its NLP engine scans over 100,000 sources daily to extract ESG insights, delivering dynamic scores that supplement traditional ESG ratings.

IBM's Watson and ESG Risk Detection: It uses NLP to analyze thousands of news articles, financial reports, and regulatory filings.

AI-Driven ESG Analytics: The New Investment landscape

ESG investing is now revolutionized by AI with much improved quality, speed and relevance of ESG analysis. Asset managers and Hedge funds are using AI to Track ESG sentiments various channels. Robo-advisors now incorporate ESG preferences into investment recommendations. Also personalized ESG scores are being provided by fintech platforms to retail investors by using AI-driven ESG platforms. As by combining alternative data with machine learning models investors get a clear picture of non-financial risks and opportunities. By getting real-time insights using AI, business leaders make informed choices about investments as well as long-term sustainability initiatives helping them generate more capital for their business organizations.

Conclusion

The integration of technology and AI in ESG is not a futuristic concept anymore-it is already reshaping the business world but reshaping its operations, reporting and strategies. From supply chain monitoring to climate change monitoring, to various enhanced techniques and governance intelligence, AI- driven ESG platforms are enhancing the granularity, accuracy and timeliness of ESG efforts. The competitive edge that AI-powered ESG platforms provide cannot be understated. In the business landscape where the authenticity of information and data is of great demand by the investors, regulators and consumers, the organizations that harness AI effectively will not only future-proof themselves but will also contribute meaningfully towards the sustainable planet goals.

The ESG assessments were traditionally hampered by manual reporting, inconsistent benchmarks, and lack of transparency but today the AI-driven ESG platforms are addressing there points head-on. These platforms not only gather data from both structured and unstructured sources but also analyze and interpret them with the help of natural language processing and machine learning algorithms, to come up with most accurate information and data. The analytical power empowers company to perform materiality assessment with more accuracy, identifying the early stage ESG risks and align with evolving global standards such as the Task Force on Climate Related Financial Disclosures (TFCD), EU Taxonomy, or Sustainable Development Goals (SDGs). The AI enables scenario modeling furthermore for climate impacts and provides more inclusive stakeholders engagement by capturing diverse voices in real time.

As we navigate an era defined by pressing environmental challenges, rising social expectations and increasing regulatory scrutiny, the role of technology in terms of AI (Artificial Intelligence) in Environmental, Social and Governance (ESG) strategies is no longer only transformative but becoming imperative. The technology is reshaping the way organizations understand, manage and report their sustainability commitments. From reactive compliance to proactive sustainability leadership, businesses are being transformed by AI. The shift from static ESG disclosures to real-time dashboards transforms ESG to daily strategic lever from once a year report. Now companies can respond to stakeholders concern more promptly and demonstrate accountability with measurable results building a strong reputation amongst its stakeholders. In future we are likely to see even greater convergence between ESG, digital transformation and corporate strategy as the AI technologies mature.ESG will no longer be the compliance checklist, but a dynamic AI-enabled value creation engine. Smart ESG platforms will become central to boardroom decisions, brand positioning, investor relation and supply chain governance.

In the words of Ginni Rometty, former CEO of IBM:

> **"The only way you survive is you continuously transform into something else. It's this idea of continuous transformation that makes you an innovation company."**

The AI-driven ESG platform ultimately symbolizes the next phase of this transformation offering a pathway to merge ethical responsibility with technological innovation. By embedding AI into ESG frameworks, companies are not just adopting a tool but they are also embracing a philosophy of resilience, accountability, and long term value creation. The future of ESG thus surely lies in the intersection of intelligence and integrity with AI being the catalyst that will help bridge that gap delivering smarter, fairer, and more sustainable outcomes for the businesses, society, and the planet alike.

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ESG: REDEFINING THE ROLE OF PROFESSIONALS

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1. Introduction

The concept of Environmental, Social, and Governance (ESG) has rapidly moved from a niche consideration to a central pillar of organisational strategy and risk management. ESG frameworks encompass the environmental impacts of business activities, the social relationships that businesses foster, and the governance structures that ensure accountability and ethical conduct. Once considered a compliance burden or a public-relations initiative, ESG now reshapes corporate purpose, creating new professional demands and opportunities.

Globally, regulators, investors, consumers, and society are raising expectations for organisations to act responsibly, manage long-term sustainability risks, and contribute positively to society. ESG criteria are now a significant factor affecting financial performance, reputational capital, and strategic growth rather than being a side issue.

In this new environment, professionals' roles are being radically reinterpreted. Numerous positions are being redesigned, ranging from human resources specialists overseeing social impact projects to financial analysts integrating ESG metrics into valuations and accountants tasked with verifying sustainability reports. ESG reshapes how professionals perceive risk, opportunity, ethics, and stakeholder relationships. Recent academic and industry data demonstrate the rapid expansion of ESG's influence across various professions. ESG is reshaping decision-making structures, pushing professionals beyond traditional financial or technical silos toward systems thinking and purpose-driven leadership.

This paper examines how ESG is changing the role of professionals. This discussion will cover the drivers of the ESG transformation, new skill requirements, sector-specific changes, the need for education and training, the role of digitalisation, obstacles and challenges, and the probable future course of ESG-related professional practices. This article provides a roadmap for professionals to successfully navigate and prosper in the ESG era by methodically integrating practitioner viewpoints with insights from the latest research.

2. ESG Drivers Shaping Professional Responsibilities

The evolution of professional roles under the ESG paradigm is being driven by a complex interaction between stakeholder demands, regulatory pressures, and technological advancements. To understand why ESG competencies are now required across all professions and are no longer optional, it is imperative to comprehend these drivers.

2.1 Regulatory Forces

One of the most potent drivers of ESG adoption is regulatory frameworks. Policymakers from around the world have introduced or proposed comprehensive regulations to integrate sustainability and governance principles into corporate operations. For instance, by 2026, over 50,000 organisations will be required to comply with the European Union's Corporate Sustainability Reporting Directive (CSRD), which requires comprehensive sustainability disclosures. Professionals, particularly accountants, auditors, and sustainability officers, must be proficient in collecting, verifying, and reporting ESG data.

To provide investors with clear information on emissions, climate-related risks, and governance procedures, the U.S. Securities and Exchange Commission (SEC) has proposed climate-related disclosure regulations. Board directors, compliance teams, and corporate financial officers now have more professional duties as a result of these regulations.

These regulatory changes are mirrored globally in initiatives like the International Sustainability Standards Board (ISSB) and the Task Force on Climate-related Financial Disclosures (TCFD), which establish baseline expectations for material ESG risk reporting. The proliferation of these frameworks means that professionals across various functions must integrate ESG into their day-to-day decision-making, going far beyond periodic CSR reports.

2.2 Stakeholder Expectations

Customers, investors, workers, communities, and governments are among the contemporary stakeholders who are increasingly speaking out about social and environmental issues. Consumers prefer brands with strong sustainability credentials, according to surveys and institutional investors now regularly request ESG metrics before making capital allocations.

This rising stakeholder pressure forces professionals to act as ESG stewards. Marketing and communications specialists, for instance, must ensure that sustainability claims are credible and avoid greenwashing. At the same time, supply chain professionals are expected to monitor social and environmental risks throughout their entire supplier network. The recent data indicate that ESG factors are also becoming embedded in executive compensation, performance incentives, and corporate strategy, necessitating that human resource professionals align incentives with ESG targets.

2.3 Technological Shifts

Technology is both an enabler and a disruptor in ESG. Artificial intelligence, machine learning, and blockchain are transforming the collection, traceability, and assurance of ESG data. Large language models are being explored for drafting sustainability reports and scenario modelling. Fintech innovations, meanwhile, are enabling greater financial inclusion and greener finance solutions. Professionals working in technology fields must grapple with how to design ethical AI systems, ensure data privacy, and avoid algorithmic bias, all of which are increasingly scrutinised under the ESG lens.

Traditional roles must also learn digital skills as a result of technological transformation. For instance, complex ESG metrics that can be automated with data pipelines must now be validated by accountants. Lawyers must simultaneously address new privacy and ethical issues arising from digital ESG tools.

2.4 Convergence of Forces

What emerges from the research is a convergence of these forces. Regulations set the baseline, stakeholder demands elevate expectations, and technology enables new practices while creating new risks. Professionals in all sectors are caught up in this convergence, requiring them to reassess their competencies, ethical standards, and long-term objectives.

3. Emerging ESG Competencies for Professionals

As ESG reshapes organisational priorities, the competencies required of professionals are evolving well beyond traditional technical or financial expertise. Contemporary ESG literature suggests four critical categories of emerging competencies: sustainability literacy, data and reporting skills, ethical leadership, and systems thinking.

3.1 Sustainability Literacy

The expectation for sustainability literacy is quickly rising. Professionals need to understand how business models relate to major environmental issues, such as resource scarcity, biodiversity loss, and climate change. They must also appreciate social dynamics, including human rights, community relations, and workforce diversity.

For example, a finance professional cannot assess ESG risks in project funding without understanding carbon transition pathways. At the same time, a human resource manager cannot design effective social policies without literacy in equity and inclusion. The recent trends highlight repeated references to the integration of sustainability knowledge into professional accounting, investment analysis, and legal frameworks.

Professional organisations are increasingly embedding sustainability topics in their competency models. For instance, the CFA Institute has introduced ESG modules into its core certification pathways, recognising that modern analysts cannot disregard sustainability factors.

3.2 Data and Reporting Skills

Data skills are another fundamental requirement. ESG reporting is data-intensive, involving quantitative metrics (like carbon emissions, water use, or board diversity) and qualitative disclosures about governance processes. Professionals across industries need the capability to collect, validate, analyse, and communicate ESG data reliably.

Recent data show a clear trend: accountants, auditors, and compliance professionals are being challenged to verify non-financial data with the same rigour they apply to financial statements. Tools like AI-driven sustainability dashboards, blockchain for traceability, and digital reporting platforms all demand new data literacy competencies.

To create disclosures that satisfy stakeholders and regulations, professionals must also be familiar with reporting standards like the EU's CSRD, the Sustainability Accounting Standards Board (SASB), and the Global Reporting Initiative (GRI).

3.3 Ethical Leadership

ESG is fundamentally an ethical proposition: balancing shareholder value with the interests of broader stakeholders. As such, professionals must cultivate ethical leadership, prioritising transparency, accountability, and fairness in all decisions.

Greenwashing scandals have shown how easy it is for ESG claims to be manipulated. Leaders who can act with integrity, stand up for sustainable practices, and navigate ethical dilemmas will be essential for safeguarding organisational legitimacy.

Professionals must champion ESG as a core organisational mission rather than a superficial branding exercise.

3.4 Systems Thinking

ESG challenges are inherently complex, spanning multiple domains, including climate risks, social justice, and corporate governance. Traditional linear thinking is inadequate for such complexity. Instead, professionals are being asked to develop systems thinking:

the ability to see interdependencies, anticipate unintended consequences, and work collaboratively across boundaries.

For example, improving workplace diversity may also improve innovation and financial performance, while poor waste management could harm community relations and trigger legal risks. Systems thinking helps professionals connect these dots and design more resilient strategies

4. Sector-Specific Implications

Not all professions are equally transformed by ESG imperatives. Rather, their effects differ depending on the industry, occupation, and organisational function. Five major professional domains, finance and investment, accounting and audit, legal and compliance, human resources, and technology and data, stand out as having experienced significant ESG transformation based on the most recent data.

