

Green Insights: ESG Matters

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Editor's Note

Dear Readers,

Welcome to our Third Edition of our newsletter '**Green Insights: ESG Matters**'. As the global focus on sustainability intensifies, businesses are increasingly recognising the importance of integrating ESG considerations into their operations. From reducing carbon footprints to enhancing social impact, companies are embracing a more holistic approach to value creation that goes beyond financial performance. In this edition, we explore the latest trends, developments, and best practices in the realm of sustainability and responsible corporate conduct. We also take a closer look at key sustainability trends shaping the business world, from the rise of renewable energy to the growing emphasis on diversity and inclusion. We hope you find this edition of our newsletter informative and inspiring as we journey together towards a more sustainable and responsible future.

Warm regards,

[T S Vishwanath]

Green Growth: ESG as a Catalyst for India's Sustainable Development

The adoption of Environmental, Social, and Governance (ESG) principles is often viewed primarily as a move towards responsible or impact investing. However, its role in bringing a country closer to achieving its Sustainable Development Goals (SDGs) is frequently overlooked. Adopted by United Nations members in 2015 as a blueprint for a sustainable future, the 17 SDGs are targeted for achievement by 2030. With just six years remaining, Nordic countries like Finland and Sweden top the 2024 list, while India ranks 109th out of 166 countries with a score of 63.9 out of 100.

India has consistently improved its score year-on-year, yet its progress in adopting an ESG framework remains underrecognized. The recent release of a master circular on ESG rating providers by the Securities and Exchange Board of India (SEBI) is poised to accelerate this growth further. Notably, each of the 17 SDGs aligns closely with one or more categories of ESG.



The environmental aspect of ESG focuses on how companies and their activities impact the nature. This component is crucial, as at least eight of the 17 SDGs are directly related to environmental concerns. As businesses adopt more environmentally responsible attitudes, they contribute significantly to achieving multiple sustainability

goals. For instance, companies implementing water conservation measures and waste management practices contribute to clean water and sanitation (SDG 6). This not only reduces their environmental footprint but also helps preserve vital water resources for communities. Similarly, businesses transitioning to cleaner fuel sources and investing in renewable energy align with the goal of affordable and clean energy (SDG 7). Such shifts not only reduce greenhouse gas emissions but also drive innovation in the energy sector. These environmental efforts collectively contribute to the creation of sustainable cities and communities (SDG 11). By reducing pollution, implementing green building practices, and supporting urban biodiversity, companies play a crucial role in making urban areas more livable and resilient. Furthermore, these actions represent positive steps towards climate action (SDG 13), addressing one of the most pressing global challenges of our time.

The environmental dimension of ESG also encompasses efforts to improve life below water and on land (SDGs 14 & 15). Companies adopting sustainable fishing practices, reducing plastic waste, and implementing responsible land use policies contribute to preserving biodiversity both in aquatic and terrestrial ecosystems.

The social component of ESG addresses factors like gender equality, community and employee relations, fair wages, workplace safety, and human rights. These directly and indirectly contribute to SDGs including no poverty (SDG 1), zero hunger (SDG 2), good health and well-being (SDG 3), quality education (SDG 4), gender equality (SDG 5), clean water and sanitation (SDG 6), and reduced inequalities (SDG 10).



The governance aspect examines company policies, corporate structure, management practices, diversity, information disclosure, and compliance. This aligns with SDGs targeting gender equality (SDG 5), decent work and economic growth (SDG 8), climate action (SDG 13), peace, justice, and strong institutions (SDG 16), and partnerships for the goals (SDG 17).

Some goals, such as industry, innovation and infrastructure (SDG 9) and responsible consumption and production (SDG 12), require collective action across all ESG dimensions. While SDGs aim to create a prosperous planet while protecting it, ESG seeks to make businesses more impact-oriented.

SEBI's directives push companies to prioritize sustainability, bringing India closer to achieving its prosperity goals. As India sets timelines for net-zero emissions and responds to urgent climate action calls, balancing economic growth with environmental protection becomes crucial. The real challenge for India lies in effectively implementing these initiatives while navigating its diverse regional landscapes and challenges. While this task is formidable, it is not insurmountable. Through collaborative efforts across sectors and regions, India can make significant strides towards its sustainability goals, potentially emerging as a model for other developing nations facing similar complexities.

News from India

1. ESG Momentum Builds in Corporate India: 70% of Large Companies Set Clear Sustainability Goals

A recent report by IMA India and Uniquis Consultech reveals a growing commitment to Environmental, Social, and Governance (ESG) strategies among Indian corporations. Seventy percent of large Indian companies have established clear sustainability goals, [with 84% voluntarily sharing these targets](#). In the manufacturing sector, 61.3% expect medium to long-term measurable outcomes from their ESG initiatives, while 13.3% anticipate near-term results.



Large companies report full integration of ESG strategies into their organizational frameworks, though small and medium enterprises (SMEs) lag behind. Ethical responsibility and corporate citizenship drive ESG adoption for 85% of respondents, while over half are exploring or leveraging "Green Finance" and technology for their ESG efforts.