4.1 Finance and Investment

When it comes to ESG, finance professionals are at the forefront of the movement. Capital markets are evolving in response to the impact of impact investing, green bonds, and sustainable finance. ESG risks and opportunities must be incorporated into conventional valuation models by analysts and portfolio managers.

Professionals in banking and insurance increasingly incorporate climate scenarios, biodiversity impacts, and social risk assessments into their lending and underwriting decisions. The CFA Institute's expansion of ESG certification is a signal of the new skill set requirements for investment professionals.

The recent data also reveals how fintech is enabling ESG-aligned capital allocation through innovations like green peer-to-peer lending, sustainability-linked loans, and automated ESG scoring platforms. These developments push finance professionals to develop blended expertise in sustainability, risk management, and digital tools.

4.2 Accounting and Audit

ESG is rewriting the accounting rulebook. As with traditional financial statements, accountants are now required to verify non-financial disclosures with the same level of rigour, including diversity metrics and carbon footprints.

It is becoming increasingly challenging for auditors to ensure that ESG data is reported in accordance with frameworks such as the CSRD, SASB, and GRI. The uploaded abstracts frequently emphasise the need for new skills in sustainability measurement, stakeholder engagement, and materiality analysis to meet ESG assurance demands.

In addition, integrated reporting, which combines financial and sustainability results into a single narrative, is becoming a standard practice, transforming what it means to prepare and present corporate reports.

4.3 Legal and Compliance

Legal and compliance professionals play a crucial role in supporting ESG goals. They must help organisations navigate a fast-changing landscape of regulations, lawsuits, and stakeholder challenges.

Climate-related disclosures, supply chain due diligence, and anti-corruption measures all require specialised legal knowledge. For example, under Germany's Supply Chain Due Diligence Act, legal professionals are required to verify that global suppliers meet stringent standards for human rights and the environment.

The data also highlights emerging topics, such as AI ethics, data privacy, and algorithmic bias, where legal frameworks are still in the process of evolving. This forces legal professionals to be proactive in shaping policy and advising on digital ESG tools.

4.4 Human Resources

The social pillar of ESG cannot succeed without HR leadership. Professionals in human resources play a central role in advancing workplace diversity, equity, and inclusion (DEI), ensuring fair labour practices, and fostering positive workplace cultures.

The recent trends reveal a surge in research on ESG-linked compensation strategies, training for sustainability competencies, and workforce reskilling for green jobs. HR leaders must design new hiring practices, performance measures, and incentives that align employee behaviour with ESG goals.

4.5 Technology and Data

Ultimately, experts in data and technology are crucial to the successful implementation of ESG. Designing systems that are safe, ethical, and transparent is essential. Examples of these systems include blockchain for supply chain tracking and AI-powered ESG tools.

It is expected of tech workers to create solutions that track and validate ESG data while maintaining data accuracy and privacy. Technology workers must consider the environmental impact of their tools and systems, as evidenced by the growing emphasis on green IT (reducing technology's footprint).

5. Education, Training, and Professional Development

Without equally significant adjustments to education and ongoing learning, the extensive reinterpretation of professional roles through ESG cannot be successful. Professionals in all sectors must develop their ESG competencies.

5.1 Academic Curriculum Transformation

ESG issues are increasingly being integrated into business, finance, law, engineering, and social science curricula at higher education institutions worldwide. While engineering programs teach life-cycle analysis and environmental impact measurement, business schools have expanded their courses to include ethical leadership, sustainable finance, and responsible investing. To prepare legal professionals for ESG-driven advisory roles, law schools are offering courses on environmental regulation, human rights frameworks, and green contracting.

This shift supports a new generation of professionals capable of leading ESG transitions rather than merely responding to them.

5.2 Professional Certifications and Standards

Beyond traditional degrees, the demand for ESG certifications is rising sharply. The CFA Institute's ESG Certificate, the GRI Sustainability Professional Certification, and the SASB FSA Credential are now recognised signals of ESG literacy.

While HR professionals are looking into DEI certification programs to align talent management with ESG principles, auditors are increasingly pursuing certifications in ESG assurance. Building trust with clients, regulators, and other stakeholders is facilitated by these credentials, which also serve to validate new skills.

Global convergence is likely to be accelerated by the creation of the ISSB and the EU's CSRD framework, which will provide professionals with a clearer goal for certification and upskilling.

5.3 Continuing Professional Development

One-time instruction is insufficient because ESG issues change quickly. Through workshops, conferences, seminars, and online micro-credentials, professionals must commit to lifelong learning.

ESG-focused continuing professional development (CPD) programs are becoming increasingly available from professional associations, including accounting institutes, bar associations, and financial analyst societies. For example, climate scenario analysis, human rights due diligence, and ethical AI are all emerging CPD topics.

The data reveals that professionals who stay current with ESG innovations are better positioned to anticipate regulatory changes, manage stakeholder risks, and deliver integrated solutions.

5.4 Fostering an ESG Mindset

Finally, education isn't just about learning how to do things; it's also about changing the way you think. Professionals need to find a sense of purpose that is connected to the health of people and the environment. Academic and business education should encourage professionals to think beyond just following the rules and make ESG a core part of who they are as individuals and as organisations.

Education can equip professionals with the tools they need to lead the ESG transformation, rather than being overtaken by it, by combining new ideas in the classroom, certifications, ongoing professional development, and shifting their mindset.

6. Challenges and Barriers

ESG is changing the roles and responsibilities of professionals, but the journey is not without major challenges. Let's discuss some of the primary challenges: the risk of greenwashing, the shortage of skills, the scarcity of resources, and the difficulty in measuring progress.

6.1 Greenwashing

Greenwashing, which occurs when companies make false or exaggerated claims about their environmental impact to improve their reputation or generate profits without actually implementing any changes, is one of the biggest risks in ESG.

There is increasing pressure on professionals to provide credible, evidence-based ESG reporting. There is considerable concern that ESG claims made without thorough verification can erode stakeholder trust and lead to legal or regulatory penalties.

People can greenwash intentionally due to short-term marketing goals, or they can do so unintentionally because of poor data or inadequate controls. Professionals, particularly auditors, compliance officers, and communication teams, need to establish robust assurance systems to identify and prevent false claims.

6.2 Skills Gaps

The transition to an ESG-centric practice requires entirely new skill sets. However, many industries still lack sufficient professionals with knowledge of ESG.

Accountants and auditors may not be familiar with non-financial data, while engineers may lack knowledge of climate disclosure frameworks. It may be challenging for HR leaders to incorporate DEI metrics into performance systems, and legal teams may require additional training in climate law and ESG regulations.

To close these gaps, we will need to continue investing in education, certifications, and on-the-job training.

6.3 Resource Constraints

Implementing ESG measures requires significant resources. Companies, especially smaller ones, struggle to find the people, money, and time they need to meet ESG standards.

The costs of climate scenario analysis, supply chain due diligence, and enhanced reporting can be prohibitive without scale or external support. Professionals must learn to prioritise ESG interventions, demonstrate their business value, and seek collaborative partnerships to ease the burden.

6.4 Measurement and Standardisation Challenges

ESG measurement is still changing. Measuring progress is challenging due to the varying frameworks, definitions, and data quality. For instance, one company's definition of "net zero" may not align with another's, making it more challenging for investors to compare companies.

Professionals must navigate this complex reporting environment while advocating for frameworks such as GRI, SASB, and the ISSB to converge. Consistent measurement tools are crucial for building trust in ESG claims and enabling professionals to develop effective plans.

7. Future Outlook

In an ESG-driven world, the roles of professionals will continue to evolve. This is due to stricter regulations, higher expectations from stakeholders, new technologies, and the need to solve global sustainability problems quickly.

7.1 The Professionals of 2030 and Beyond

By 2030, the most successful professionals will likely be those who view ESG as a core component of their role, rather than an added responsibility. Just as digital literacy has become important over the past 20 years, ESG literacy will also become important.

People working in finance, accounting, technology, human resources, and legal services will be part of multidisciplinary teams that combine technical skills with knowledge of sustainability, ethical reasoning, and stakeholder engagement. New codes of conduct for professionals are likely to incorporate ESG principles clearly and explicitly. This would expand traditional ethics frameworks to encompass caring for the environment and promoting social responsibility.

7.2 Increasing Interdisciplinary Collaboration

People who want to work in the future will need to collaborate in ways that extend beyond their traditional roles. Accountants will collaborate with data scientists to verify carbon metrics, and HR leaders will partner with engineers to enhance the environmental sustainability of workplaces. Along with supply chain experts, lawyers will help set cross-border sustainability standards.

This kind of teamwork across departments is necessary because ESG risks are interconnected. As climate change, social justice, and poor governance continue to intersect, professionals will need to consider the broader implications, collaborate, and ensure their strategies align with one another (Senge, 2006).

7.3 Technology as a Catalyst and a Risk

Technology will continue to accelerate ESG progress, but it will also introduce new risks. By 2030, advanced AI models may be able to perform a significant portion of the work involved in ESG reporting, risk modelling, and assurance. Professionals will shift away from manual tasks and towards strategic oversight, verifying the accuracy of automated systems and monitoring the biases and limitations of algorithms.

New digital business models, including tokenised carbon markets, circular-economy platforms, and regenerative finance solutions, will require professionals to integrate ESG knowledge with cutting-edge technology skills.

However, the risk of ethical lapses, data misuse, and overreliance on automation will also rise, meaning professionals must develop robust governance and accountability structures around ESG tech.

7.4 Multidisciplinary ESG Teams

Organisations of the future will likely organise around multidisciplinary ESG teams rather than purely functional hierarchies. These teams will combine legal, financial, technical, and social competencies to address complex sustainability challenges in a holistic manner.

The recent research shows that ESG performance improves when organisations empower cross-functional groups with clear mandates, resources, and accountability mechanisms.

By working in such multidisciplinary teams, professionals can break down barriers between strategy, compliance, reporting, and innovation to deliver credible and lasting ESG outcomes.

8. Conclusion

Environmental, Social, and Governance (ESG) principles are no longer an optional or peripheral concern; they represent a seismic shift in how societies expect organisations to behave and create value. The growing force of regulatory frameworks, stakeholder expectations, and technological innovation is fundamentally redefining what it means to be a professional across virtually every field.

From the insights drawn across contemporary ESG literature, it is clear that traditional skills alone will no longer suffice. Professionals must develop sustainability literacy, data and reporting capabilities, ethical leadership, and systems thinking. They must be ready to work in multidisciplinary teams, collaborate across traditional silos, and embed ESG concerns into their core mission.

Sector after sector, from finance to law, from human resources to engineering, is experiencing the powerful effects of ESG transformation. Reporting frameworks are tightening, stakeholder activism is growing, and technology is both enabling and complicating ESG measurement and compliance. Greenwashing, skills gaps, resource constraints, and inconsistent metrics continue to pose barriers; however, with the right educational strategies, professional development efforts, and organisational culture shifts, these challenges can be addressed.

As we look toward 2030 and beyond, ESG will be embedded not only in organisational strategy but in the very identity of professionals. Ethical, responsible, and sustainability-focused practices will be as fundamental to professional legitimacy as technical expertise or financial literacy. The professions themselves, from accountants to engineers to compliance officers, will redefine their codes of ethics to reflect these new expectations.

In this way, ESG is more than a compliance exercise: it is an opportunity for professionals to rediscover purpose, contribute to global well-being, and build resilient, future-ready organisations. Those who adapt, learn, and lead in this ESG transition will not only secure their relevance but will help shape a more equitable and sustainable future for all.

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ENVIRONMENTAL SUSTAINABILITY AND CS ROLE'S IN ESG.

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"In today's world, profits alone are not enough — purpose, people, and the planet matter more than ever."

Introduction

In recent years, the principles of Environmental, Social, and Governance (ESG) and sustainability have gained significant traction globally, reshaping how businesses operate and how stakeholders evaluate corporate performance. ESG serves as a framework to assess a company's commitment to responsible business practices across environmental stewardship, social responsibility, and ethical governance. Sustainability, while broader in scope, emphasizes meeting present needs without compromising the ability of future generations to meet their own. As global challenges such as climate change, resource scarcity, and social inequality intensify, ESG and sustainability have become central to long-term economic resilience and ethical corporate conduct.

In the Indian context, these concepts hold increasing relevance as the country navigates the dual imperatives of rapid economic development and environmental preservation. With regulatory bodies like the Securities and Exchange Board of India (SEBI) mandating disclosures such as the Business Responsibility and Sustainability Report (BRSR), and growing investor interest in sustainable practices, ESG is transitioning from a voluntary initiative to a strategic imperative.

This article examines the evolving ESG and sustainability landscape in India, exploring regulatory developments, corporate initiatives, and the future outlook for responsible business practices.

ESG, AI, and Technology: A Professional Perspective

As businesses face increasing scrutiny over their environmental and social impacts, technology—particularly artificial intelligence—is playing a vital role in advancing ESG goals. AI-powered tools can help companies monitor emissions, improve energy efficiency, and enhance transparency in supply chains, making it easier to collect reliable ESG data and comply with evolving regulations. For governance, technology can support better risk management and strengthen corporate oversight through real-time analytics and automated reporting. By integrating AI into ESG strategies, organizations can not only improve compliance and decision-making but also demonstrate a genuine commitment to sustainable and responsible business practices.

Artificial intelligence (AI) and emerging technologies are transforming the way companies approach ESG. By harnessing technology, organizations can measure, monitor, and improve their environmental, social, and governance performance with greater accuracy and speed.

Environmental – AI-driven sensors and data analytics enable real-time monitoring of energy use, emissions, and water consumption, helping companies optimize resources and reduce their carbon footprint. Predictive modeling can assess climate risks and inform resilience planning.

Social – Technology platforms can enhance workplace safety, improve supply chain transparency, and ensure ethical labor practices by tracking vendors and partners. Digital tools also support diversity, equity, and inclusion programs through unbiased hiring algorithms or analytics on pay equity.

Governance – AI-powered compliance systems can detect fraud, identify governance risks, and monitor adherence to ESG regulations. Automated reporting tools help companies generate accurate ESG disclosures, reducing manual errors and improving transparency.

Overall, **technology and AI can make ESG efforts more efficient, measurable, and impactful**, supporting better decision-making and accelerating the transition to sustainable business models.

ESG in India: Applicable Laws, SEBI Guidelines, and Corporate Responsibilities

India has introduced several laws and guidelines, including SEBI's mandatory ESG reporting requirements, to ensure transparency, accountability, and sustainable business conduct. Below are the key laws and regulations applicable to ESG compliance in India:

1) **SEBI (Securities and Exchange Board of India) Regulations & ESG Reporting**

   - **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)**

     Regulation 34(2)(f): Mandates the top 1,000 listed companies (by market capitalization) to submit the **Business Responsibility and Sustainability Report (BRSR)** as part of their annual report from FY 2022–23 onwards.

     This replaced the earlier Business Responsibility Report (BRR) and significantl broadened ESG disclosures.

   - SEBI Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021: Introduced the **BRSR format**, detailing essential ESG metrics that must be reported

2) **Companies Act, 2013**

   - **Section 134(3)(m)**: Requires disclosure of conservation of energy, technology absorption, and foreign exchange earnings/outgo—relevant to the *environmental* aspect.
   - **Section 135**: Governs **Corporate Social Responsibility (CSR)**. Companies meeting certain thresholds must spend at least 2% of average net profits on CSR activities (aligned with the *social* aspect).
   - **Rule 8 of Companies (Accounts) Rules, 2014**: Requires a board report to include details of CSR initiatives, energy conservation, and technology absorption.

3) **Environmental Laws (Environmental Pillar of ESG)**

   - **Environment (Protection) Act, 1986**: Empowers the central government to set standards and regulations to protect and improve the environment.
   - **Air (Prevention and Control of Pollution) Act, 1981** & **Water (Prevention and Control of Pollution) Act, 1974**: Mandate compliance with emission/discharge norms for businesses.

4) **Labour & Social Welfare Laws (Social Pillar of ESG)**

   - **Factories Act, 1948** (health, safety, working conditions).
   - **Child Labour (Prohibition and Regulation) Act, 1986**.

- **Equal Remuneration Act, 1976**, among others, ensure fair treatment and social compliance.

5) **Governance-Related Laws**

    - **Companies Act, 2013**:

        - *Section 149*: Requires appointment of independent directors for certain classes of companies.
        - *Section 177*: Establishes the Audit Committee.
        - *Section 178*: Mandates a Nomination and Remuneration Committee.

6) **SEBI (Prohibition of Insider Trading) Regulations, 2015**: Addresses governance and ethical conduct.

The Growth of ESG in Indian Organizations

In recent years, Indian organizations have seen a significant shift toward integrating ESG principles into their core strategies. Driven by evolving investor expectations, global supply chain requirements, and regulatory mandates like SEBI's BRSR, ESG adoption is no longer optional but a business imperative. Companies across sectors—from manufacturing to IT—are setting ambitious targets for reducing carbon emissions, improving workplace diversity, and strengthening corporate governance.

As sustainability moves from a compliance exercise to a strategic priority, organizations embracing ESG are better positioned to attract investment, enhance reputation, and ensure long-term resilience in an increasingly competitive and environmentally conscious global market.

India to need $1.3 trillion green, social funds by 2030, says The Economic times report news.

A report by MUFG Bank and Climate Bonds Initiative revealed that **India will require approximately $1.3 trillion in cumulative green, social, and sustainable finance (GSS) by 2030**. This massive capital need is crucial to support the country's transition to a low-carbon economy, especially in hard-to-decarbonize sectors like cement and steel

Key highlights:

- The $1.3 trillion represents **additional funding**, not existing budgets—it covers green bonds, sustainability-linked debt, and other instruments.
- Sectors targeted include **renewable energy, clean transportation, energy efficiency, and climate-resilient infrastructure**.
- Reflects India's strong push to align with its climate commitments while maintaining economic growth.

This serves as a call to action for both **public policy and private sector investment**, aiming to bridge a substantial gap in sustainable finance over the next 5 years.

ESG Disclosure Framework for Listed Firms in India

Business Responsibility and Sustainability Report (BRSR)

- Mandated by the **Securities and Exchange Board of India (SEBI)** since FY2022–23.
- **Applicability:**

- Top **1,000 listed companies** by market capitalization.
- **Format:**
  - Standardized BRSR template issued by SEBI.
  - Covers three pillars: Environmental, Social, and Governance.
- **Scope:**
  - 9 principles under the National Guidelines on Responsible Business Conduct (NGRBC), e.g. ethics, human rights, environmental stewardship.
  - Quantitative metrics on emissions, energy use, waste, employee well-being, diversity, CSR, board composition, grievance redressal, etc.
- **Reporting timeline:**
  - Annually, as part of the Annual Report.

BRSR Core (Introduced April 2023)

- A subset of **49 key ESG indicators** called "BRSR Core" introduced by SEBI to enhance comparability and reliability.
- Mandatory **assurance (external audit)** for BRSR Core disclosures for:
  - Top **150 listed companies from FY2023-24**, expanding to top 1000 by FY2026-27.
- Focuses on quantifiable, verifiable metrics (e.g., GHG emissions by scope, gender diversity, data security incidents).

BRSR Core Metrics

Some of the required indicators include:

- GHG emissions (Scope 1, 2, 3)
- Energy intensity per revenue
- Water consumption & recycling
- Workforce diversity (gender, age)
- Employee turnover rates
- Community investments
- Board independence ratio
- Anti-corruption measures

SEBI ESG Rating and Index Guidelines (2023)

- ESG Rating Providers (ERPs) regulated by SEBI.
- Ratings must disclose methodologies transparently.
- ESG indices must be based on assured disclosures, ensuring consistency with BRSR Core.

India role in climate governance

International Leadership :

- **Paris Agreement commitments:** India is a key signatory and has pledged to reduce emissions intensity of its GDP by **45% from 2005 levels by 2030**, and achieve **net-zero emissions by 2070**.

- **Nationally Determined Contributions (NDCs):**

Updated in 2022, India's NDCs include:

- 50% cumulative electric power capacity from non-fossil fuel sources by 2030.
- Increase forest and tree cover to absorb 2.5–3 billion tons of CO_2 equivalent.

International Solar Alliance (ISA): Launched by India and France in 2015, ISA now includes **over 120 countries** promoting solar energy deployment globally.

Coalition for Disaster Resilient Infrastructure (CDRI): Founded by India in 2019, with 39+ members; aims to make infrastructure systems climate-resilient.

Voice of the Global South: India advocates for climate finance, technology transfer, and equity in global negotiations (UNFCCC, COP summits) — emphasizing **common but differentiated responsibilities (CBDR)**.

Domestic Climate Governance Framework :

Policy & Legislation

- **National Action Plan on Climate Change (NAPCC):** India's 2008 umbrella policy, with 8 National Missions (e.g., Solar, Enhanced Energy Efficiency, Sustainable Agriculture).
- **State Action Plans on Climate Change (SAPCCs):** Every state formulates its own plan aligned with NAPCC.
- **Energy Conservation Act (amended 2022):** Introduces a domestic **carbon credit trading scheme**.
- **Perform, Achieve, and Trade (PAT) scheme:** Market-based mechanism to improve energy efficiency in energy-intensive industries.

Regulatory Bodies

- **Ministry of Environment, Forest & Climate Change (MoEFCC):** Apex body for climate policy, carbon markets, forest conservation.
- **Bureau of Energy Efficiency (BEE):** Implements energy-saving programs.

Climate Finance

- India pushes for adequate climate finance at COPs, highlighting the need for **$1 trillion in climate investments by 2030** for India alone.
- Policies incentivize green bonds, renewable energy investments, and blended finance.

Renewable Energy Push

- Launched ambitious **National Solar Mission**, targeting **500 GW of non-fossil fuel capacity by 2030**.
- India is one of the world's top 3 renewable energy markets today.

Why Company Secretaries Matter for ESG

Company Secretaries are key governance professionals under the Companies Act, 2013, responsible for ensuring corporate compliance, secretarial standards, and board support. As

ESG becomes central to corporate governance, the CS's role is expanding to include **ESG integration, disclosures, and stakeholder engagement**, because:

- ESG is fundamentally about governance, risk management, transparency, and ethical conduct — the CS's core expertise.
- Regulators (SEBI) increasingly link ESG disclosures (BRSR, BRSR Core) to board oversight, making the CS pivotal in coordinating between the board, management, and stakeholders.

ESG Governance Framework

- Advise the board and its committees (Audit, CSR, Risk) on ESG responsibilities, obligations, and best practices.
- Facilitate incorporation of ESG considerations into the company's charter, policies, and board agendas.
- Help establish ESG committees or task forces if needed.

Compliance & Disclosures

- Oversee compliance with **SEBI's BRSR/BRSR Core mandates** for listed companies.
- Ensure timely and accurate ESG disclosures in annual reports, sustainability reports, and stock exchange filings.
- Interpret evolving ESG regulations from SEBI, MCA, and global standards.

Stakeholder Communication

- As the **officer responsible for corporate communication**, the CS can help design and review ESG disclosures shared with investors, regulators, analysts, customers, and the public.
- Address investor or proxy advisor queries related to ESG governance.

Risk Management & Ethics

- Embed ESG-related risks into enterprise risk management (ERM) frameworks.
- Promote ethical practices, anti-corruption measures, and grievance redressal mechanisms — essential parts of the **S (Social)** and **G (Governance)** pillars.

CSR & Sustainability Alignment

- Support alignment of the company's **CSR initiatives under Section 135 of the Companies Act, 2013** with its ESG strategy.
- Ensure CSR policy disclosures integrate ESG material topics.

Documentation & Assurance

- Maintain accurate records of ESG data sources, assumptions, and processes for potential external assurance of BRSR Core metrics.
- Facilitate ESG-related internal or external audits.

Regulatory Support

The **Institute of Company Secretaries of India (ICSI)** has recognized ESG as a critical area in its guidance, training, and recent programs. ICSI encourages Company Secretaries to:

- Master ESG frameworks,
- Advise companies on sustainability strategies,
- Lead ESG-related governance innovations.

Why the CS's ESG Role Is Growing

- SEBI's BRSR Core requires robust board oversight → CS is the bridge between management and the board.
- ESG failures often become governance crises → CS's knowledge of corporate governance frameworks is critical for prevention and response.
- Stakeholders demand greater transparency → CS ensures disclosures meet legal and ethical standards.

The Company Secretary is no longer just a compliance officer — they are increasingly a **strategic advisor on ESG governance***, critical for ensuring credible, ethical, and value-creating ESG practices.*

Stewardship Governance

Stewardship governance refers to the **responsible oversight, engagement, and influence that investors, boards, and company leaders exercise on behalf of beneficiaries, shareholders, and stakeholders to promote long-term value creation and sustainable outcomes**.

Unlike traditional governance, which focuses narrowly on compliance or shareholder primacy, **stewardship governance expands the responsibility to broader stakeholders**, including society, employees, customers, and the environment.

Stewardship Governance in India

India has taken steps to formalize stewardship:

In 2020, **SEBI introduced the Stewardship Code** for mutual funds and alternative investment funds (AIFs), requiring them to:

- Formulate stewardship policies.
- Engage actively with investee companies.
- Vote responsibly in shareholder meetings.
- Disclose stewardship activities periodically.

The **Insurance Regulatory and Development Authority of India (IRDAI)** also issued a Stewardship Code for insurers.

These codes aim to ensure institutional investors act as responsible stewards of capital, influencing companies to adopt better governance and ESG practices.

Stewardship governance is a powerful tool for responsible capitalism, ensuring companies create long-term, sustainable value for shareholders and society — and in India, it's now an expected standard for institutional investors.

Key Principles of Stewardship Governance

- **Active ownership:** Investors engage with companies to encourage sustainable strategies, good governance, and responsible practices.

- **Accountability:** Boards and management are accountable not just to shareholders but also to wider stakeholders affected by corporate decisions.
- **Transparency:** Disclosing voting, engagement activities, and stewardship policies clearly.
- **Long-termism:** Prioritizing decisions that build sustainable value over short-term profits.
- **Ethical conduct:** Acting with integrity and considering societal and environmental impacts.

Conclusion

ESG is no longer optional — it is essential for sustainable growth, responsible investment, and good governance. By integrating environmental, social, and governance principles, Indian companies, professionals, and boards can build trust, manage risks, and create long-term value for all stakeholders. Embracing ESG today means securing a more resilient and equitable future for businesses and society alike.

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INDIA'S DEVELOPMENT TRANSITION: FROM RULING TO RESPONSIBLE STEWARDSHIP

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Synopsis

India's developmental journey in the last two decades has been shaped by the imperatives of sustainability, inclusivity and responsible governance. Stewardship governance centered on long-term value creation, ethical leadership, stakeholder orientation and fiduciary responsibility is steadily gaining traction across public, private and civil society sectors. There is a need to mainstream the concept of stewardship governance in the Indian context in order to achieve equitable growth, environmental sustainability and institutional integrity. Drawing on policy frameworks, corporate practices and global trends, systemic changes are required in leadership mindsets, governance structures and regulatory ecosystems to position stewardship as a foundational principle in India's development model.

Introduction

Governance in the 21st century is no longer confined to enforcing compliance. It has become a transformative tool for shaping resilient, equitable and future-ready societies. In India, the gradual evolution from a command-and-control regime to a principle-based governance framework is being driven by several converging forces viz. growing public demand for transparency, climate imperatives and the widening gap between economic growth and human development. Stewardship governance, which is premised on trusteeship, long-term accountability and stakeholder capitalism, offers a powerful and ethical lens to address these challenges while fostering collective progress.

Defining Stewardship Governance

Stewardship governance represents a shift from ownership-centric to responsibility-centric thinking. It repositions leaders and institutions not as owners or controllers, but as caretakers of resources, people, and future potential. It emphasizes the following:

- **Long-term value creation**

  Stewardship prioritizes sustainability over short-term results, building value that transcends immediate financial gains and addresses future societal and environmental needs. It calls for businesses and institutions to embed foresight in their strategies, ensuring continuity, innovation, and resilience across generations. This orientation nurtures trust and builds reputational capital that compounds over time.

- **Responsible resource utilization**

  It requires efficient, ethical, and sustainable management of natural, financial and human resources, with an emphasis on reducing waste, promoting renewables and enabling equity. Responsible utilization means aligning operations with planetary boundaries, investing in regenerative practices and ensuring that growth does not come at the cost of exploitation or exclusion. It also encourages circular economy thinking and inclusive workforce development.

- **Stakeholder engagement**

  Instead of narrowly focusing on shareholders, stewardship governance calls for inclusive decision-making that reflects the voices of employees, communities, suppliers, regulators and future generations.

This approach transforms governance from a transactional activity into a collaborative process, where transparency and empathy guide policies. Engaging stakeholders meaningfully helps pre-empt risks, generate shared value and strengthen the social license to operate.

- **Ethical leadership**

  Stewardship leaders model integrity, transparency and fairness. Their vision is not only strategic but moral, rooted in the belief that leadership must serve a higher collective purpose. Such leadership is grounded in humility, accountability and a commitment to justice, even in the face of commercial pressures. It builds cultures of trust where employees, citizens and investors feel heard and respected.

- **Intergenerational equity**

  The model emphasizes actions that do not disadvantage future generations. This includes protecting ecological assets, maintaining institutional credibility and designing policies with long-term impact. Intergenerational equity reframes success through a legacy lens—are today's decisions enhancing or compromising the inheritance of future citizens? It underlines the ethical duty to act as guardians, not consumers, of the planet and public trust.

  Globally, institutions like the UK Financial Reporting Council, the OECD, and the UN Principles for Responsible Investment have provided frameworks to advance stewardship. In India, SEBI's Stewardship Code has been a major step in translating these ideals into practice. However, implementation remains uneven, highlighting the need for capacity building, regulatory clarity and a cultural shift across boardrooms, bureaucracies and investor networks.

Stewardship in India

1. **Addressing the Development Dilemma**

   India's developmental trajectory is marked by impressive macroeconomic indicators juxtaposed with systemic challenges. The need for a paradigm shift in governance is evident, as growth alone cannot guarantee equity, sustainability or trust.

   - **Social Inequity**

     Despite being among the fastest-growing economies, India's wealth distribution remains extremely skewed. Over 77% of the nation's wealth is concentrated among the top 10%, exacerbating barriers to access in education, health, and jobs for vast sections of society. This disparity not only undermines social cohesion but also limits the country's human capital potential. Stewardship governance must correct this by ensuring inclusive access to opportunities and fostering upward mobility for underrepresented populations.

   - **Environmental Stress**

     Unchecked industrialization and urban expansion have led to the depletion of natural resources and heightened pollution levels. With several Indian cities ranking among the most polluted globally, stewardship must address the environmental costs of development. Climate vulnerabilities such as erratic monsoons, rising sea levels and depleting water tables demand urgent ecological accountability. Stewardship urges a transition to green infrastructure, clean energy and regenerative land use practices.

   - **Institutional Trust Deficit**

     Widespread perceptions of corruption, opaque decision-making and regulatory capture have eroded public trust. Strengthening institutional credibility is key to achieving democratic and economic legitimacy. Transparent processes, participatory governance and citizen-centric service delivery can rebuild this trust. Stewardship calls for institutions to move beyond compliance and embrace openness, responsiveness and fairness.

2 Aligning with Global Commitments

As a signatory to the United Nations Sustainable Development Goals (SDGs), the Paris Agreement and various multilateral initiatives, India is committed to inclusive and sustainable development. Stewardship governance ensures that these global frameworks are not merely aspirational but operationalized through domestic policy, corporate behavior and civic responsibility. It enables policy alignment across ministries, encourages integrated impact assessments and mobilizes collective action. By internalizing global goals into local action, India can position itself as a leader in sustainable development diplomacy.

Stewardship in Practice: Sectoral Perspectives

1. Corporate Sector

India's corporate sector is transitioning from compliance-oriented governance to purpose-driven leadership. Stewardship practices are slowly being embedded into strategy, risk management and stakeholder engagement.

❖ **Board Composition**

Mandated inclusion of independent and women directors promotes diverse perspectives and reduces groupthink, thereby fostering balanced and equitable boardroom decisions. Boards with cognitive diversity are better equipped to anticipate systemic risks, innovate responsibly and reflect societal values. This enhances the board's ability to provide long-term strategic guidance aligned with stewardship principles.

❖ **CSR Mandate**

India's landmark move to legislate CSR under the Companies Act, 2013 represents a systemic commitment to corporate accountability. Firms are now active contributors to nation-building through education, healthcare and rural development. However, stewardship demands that CSR evolve from a compliance checkbox to a strategic investment in human development and social innovation. Greater community involvement and impact measurement can improve outcomes and credibility.

❖ **Business Responsibility and Sustainability Reporting (BRSR)**

By encouraging disclosures on ESG metrics, SEBI's BRSR framework compels companies to focus on long-term impact, thereby moving non-financial performance into mainstream corporate strategy. This push for transparency enhances investor confidence, supports benchmarking and drives internal culture change. Stewardship-oriented firms use BRSR insights not just for reporting, but to reshape value creation models.

2. Public Sector and Policy Frameworks

The Indian government is increasingly recognizing its role as a steward of both public trust and shared resources. Public policy is slowly shifting from control to facilitation and from centralized command to localized empowerment.

- **NITI Aayog's Strategy for New India**

  This blueprint outlines inclusive development priorities, ranging from doubling farmer incomes to climate resilience, making stewardship a cornerstone of national planning. It encourages evidence-based policymaking, stakeholder consultations and performance monitoring, which are all aligned with stewardship values. The framework also promotes innovation and inter-ministerial coordination for systemic impact.

- **Panchayati Raj Institutions (PRIs)**

  PRIs empower communities through decentralization, enabling responsive governance that is more attuned to local needs and sustainable practices. These institutions embody stewardship at the grassroots, promoting local accountability and participatory planning. Strengthening their capacity, fiscal autonomy and technological support is essential for deepening democratic stewardship.

- **Forest Rights Act and Jal Shakti Abhiyan**

  These initiatives recognize community-based natural resource management, reinforcing the principle of custodianship over ecological assets. They empower indigenous and rural communities to protect, manage, and benefit from local ecosystems. Stewardship governance amplifies these efforts by integrating local knowledge with scientific innovation and institutional support.

3. **Institutional Investors and Capital Markets**

   India's capital markets are key players in embedding stewardship values. Institutional investors can influence the corporate ecosystem toward sustainable and responsible growth.

   - **SEBI's Stewardship Code**

     The code mandates institutional investors to engage with investee companies on sustainability and governance issues, fostering long-term corporate accountability. By formalizing engagement responsibilities, the code elevates the role of investors from passive financiers to active stewards of capital and conduct. Implementation success will hinge on capacity building, transparency and enforcement.

   - **Active Shareholder Engagement**

     Large investors are expected to influence company policies on ESG issues through informed voting and dialogue, rather than passive investment. This requires robust research capabilities, a willingness to challenge management and clear stewardship objectives. Such engagement can drive systemic change across industries, beyond just financial performance.

   - **ESG Investing and Green Finance**

     There is growing momentum around green bonds, ESG funds and climate-aligned investments, which align investor returns with societal and environmental outcomes. These instruments redirect capital toward responsible businesses and infrastructure. Stewardship mandates due diligence frameworks that evaluate impact, ensure accountability and prevent greenwashing.

4. **Civil Society and Social Enterprises**

   Civil society actors fill critical governance voids, offering innovative, empathetic and community-centric stewardship models. They are uniquely positioned to bridge the gap between policy and people.

- **NGOs and Community-Based Organizations**

  From promoting gender justice to delivering last-mile health services, NGOs act as vital stewards of inclusive development. They bring contextual intelligence, trust networks, and advocacy strength that governments and markets often lack. Supporting their autonomy, funding, and partnerships is vital for a vibrant stewardship ecosystem.

- **Cooperatives and Self-Help Groups (SHGs)**

  These grassroots entities strengthen economic democracy, giving marginalized groups ownership over their development paths. They exemplify participatory governance, local resilience, and mutual accountability. As microeconomic stewards, they play a crucial role in building inclusive economies and fostering social capital.

- **B-Corps and Social Startups**

  Social enterprises blend commercial acumen with social missions, thereby redefining entrepreneurial success to include social impact and ecological balance. By embracing hybrid models, these entities attract impact investments, scale innovative solutions and mainstream responsible business. Stewardship values are embedded in their DNA, making them key changemakers in India's development story.

Effective Stewardship Implementation

To embed stewardship governance meaningfully across sectors, India must focus on foundational pillars that ensure both structural integrity and cultural alignment.

- **Policy Coherence and Regulatory Support**

  A fragmented policy landscape weakens implementation. Stewardship requires aligned frameworks across ministries, regulators and sectors to create an enabling environment. Cross-sectoral synergies, policy harmonization and clarity in mandates will help reduce compliance burdens while promoting responsible conduct. Incentives for stewardship practices such as tax benefits or access to green capital can further institutionalize good behavior.

- **Capacity Building and Institutional Reform**

  Stewardship governance demands new skills in leadership, systems thinking, impact measurement and stakeholder engagement. Public institutions, corporates and civil society need training ecosystems to build these capacities. Administrative reforms that emphasize transparency, accountability and decentralization must accompany skill-building efforts. Investing in technology and data systems can enable real-time monitoring and responsive governance.

- **Civic Participation and Public Awareness**

  Stewardship thrives when citizens are informed, engaged and empowered. From gram sabhas to shareholder meetings, participatory mechanisms must be strengthened. Public education campaigns, awareness programs and the use of digital platforms for feedback can enhance transparency and create ownership among citizens. A stewardship culture must be co-created through collective consciousness, not top-down mandates.

- **Leadership Commitment and Ethical Culture**

  Ultimately, stewardship is a leadership mindset—one that views power as responsibility, not privilege. Ethical leadership at all levels can transform institutions from within. Leaders must walk the talk by embedding values in daily operations, not just vision statements. Celebrating examples of courageous, inclusive and visionary leadership can inspire a generational shift in governance paradigms.

Pillars of Stewardship Governance

- **Leadership with a Long-Term Vision**

  True stewardship requires visionary leadership that looks beyond quarterly metrics to foster sustainable, inclusive growth. Leaders must prioritize intergenerational well-being, resilience and ethical innovation, even when it involves delayed gratification or short-term trade-offs. Such leadership entails the courage to make difficult decisions that may not yield immediate financial returns but create enduring value. It also involves cultivating adaptive capacities, future-readiness and an ethos of responsibility towards people and the planet.

- **Stakeholder Inclusivity**

  Governance frameworks must evolve from shareholder-centric models to ones that give voice to all stakeholders i.e. employees, suppliers, customers, local communities, etc. This inclusive approach ensures decisions are fair, sustainable and socially responsive. Stakeholder governance recognizes the interconnectedness of business with society and environment. By creating participatory mechanisms, companies can align growth with equity, defuse conflict and build long-term legitimacy.

- **Transparency and Accountability**

  Trust is built when institutions operate openly and answerably. This involves regular disclosures, accessible public reporting, independent oversight and mechanisms like social audits that empower stakeholders to evaluate governance performance. Transparency must go beyond financial reporting to include environmental and social metrics. A culture of openness nurtures ethical behavior, deters malpractice and enhances the credibility of institutions.

- **Environmental and Social Responsibility**

  Organizations must integrate environmental sustainability and social justice into their core strategies not as afterthoughts but as business imperatives. This means aligning operations with ESG goals, reducing carbon footprints and supporting equitable livelihoods. Such integration should influence sourcing decisions, product design, employee welfare and community engagement. Stewardship demands a regenerative approach that restores ecosystems and empowers vulnerable groups.

- **Ethical Culture and Integrity**

  At the heart of stewardship governance lies a culture where ethics are embedded in everyday decisions. Integrity must be non-negotiable across all levels, thereby ensuring that values guide behavior, even when no one is watching. Ethics must be lived, not laminated, and this requires strong codes of conduct, ethical training, leadership by example and systems to report and address misconduct.

Challenges and Roadblocks

- **Short-Termism**

  The dominance of short-term financial metrics such as quarterly earnings and immediate returns often drives decision-makers to prioritize short-lived gains over long-term value creation, undermining the very foundation of stewardship. This leads to underinvestment in critical areas like R&D, employee development and sustainability. A 'quick win' mentality discourages bold, visionary steps that may take years to mature but are vital for resilient and inclusive growth.

- **Lack of Capacity**

  Many organizations, especially in the public and SME sectors, lack trained personnel, robust data systems and institutional maturity to implement stewardship frameworks effectively. This limits their ability to measure, monitor and act on long-term goals. Without technical knowledge and systems to track ESG performance, even willing players struggle to embed stewardship principles. Capacity building is thus not a luxury, but a prerequisite for transitioning to responsible governance.

- **Regulatory Gaps**

  Though India has made notable progress in ESG and corporate governance norms, regulatory enforcement remains inconsistent, and the resultant overlaps or ambiguities in laws often deter serious adoption of stewardship principles. This creates a compliance-first, checkbox approach rather than genuine commitment to values-based governance. Clearer frameworks, streamlined guidelines and coordinated oversight across regulators are needed to foster accountability and credibility.

- **Resistance to Transparency**

  Entrenched hierarchies and legacy practices in sectors like real estate, mining and traditional family-run businesses create a culture of secrecy. Such resistance hampers stakeholder dialogue, erodes trust and delays governance reform. Often, transparency is perceived as a threat rather than a strength, especially where informal practices dominate. Changing this mindset requires both cultural transformation and incentives for voluntary disclosure.

Enablers and Recommendations

To embed stewardship governance meaningfully, India must catalyze a coordinated push across the policy, institutional, academic, corporate and civil society ecosystems. A systems-thinking approach where reform in one domain supports transformation in another is essential for long-term success. Each stakeholder has a unique, interdependent role in creating a robust culture of care, accountability and sustainability.

1. Policy and Legal Reform

- **Expand SEBI's Stewardship Code to cover all institutional investors:** Widening the code's scope beyond mutual funds and insurers to include pension funds, private equity and sovereign funds would ensure that all major capital providers act as responsible owners. This will significantly raise the quality of shareholder engagement and promote long-termism in boardroom decisions.

- **Strengthen enforcement of CSR and ESG mandates:** Regular audits, penalties for non-compliance and clearer ESG guidelines will ensure that corporate commitments translate into measurable impact on the ground. This also helps separate genuine ESG performers from 'greenwashers' who misuse disclosures for reputational gains.

- **Provide incentives (e.g., tax benefits) for stewardship-aligned companies:** Governments can reward businesses that meet high stewardship standards such as ESG leaders or B-Corps through fiscal incentives, recognition schemes and procurement preferences. Incentives must be simple to access, performance-based and linked to transparent third-party verification.

2. Capacity Building

- **Introduce stewardship modules in B-schools, civil service training and professional courses (CA, CS, etc.):** Creating a new generation of professionals who understand stewardship principles is essential for long-term change. These modules should combine theory with practical case studies, ethical dilemmas and systems thinking.
- **Create public-private platforms for knowledge-sharing and benchmarking:** Collaborative hubs involving academia, industry, civil society and regulators can exchange best practices, develop tools and drive consistent stewardship standards across sectors. They also enable peer learning and foster trust between sectors that often operate in silos.

3. Measurement and Disclosure

- **Develop robust stewardship metrics and scorecards:** Establishing sector-specific KPIs for environmental, social and governance outcomes will help assess how well organizations are upholding stewardship responsibilities. Well-designed metrics are essential for investors and citizens to make informed, values-aligned choices.
- **Promote integrated reporting frameworks (e.g., by IIRC):** Encouraging organizations to adopt integrated reporting that combines financial and non-financial disclosures will enhance transparency and align capital markets with long-term value. It also encourages holistic thinking among leaders, bridging gaps between departments, disciplines, and data.

4. Public Engagement and Media

- **Encourage citizen journalism and civic tech to increase transparency:** Digital tools and grassroots reporting can act as powerful checks on institutions, exposing malpractices and amplifying voices that are often excluded from mainstream governance. Support for open data platforms, community audits and civic apps can democratize access to information.
- **Run awareness campaigns on responsible consumption and investment:** Educating the public on the impact of their consumption and investment choices can build societal pressure on businesses and policymakers to act responsibly and ethically. Consumer activism and ethical investing are emerging forces that can drive business transformation from the outside.

Role of Governance Professionals

Governance professionals such as company secretaries, compliance officers, legal advisors and auditors are the linchpins that operationalize stewardship within institutions. As custodians of governance architecture, they balance legal compliance with moral accountability. Their influence extends beyond the boardroom, by way of shaping internal cultures, risk frameworks and public trust.

- **Advising boards on ESG integration:** They interpret evolving regulatory landscapes, global best practices and stakeholder expectations to guide board-level decision-making. In doing so, they reframe ESG as a strategic asset rather than a compliance burden.
- **Ensuring compliance with stewardship codes:** They monitor adherence to regulatory and voluntary stewardship frameworks, including SEBI's codes and ESG guidelines. Their vigilance ensures that organizations remain transparent, accountable and aligned with long-term objectives.

- **Mediating between stakeholders and management:** Their neutrality and understanding of institutional goals position them as credible interlocutors across constituencies. In conflict situations, they enable constructive dialogue and risk mitigation.
- **Building ethical frameworks and whistleblower policies:** They champion psychological safety by assuring employees that speaking up is valued and protected. Such frameworks are essential for building internal trust and preventing reputational damage.
- **The Institute of Company Secretaries of India (ICSI):** ICSI can lead by example, embedding stewardship values in its training, guidance and advocacy. Its leadership can galvanize a shift from reactive governance to proactive, principle-driven stewardship.

Stewardship and Inclusive Growth: The Interlinkages

Stewardship governance plays a pivotal role in shaping growth that uplifts all sections of society without compromising the environment or ethical standards. It aligns economic progress with social justice and ecological balance.

- **Growth does not deepen inequalities:** Stewardship advocates for fair wages, social safety nets and access to opportunity—so that marginalized groups aren't left behind in the development process. When growth is designed with empathy and equity, it creates stronger social foundations and political stability.
- **Profits do not come at the cost of the planet:** Industries must move from extractive to regenerative models that restore ecosystems while creating jobs. True stewardship demands internalizing environmental costs—not passing them on to future generations.
- **Innovation does not bypass inclusion:** Technological advancement must be inclusive—benefiting rural communities, informal workers and disadvantaged populations. Inclusive innovation creates social license to operate and unlocks untapped talent pools.

Conclusion: Towards a Stewardship Society

India's future rests on its ability to build institutions that are accountable, inclusive and future-ready. Stewardship governance, though not a panacea, provides a compelling framework for this transformation. It reimagines governance as an act of service and not just management. From boardrooms to panchayats, from regulators to citizens, from capital providers to consumers, everyone has a role to play in this stewardship journey. As the leaders of our nation had envisioned, trusteeship is a model for responsible leadership, and India now has the opportunity to mainstream that ideal across sectors, and the path to sustainable and inclusive growth runs through the gateway of stewardship.

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STEWARDSHIP GOVERNANCE FOR SUSTAINABLE AND INCLUSIVE GROWTH

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Abstract

Inclusive growth is vital for achieving sustainable development. Both sustainable and inclusive growth concepts aim to promote shared prosperity, equity, and environmental stewardship for the overall welfare of society. However, the intricate interconnections between these two ideas—especially concerning vulnerable populations—are often underexplored in existing literature. This paper aims to unravel the backward and forward linkages between inclusive growth and sustainable development to provide direction for policy formulation.

Drawing from Amartya Sen's Capability Approach, we argue that inclusive growth and sustainable development together enhance human capabilities. While inclusive growth enables individuals to participate in and benefit from economic progress, sustainable development ensures these benefits endure for both present and future generations without compromising social and environmental equity.

We recommend that policymakers design transparent, accountable, and responsive strategies that concurrently promote inclusion and sustainability. Such policies should emphasize green technology, inclusive economic practices, and robust social protection mechanisms aligned with the dual goals of growth and sustainability.

Keywords: Stewardship Governance, Digitalisation, Corporate Governance, Sustainability, Inclusive Growth.

Introduction

Stewardship governance has emerged as a practical model in addressing the evolving governance challenges posed by the digital economy. Today's interconnected world is characterized by rapid technological advancements, increased stakeholder expectations, and complex sustainability challenges. Digital platforms, artificial intelligence, and data-driven models have transformed the way organizations compete and deliver value. However, these developments also lead to increased inequality, misinformation, environmental degradation, and a concentration of wealth and power among a few dominant players.

Traditional governance mechanisms often fail to address the negative externalities arising from digitalization. A stewardship-based model of governance serves as a promising approach, emphasizing responsibility, long-term orientation, and ethical behaviour. In this context, stewardship governance encourages truthful disclosures, enhanced transparency, equitable distribution of organizational resources, and trust-based relationships among all stakeholders.

A stewardship-based model of corporate governance as a solution to the pressing problems plaguing consumers, employees, and other salient stakeholders of digital business excesses, with an emphasis on truthful disclosures, enhanced transparency, improvements in equitable allocation of organizational resources, and heightened trust relationships. The focus is on the positive role that organizational leaders can play as exemplars of virtuous stewardship in a highly networked society.

Digital technologies are transforming the competitive landscape and creating significant externalities that impact a broader society. On one side, digitalization enables organizations to generate substantial economic value rapidly, driven by improved scale, scope, and learning effects—ultimately leading to increasing returns and competitive concentration. On the other, it presents social challenges such as inequality, regulatory gaps, and a lack of transparency. Traditional corporate governance mechanisms are often inadequate to mitigate these negative externalities. This article advocates a stewardship-based model of governance as a solution to the challenges emerging from the digital economy.

This article introduces the Four Ts of virtuous stewardship—**Truthfulness, Transparency, Trust, and Technological Equity**—as a guiding framework. It redefines stewardship in a modern digital economy and highlights its potential in facilitating inclusive and sustainable development

1. **Stewardship Governance**:

Definition and Principles

Stewardship refers to the responsible allocation, management, and oversight of capital by institutions to generate long-term value for clients, beneficiaries, and broader society. It integrates environmental, social, and governance (ESG) factor considerations and encourages transparency, accountability, and stakeholder engagement. Stewardship can be applied to various sectors, including natural resources, finance, technology, and public policy.

Stewardship governance refers to the responsible allocation, management, and administration of resources—financial, environmental, technological, and human—with a long-term vision aimed at sustainable value creation for all stakeholders.

It rests on four foundational principles:

- **Ownership** – recognizing that resources are entrusted, not owned in perpetuity.
- **Responsibility** – being proactive in decision-making with societal impacts in mind.
- **Accountability** – being answerable to a broad set of stakeholders, including future generations.
- **Reward** – aligning incentives with ethical behaviour and long-term outcomes.

Stewardship can be applied across multiple domains—corporate governance, public administration, financial investments, and natural resource management. In a broader ethical sense, stewardship acknowledges human responsibility over resources entrusted by nature or a higher power.

Stewardship governance, when applied to sustainable and inclusive growth, involves using a long-term perspective to manage resources and assets, ensuring they benefit both present and future generations. This approach emphasizes responsible decision-making, accountability, and collaboration among stakeholders to achieve economic prosperity, social equity, and environmental protection

Stewardship governance, encompassing both public and corporate sectors, is crucial for achieving sustainable and inclusive growth by emphasizing responsible resource management, ethical decision-making, and stakeholder engagement. This approach aligns financial success with social and environmental goals, fostering long-term value creation and promoting a more equitable and resilient economy.

Key Features of Stewardship Governance:

- **Ethical Leadership and Decision Making**: Leaders act as guardians of organizational and social welfare, balancing stakeholder interests. It prioritizes stakeholder interests alongside profitability.

- **Sustainable Resource Use**: Natural resources are preserved for the future. It ensures natural resources are used responsibly for both current and future needs.
- **Equity in Growth**: Encourages inclusive economic practices that reduce disparities. It promotes fair distribution of economic gains.
- **Stakeholder Engagement**: Promotes stakeholder participation and consensus-building. It encourages inclusive decision-making processes.
- **Future Orientation**: Decisions are made with a view to long-term consequences.
- **Long-Term Thinking**: It promotes a long-term perspective in planning, decision-making and focuses on the social and environmental impact of actions.

Examples of Stewardship in action:

- **Corporate Governance**: Companies embedding ESG into core strategies, beyond CSR. Firms embedding stewardship principles to balance profit with sustainability.
- **Governmental**: Policies encouraging inclusive education, healthcare, and green infrastructure. Governments implementing and enacting inclusive & transparent policies.
- **Financial Sector**: Investors influencing firms towards ESG-aligned behaviour. Stewardship codes guiding investor behaviour (e.g., UK, Japan).
- **Resource Management**: Ecosystem-based management and biodiversity protection initiatives. It is implementing sustainable practices for land, water, and biodiversity conservation.

2. **Sustainable Growth:**

Definition: Sustainable growth ensures that present economic development does not compromise the ability of future generations to meet their needs. It incorporates three dimensions:

- Economic – stable and diversified growth.
- Environmental – resource efficiency, pollution control, climate resilience.
- Social – inclusiveness, gender equity, education, and health access.

Systemic Integration: It recognizes the interconnectedness of economic, social, and environmental systems for balanced and integrated development.

Long-Term Focus: Prioritizes enduring long term value creation over short-term profits, considering the environmental and social consequences of economic activities.

Importance in the Modern Context:

Global climate change, biodiversity loss, and increasing ecological footprints necessitate development strategies that go beyond GDP growth. Sustainable growth requires integrated systems thinking—understanding the interplay of natural and human systems.

Attributes of Sustainable Growth:

- Long-term value creation.
- Risk management (climate, social unrest).
- Preservation of natural capital.
- Energy transition and innovation in green tech.

3. **Inclusive Growth:**

Definition: Inclusive growth is economic growth that creates opportunities for all segments of the population and distributes the dividends of increased prosperity fairly across society. It ensures economic advancement that benefits all segments of society, reducing poverty and inequality and promoting social equity.

Core Elements:

- Access to Opportunities – Employment, finance, education, digital tools.
- Equity – Addressing structural barriers faced by disadvantaged groups.
- Participation – Ensuring all voices are heard in policy and market systems.
- Social Protection – Safety nets for the vulnerable.

Why Inclusion Matters:

Without inclusion, growth fuels inequality, social unrest, and environmental degradation. Inclusive growth ensures that economic transformation uplifts rural populations, marginalized communities, women, and youth.

Enablers:

- Skills development and education.
- Labor-intensive sectors (agriculture, construction, MSMEs).
- Infrastructure development in underdeveloped regions.
- Gender-sensitive policy reforms.

Equity & Participation: It ensures all groups have access to opportunities and resources and get benefit from its outcomes.

Social Justice: Tackles systemic inequalities to uplift marginalized populations. It also promotes social justice by addressing systemic inequalities and ensuring that vulnerable populations are not left behind.

4. **Stewardship Governance for Sustainable and Inclusive Growth**:

Stewardship governance provides a synergistic framework to blend sustainable and inclusive growth imperatives. It aligns environmental, social, and economic dimensions into policy and institutional mechanisms. Stewardship governance integrates environmental, social, and economic goals into policy and business practices. It fosters long-term value creation, builds resilience, and aligns with global goals such as Sustainable Development Goals (SDGs) —focused on sustained, inclusive, and sustainable growth. It emphasizes creating value not only for shareholders but also for employees, customers, society, and the environment.

Strategic Linkages:

- **Policy Synergy**: Linking low-carbon development with job creation.
- **Investor Role**: ESG-focused investment ensures accountability.
- **Innovation**: Green and frugal innovation to empower the base of the pyramid.
- **Trust-Building**: Enhances citizen engagement and institutional credibility.

Alignment with SDGs:

- SDG 8: Decent work and economic growth.
- SDG 10: Reduced inequalities.
- SDG 13: Climate action.
- SDG 16: Peace, justice, and strong institutions.

Case Example:

Shareholder groups pressuring a multinational to disclose its carbon footprint and switch to renewable energy is an act of stewardship that also fosters environmental and social equity. Investors can drive climate-conscious strategies by encouraging companies to reduce emissions and adopt low-carbon models.

5. **Key Elements of Stewardship Governance for Sustainability and Inclusion:**
    1. **Legal and Regulatory Frameworks:** Strong frameworks to ensuring laws and regulations enable sustainable and inclusive practices.
        - Sustainability standards embedded in corporate law.
        - Labor codes ensuring fairness and dignity at work.
    2. **Institutional Transparency and Accountability:** Governance that promotes clarity and accountability in decision-making processes.
        - Real-time ESG disclosures.
        - Open budget and procurement processes in government.
    3. **Stakeholder Engagement:** Inclusive policy formulation and implementation by actively involving diverse stakeholders in the development process.
        - Dialogue forums, community consultations, and inclusive boards.
    4. **Sustainable Investment:** Capital directed towards impactful and long-term outcomes.
        - Climate finance, green bonds, impact investing, PPPs for social infrastructure.
    5. **Technology and Innovation:** Leveraging advancements for social and environmental benefit.
        - AI for ethical governance.
        - Digital public goods for rural inclusion

Beyond Stewardship: Governance and Sustainable Development:

Good governance – defined by transparency, accountability, the rule of law, and inclusive decision-making – is a cornerstone of sustainable development. It encompasses compliance, ethics, risk management, and responsible administration.

Interlinkages:

- **Corporate Governance**: Enhances transparency and fosters sustainability.
- **IMF's SDG Pillars**: People, Prosperity, Planet, Peace, and Partnership.
- **Collective Stewardship Theory**: Emphasizes shared responsibility and collaborative sustainability efforts.

Corporate Governance in a Digital World:

Digital platforms and AI are reshaping competition and organizational relationships, resulting in concentrated market power and digital oligarchies. Top-level executives are increasingly becoming the de facto stewards of long-term economic health.

Digitalization has created unprecedented efficiency—but also a 'winner-takes-all' effect. A few tech giants dominate the global market, leading to a **"digital oligarchy"**. These organizations now bear the responsibility of being stewards of not just shareholder value but broader economic stability and public trust.

Risks:

- Data monopolies and privacy invasion.
- Labor displacement by AI and automation.
- Information asymmetry and manipulation.

The Stewardship Response:

- Leaders as ethical guardians.
- Board diversity and digital literacy.
- Responsible AI development.
- Technological equity (access, affordability, digital literacy).

The Business Ethics of Stewardship:

Stewardship has roots in religious and ethical traditions, promoting business behaviour aimed at collective good rather than mere consumerism. It embodies a 'new social contract' where organizations prioritize human flourishing.

Stewardship has philosophical roots in religion and moral thought—advocating for responsible guardianship rather than exploitation.

Ethical Stewardship Means:

- Acting beyond short-term profit motives.
- Embedding organizational purpose aligned with social good.
- Nurturing trust among customers, employees, and society.

A New Social Contract is emerging—where corporations must contribute to human flourishing and sustainable ecosystems, not just market dominance.

Conclusion:

Stewardship governance plays a pivotal role in achieving sustainable and inclusive growth by integrating ESG principles and fostering ethical, transparent, and accountable systems. It promotes long-term value creation by integrating Environmental, Social, and Governance

(ESG) principles, fostering trust, and encouraging ethical conduct within organizations and across society.

Stewardship governance is a timely and necessary approach to achieve sustainable and inclusive growth. It ensures that value creation is equitable, environmentally conscious, and ethically sound. By integrating ESG principles, prioritizing long-term goals, and fostering ethical conduct, stewardship governance strengthens resilience and enhances institutional legitimacy.

Key Takeaways:

- **Beyond Profit**: Businesses must account for environmental and social impact. Emphasizes social and environmental responsibilities. It moves beyond a sole focus on profit to consider the broader impact of corporate actions on society, the environment, and future generations.
- **Accountability**: ESG frameworks increase responsibility to stakeholders. Promotes inclusive & responsible capitalism. By integrating ESG frameworks and promoting stakeholder capitalism, stewardship theory enhances accountability and encourages responsible behavior from all actors, including investors and corporations.
- **Resilience**: Long-term thinking protects organizations from external shocks. Encourages resilience through collaborative leadership. It promotes long-term value creation by fostering trust and collaboration, leading to more resilient and sustainable organizations.
- **Inclusion**: Ensures no one is left behind in economic progress. Tackles inequality and enhances access for all by ensuring that economic development benefits all members of society, addressing issues like poverty and inequality.
- **Environmental Integrity**: Guards against overexploitation of nature. Safeguards resources for future generations. It emphasizes responsible resource management and environmental protection, helping to mitigate the negative impacts of development and ensure a sustainable future.

In essence, stewardship is not just a governance model—it's a moral imperative and strategic necessity in a world demanding sustainability and fairness. Stewardship governance is not just a theoretical concept; it's a practical framework for building a more equitable, prosperous, and sustainable world.

Suggestions:

Stewardship governance for sustainable and inclusive growth involves prioritizing long-term value creation by integrating environmental, social, and governance (ESG) factors into decision-making processes. This includes promoting responsible resource management, reducing pollution, fostering social equity, and ensuring transparent and accountable governance structures.

Key suggestions to implement stewardship governance effectively:

1. Embedding ESG in Governance

- Board Stewardship and Strategic Guidance: Ensure directors possess the expertise and commitment to lead and monitor ESG performance effectively.
- Integrated Management Systems: Incorporate sustainability principles into operations.
- Disclosure and Transparency: Regularly report ESG performance

- Incentive Structures: Link executives' pay to ESG goals.
- Stakeholder Engagement: Include diverse perspectives in decisions
- Sustainability KPIs linked to performance.
- Integrated reporting and materiality assessments.

2. Fostering Sustainable Practices

- Resource Management: Use resources efficiently.
- Circular Economy: Shift to circular economy models. Embrace resource reuse and recycling.
- Pollution Reduction: Reduce environmental pollution.
- Renewable Energy: Invest in clean energy. Adoption of clean energy across operations.
- Green procurement and supply chains.

3. Promoting Inclusive Growth

- Social Inclusion: Promote fair labour practices. Women-led entrepreneurship and leadership.
- Access to Resources: Ensure access to water, health, and sanitation.
- Digital Inclusion: Bridge the digital divide. Digital inclusion through connectivity and skills.
- Human Capital: Invest in education and skills development. Universal access to health, education, and sanitation.

4. Enhancing Accountability and Transparency

- Regulatory Frameworks: Enforce sustainability laws.
- Project Monitoring: Digital dashboards for project monitoring.
- Third-Party Audits: Verify ESG compliance. Third-party audits on ESG claims.
- Public Awareness: Educate citizens on sustainable living.
- Grievance redressal systems.

5. Investor Engagement and Stewardship Codes

- Encouraging Investor Engagement.
- Shareholder Activism: Engage firms on ESG.
- Impact Investing: Fund companies with strong sustainability practices.
- Stewardship codes for institutional investors.
- Voting rights exercised for ESG issues.
- Collaborative shareholder initiatives on climate and equity.

By following these suggestions, both public and private institutions can pave the way toward a more inclusive, prosperous, and sustainable global economy—grounded in the spirit of virtuous stewardship. By implementing these suggestions, organizations can move towards a more sustainable and inclusive future, ensuring long-term value creation and positive societal impact.

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ESG: REDEFINING ROLE OF PROFESSIONAL

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"The sustainability revolution will, hopefully, be the third major social and economic turning point in human history, following the Neolithic Revolution – moving from hunter-gathering to farming – and the Industrial Revolution."

– King Charles

In the 21st century, the paradigm of corporate success has shifted from traditional metrics of financial performance to a more inclusive and holistic framework – Environmental, Social, and Governance (ESG). ESG is no longer a peripheral concept or a philanthropic gesture but a strategic imperative for organizations globally. With increasing stakeholder expectations, climate-related risks, and regulatory scrutiny, the focus on sustainability and responsible governance has become central to business resilience and long-term value creation.

In the broadest sense, sustainability refers to the ability to maintain or support a process continuously over time. In business and policy contexts, sustainability seeks to prevent the depletion of natural or physical resources, so that they will remain available for the long term. Accordingly, sustainable policies emphasize the future effect of any given policy or business practice on humans, ecosystems, and the wider economy. The concept often corresponds to the belief that without major changes to the way the planet is run, it will suffer irreparable damage.

Sustainability has evolved from being a niche concern to a mainstream priority for organizations worldwide. In today's globalized and increasingly eco-conscious market, businesses that integrate sustainability into their core strategies not only contribute to the health of the planet but also enhance their brand value. For Company Secretaries, who play a pivotal role in corporate governance, understanding and advocating for sustainability can be a powerful tool in shaping the long-term success of their organizations.

In the past few years, the world has experienced a significant shift in consciousness towards sustainability and environmental responsibility. As consumers become increasingly aware of the environmental impact of their choices, brands have recognized the importance of integrating sustainable practices into their business models and branding strategies. In the age of information, merely selling a product isn't enough; brands need to stand for something. Consumers are far more informed and aware than any preceding generation. With the vast amount of information available at their fingertips, they're acutely aware of global challenges, such as climate change, resource depletion, and social inequality.

Against this backdrop, professionals – particularly Company Secretaries (CS) – are witnessing a significant transformation in their roles. From being compliance officers and corporate governance experts, they are evolving into ESG strategists and sustainability advocates.

In the contemporary world, sustainability is not just a buzzword – it is an imperative for survival, development, and progress. The need to balance economic growth with environmental protection and social equity has never been more urgent. As we navigate the 21st century, sustainability stands at the core of policy-making, business strategy, and professional practice. Its relevance cuts across sectors, geographies, and generations.

Let us explore the key reasons why sustainability has become a top priority:

1. Environmental Challenges Are Global and Immediate

We are facing an unprecedented environmental crisis:

- Climate change is causing rising sea levels, extreme weather, droughts, and floods – affecting millions of lives and livelihoods.
- Air and water pollution are threatening public health, especially in densely populated countries like India.
- Deforestation and biodiversity loss are destabilizing ecosystems that are essential for agriculture, medicine, and food security.

These are not isolated issues – they are deeply interconnected and cumulative. Sustainable practices are essential to halt environmental degradation and restore ecological balance.

2. Resource Scarcity Demands Responsible Use

The Earth's resources are finite, but our consumption has been rising exponentially:

- Fossil fuels, freshwater, minerals, and fertile soil are being depleted faster than they can regenerate.
- Unsustainable production and consumption patterns are pushing us toward an ecological tipping point.

Sustainability emphasizes efficient, equitable, and circular use of resources, ensuring that future generations can also meet their needs.

3. Business Sustainability = Business Resilience

For companies, sustainability is now a strategic enabler, not a cost center. Sustainable businesses:

- Reduce risk by complying with environmental and social regulations.
- Save costs through energy efficiency, waste reduction, and green supply chains.
- Attract investment, especially from ESG-conscious investors and global funds.
- Strengthen brand image and build consumer trust through transparency and ethical practices.

In contrast, unsustainable businesses face legal penalties, reputational damage, and even financial collapse (e.g., industrial disasters, pollution lawsuits, social unrest).

4. Investor and Regulatory Focus on ESG

Regulatory bodies and financial markets now require companies to demonstrate sustainability performance:

- In India, SEBI's Business Responsibility and Sustainability Reporting (BRSR) mandates ESG disclosures for the top 1000 listed companies.
- Investors, both domestic and global, are increasingly evaluating companies based on Environmental, Social, and Governance (ESG) metrics.
- Banks and financial institutions are assessing ESG risks before extending credit.

In this environment, companies that ignore sustainability lose access to capital and markets.

5. Consumer Awareness and Market Demand

Today's consumers , especially the youth, are well-informed, value-driven, and expect brands to be responsible:

- There is growing preference for eco-friendly, cruelty-free, and ethically sourced products.
- Companies that fail to meet consumer expectations on sustainability risk losing market share and brand loyalty.

Sustainability is a competitive advantage, influencing purchasing decisions, brand perception, and global outreach.

6. Social Equity and Inclusive Growth

Sustainability is not just about the environment – it is equally about people and society:

- It focuses on human rights, labor standards, gender equality, education, health, and poverty eradication.
- In countries like India, sustainable development is key to uplifting marginalized communities and reducing inequality.

A sustainable approach ensures fairness, dignity, and opportunity for all, aligning business with ethical values and social license to operate.

7. Alignment with Global Goals (SDGs)

Sustainability aligns directly with the United Nations Sustainable Development Goals (SDGs) – a global agenda for peace, prosperity, and the planet.

India, as a signatory to the SDGs, has incorporated sustainability into national policies and programs like:

- **Smart Cities Mission**
- **Swachh Bharat Abhiyan**
- **National Action Plan on Climate Change**
- **Sustainable energy and electric mobility initiatives**

Businesses and professionals are expected to align their goals with these broader developmental frameworks.

ESG: A Strategic Necessity, Not a Mere Obligation

The ESG framework evaluates companies on three key dimensions:

- **Environmental (E):** Focuses on a company's environmental impact, including carbon emissions, waste management, energy efficiency, and resource conservation.
- **Social (S):** Assesses how a company manages relationships with employees, customers, suppliers, and the communities in which it operates.
- **Governance (G):** Examines leadership, board diversity, executive pay, internal controls, compliance, and shareholder rights.

Globally, ESG investing has grown exponentially. In India, SEBI's introduction of the Business Responsibility and Sustainability Report (BRSR) for the top 1000 listed companies has further strengthened the ESG discourse. Investors, rating agencies, and regulators now scrutinize non-financial disclosures as keenly as financial statements.

Role of Professionals

New responsibilities of a Company Secretary (CS) professional for integrating sustainability into a company's governance and operations, aligned with the ESG framework and modern regulatory expectations. In the ESG era, Company Secretaries are no longer restricted to statutory filings and board procedures. They are key change agents driving sustainable corporate transformation. Their evolving responsibilities make them critical enablers of ESG leadership, ensuring that sustainability becomes a core part of the company's identity, not just a compliance checkbox. Company Secretaries have traditionally been the torchbearers of governance. However, the rise of ESG has vastly broadened their canvas of responsibilities, placing them at the intersection of compliance, strategy, sustainability, and stakeholder communication.

1. ESG Governance Structuring

- Establishing internal ESG committees or sustainability working groups.
- Advising the board on setting sustainability goals, ESG charters, and oversight protocols.
- Ensuring the inclusion of ESG in board agendas and strategic discussions.

2. Sustainability Reporting and Disclosure Management

- Leading the preparation and review of ESG reports (e.g., BRSR, GRI-aligned reports).
- Coordinating with internal departments to collect, verify, and analyze ESG data.
- Ensuring compliance with SEBI regulations and other global reporting standards.

3. Policy Formulation and Integration

- Drafting and implementing ESG-related internal policies (e.g., Environmental Policy, Code of Human Rights, Responsible Supply Chain Policy).
- Ensuring that sustainability practices are embedded in the company's Articles, charters, and code of conduct.

4. Board and Management Advisory

- Acting as a subject matter advisor to the Board on sustainability risks and opportunities.
- Supporting the nomination and remuneration committees in ESG-linked director evaluations.
- Assisting in integrating ESG KPIs into executive remuneration and business strategies.

5. Capacity Building and Training

- Organizing ESG orientation and workshops for board members and senior management.
- Promoting ESG literacy across all levels of the organization.
- Staying updated with national and international ESG trends and regulatory changes.

6. Stakeholder Engagement

- Facilitating transparent communication with shareholders and investors on ESG performance.
- Coordinating dialogue with external stakeholders (NGOs, regulators, communities) on sustainability issues.
- Ensuring stakeholder inclusivity in sustainability strategy.

7. Regulatory Compliance and Risk Management

- Monitoring evolving ESG-related regulations (e.g., CSR rules, environment protection laws, human rights compliance).
- Assisting in risk identification, especially in climate risk, social unrest, or supply chain vulnerabilities.
- Ensuring that sustainability risk is embedded in enterprise risk management (ERM).

8. Ethical Business Conduct and CSR Alignment

- Ensuring that sustainability initiatives are aligned with the company's CSR obligations under Section 135 of the Companies Act, 2013.
- Overseeing ethical governance frameworks and whistle-blower mechanisms.
- Promoting a culture of integrity and responsible business conduct.

9. Integration of Sustainability into Corporate Strategy

- Helping the board align sustainability goals with long-term business plans.
- Ensuring ESG goals are measurable, monitored, and reviewed periodically.
- Supporting innovation initiatives in green technologies or social impact ventures.

10. Collaboration with External Experts

- Working with ESG consultants, auditors, and assurance providers.
- Overseeing ESG assurance and certification processes.
- Liaising with global agencies or ESG rating organizations for benchmarking.

Understanding Sustainability and Its Relevance to Business

Sustainability refers to the practice of meeting the needs of the present without compromising the ability of future generations to meet their own needs. In the business context, it encompasses three key dimensions:

Environmental Responsibility: Minimizing environmental harm through efficient use of resources, reducing carbon footprints, and embracing renewable energy.

Social Responsibility: Upholding human rights, ensuring fair labor practices, and contributing to community well-being.

Economic Viability: Achieving long-term financial success while balancing environmental and social responsibilities.

The relevance of sustainability to business is evident from the growing expectations of stakeholders, including customers, investors, employees, and regulators. Companies that neglect sustainability risk losing market share, facing regulatory penalties, and damaging their reputations. In business contexts, sustainability refers to more than just environmentalism.

Harvard Business School lists two ways to measure sustainable business practices: the effect a business has on the environment, and the effect a business has on society, with the goal of sustainable practice being to have a positive impact on at least one of those areas.

Corporate sustainability emerged as a component of corporate ethics in response to public concerns of long-term damage caused by a focus on short-term profits.

This view of responsibility encourages businesses to balance long-term benefits with immediate returns, and the goal of pursuing inclusive and environmentally sound objectives.

Companies have also set sustainability goals such as a commitment to zero-waste packaging by a certain year, or to reduce overall emissions by a certain percentage.

Many corporations have made such sustainability promises in recent years. For example, Walmart Stores, Inc. (WMT) has pledged to reach zero emissions by 2040. Morgan Stanley has pledged net-zero "financed emissions" by 2050. Google has pledged to operate carbon-free by 2030.

The push for sustainability is evident in areas such as energy generation as well, where the focus has been on finding new deposits to outpace the drawdown on existing reserves. Some electricity companies, for example, now publicly state goals for energy generation from sustainable sources such as wind, hydropower, and solar.

Because these policies tend to generate public goodwill, some companies have been accused of "greenwashing," the practice of providing a false impression that makes a business seem more environmentally friendly than it is.

Regulatory and Institutional Push: Strengthening ESG Mandate in India

Several recent developments have propelled ESG into the mainstream of Indian corporate governance:

- **SEBI's BRSR Framework:** Mandatory for top 1000 listed entities by market capitalization, BRSR moves beyond business responsibility reporting to integrate ESG parameters aligned with global standards.
- **CSR Mandate (Section 135 of Companies Act):** Encourages companies to integrate social responsibility into their operational model.
- **RBI and Financial Institutions:** Banks are increasingly factoring ESG into lending decisions.
- **Stock Exchanges:** Platforms like NSE and BSE now have ESG indices that attract ESG-conscious investors.

These developments make it imperative for CS professionals to not just ensure compliance but become drivers of ESG value creation.

Challenges and the Way Forward

While the opportunities are vast, Company Secretaries must also navigate several challenges in the ESG landscape:

- **Evolving standards and frameworks:** ESG norms are still maturing, with no universally accepted standards.
- **Data quality and consistency:** Lack of reliable ESG data remains a bottleneck.
- **Limited ESG expertise:** Many boards and managements are still in the learning phase.
- **Greenwashing risk:** Ensuring genuine and authentic ESG initiatives, not just marketing gimmicks.

Despite its benefits, implementing sustainability is not without challenges. These include:

- **Cost Constraints**: Sustainable practices often require significant upfront investment, which may deter organizations, especially small and medium enterprises.

- **Lack of Awareness**: Many companies underestimate the importance of sustainability or lack the knowledge to implement it effectively.
- **Resistance to Change**: Shifting to sustainable practices can face resistance from stakeholders accustomed to traditional methods.
- **Measurement and Reporting**: Quantifying the impact of sustainability initiatives can be complex, making it difficult to track progress.

To overcome these, the Institute of Company Secretaries of India (ICSI) must play a proactive role in:

- Developing ESG-specific modules and certifications.
- Conducting national-level ESG capacity-building programs.
- Facilitating industry-academia collaboration for ESG research.
- Partnering with regulators and global ESG standard-setting bodies.

Strategies for Overcoming Challenges

- To overcome these challenges, organizations can:
- **Develop Clear Policies**: Establish comprehensive sustainability policies that align with organizational goals.
- **Leverage Technology**: Use advanced tools and technologies to monitor and reduce environmental impact.
- **Collaborate**: Partner with stakeholders, industry peers, and non-governmental organizations to share knowledge and resources.
- **Invest in Training**: Educate employees about the importance of sustainability and provide them with the skills to contribute.

The Way Forward

As sustainability becomes a non-negotiable aspect of business, organizations must recognize its role in creating brand value. Company Secretaries, as guardians of governance and compliance, have a critical role to play in championing this agenda. By integrating sustainability into governance frameworks, ensuring regulatory compliance, and fostering a culture of responsibility, they can drive meaningful change.For Indian businesses, the journey towards sustainability is not just a moral imperative but also a strategic opportunity. As the nation aspires to achieve its vision of a $5 trillion economy and contribute to global climate goals, sustainable practices will be key to long-term success. By prioritizing sustainability, organizations can not only secure their future but also leave a lasting legacy of positive impact. In conclusion, sustainability is more than a trend; it is a cornerstone of modern business strategy. For Company Secretaries, embracing this paradigm offers an opportunity to enhance brand value, build trust, and drive innovation. By doing so, they can ensure that their organizations thrive in an increasingly conscious and competitive world.

Few Case Studies: CS Professionals Driving ESG Excellence

1. **Infosys Ltd.**

   With robust ESG reporting, a strong sustainability charter, and board-level ESG committees, Infosys is a leading example. Company Secretaries here facilitate disclosures and engagement with stakeholders, aligning ESG goals with business strategy.

2. **Tata Group**

   The Tata ethos of inclusive growth, social responsibility, and ethical governance is deeply embedded across its companies. CS professionals play key roles in CSR compliance, stakeholder communication, and ESG integration.

3. **Mahindra & Mahindra**

   M&M's "Rise for Good" platform integrates environmental and social goals. The company secretary has a pivotal role in implementing sustainability governance frameworks and ensuring board oversight.

Conclusion

As the world pivots toward a more sustainable and resilient future, ESG is not merely a trend – it is a transformation. In this transformation, Company Secretaries are not just passive record-keepers or compliance facilitators. They are emerging as **ESG Champions**, **Governance Innovators**, and **Strategic Enablers** of responsible capitalism.

The ESG journey requires collective vision, institutional readiness, and professional stewardship. With their governance acumen, legal understanding, and ethical grounding, CS professionals in India are uniquely positioned to steer this transformation.

By embracing ESG, Company Secretaries are not only redefining their own roles – they are helping redefine the future of Indian corporate governance itself.

"If civilization has risen from the Stone Age, it can rise again from the Wastepaper Age."

Motto

सत्यं वद। धर्मं चर।

speak the truth. abide by the law.

Vision

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

Mission

"To develop high calibre professionals facilitating good corporate governance"

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