India has introduced new ESG reporting requirements for the top 1,000 listed companies, mandating disclosure through the Business Responsibility and Sustainability Report (BRSR). This regulatory push, coupled with corporate initiatives, signals a significant shift towards ESG consciousness in India's business landscape.

2. The Rise of ESG Investing: Beyond Returns to Responsible Business Practices

ESG (Environmental, Social, and Governance) investing has gained significant momentum in recent years, reflecting a shift towards more responsible and sustainable investment practices. [This approach goes beyond traditional financial metrics, considering a company's impact on the environment, society, and its governance structure.](#)

The ESG framework encompasses a wide range of issues including climate change, biodiversity, health, financial inclusion, women's empowerment, and food security. It evaluates how companies generate profits, not just the amount they earn. Regulators worldwide, including India's Securities and Exchange Board (SEBI), are developing guidelines for ESG investing. SEBI recently introduced a separate sub-category for ESG investments within equity schemes for mutual funds, allowing for six different types of ESG funds based on their strategies. While ESG investing is still evolving, with only a handful of funds currently available in India, many more are in development. This trend signifies a growing recognition of the importance of sustainable and ethical business practices in the investment world, balancing financial returns with broader societal and environmental considerations.



3. Brookfield Invests USD 200 Million in Leap Green Energy, Eyes Renewable Expansion in India

Canadian asset management firm Brookfield has made a significant move in India's renewable energy sector by investing over [USD 200 million in Tamil Nadu-based Leap Green Energy](#). This strategic investment gives Brookfield a majority controlling stake in the company, with an option to infuse an additional USD 350 million in the future.



Leap Green Energy, with its existing wind and solar asset base of 775 megawatts (MW), aims to expand its capacity to over 3 gigawatts (GW) in the next four to five years with Brookfield's support. This partnership is expected to meet growing demand in the commercial and industrial (C&I) segment while focusing on decarbonization.

and value creation. Brookfield, a major player in renewable energy globally, boasts a portfolio of 33GW generating capacity and 155GW under-development capacity across various technologies and regions. In India, Brookfield's renewable portfolio already exceeds 25GW of wind and solar assets.

This investment aligns with Brookfield's recent activities in India's renewable sector, including a \$1 billion commitment to Avaada Ventures and the acquisition of CleanMax Enviro Energy Solutions. The move underscores the growing importance of renewable energy in India and the increasing interest of global investors in the sector.

News from the World

1. IEA Launches Global Commission to Ensure Fair and Affordable Clean Energy Transitions

The International Energy Agency (IEA) has established a Global Commission on People-Centred Clean Energy Transitions, aiming to design and implement policies for a fair and affordable global energy system. Co-chaired by Spain's Deputy Prime Minister Teresa Ribera and Brazil's Minister of Mines and Energy Alexandre Silveira de Oliveira, the commission brings together diverse stakeholders from governments, international organizations, labour unions, Indigenous groups, youth, and civil society.

[Building on recommendations from a 2021 commission, this new initiative focuses on ensuring fairness and affordability in energy transition policies.](#) It will also develop mechanisms to monitor policy effectiveness and assess broader social impacts of these transitions.

IEA Executive Director Fatih Birol emphasized the importance of sharing the benefits of clean energy transitions across all parts of society. The commission aims to address historical marginalization in the energy economy and promote equitable policies.



The commission's first meeting is scheduled for October at the G20

Energy Transitions Ministerial Meeting in Brazil. The issues discussed will be central to both the G20 and COP30 agendas under Brazil's presidency, highlighting the global significance of this initiative in shaping fair and inclusive energy transitions worldwide.

2. China Leads Global Renewable Energy Expansion with Massive Solar and Wind Projects

China is reinforcing its position as the world's leader in renewable energy, with 339 GW of solar and wind power currently under construction - nearly double the rest of the world combined. This expansion, enough to power South Korea, marks a significant milestone in China's energy transition.

[In 2023, China added record amounts of utility-scale solar and wind capacity, bringing its total to 1,120 GW by Q1 2024.](#) Wind and solar now constitute 37% of China's power capacity, approaching coal's 39% share. Distributed solar, particularly residential installations, has seen rapid growth due to lower costs and strong policy support.



Wind power installations rebounded strongly in 2023 after a brief slowdown. China is on track to reach 1,200 GW of installed wind and solar capacity by the end of 2024, far ahead of its original timeline.

Despite this progress, China faces challenges in integrating renewables into its coal-centered grid, with issues of intermittency and transmission capacity. However, the country's ambitious expansion continues, with northwest and northern provinces leading in large-scale installations and coastal areas advancing in offshore wind.

While some projections suggest China's CO₂ emissions may have peaked in 2023, official targets aim for a peak no earlier than 2030 to support broader economic transitions.

3. Herbert Smith Freehills Launches Global ESG Tracker to Navigate Complex Regulatory Landscape

International law firm Herbert Smith Freehills has introduced a new tool, the Global ESG Tracker, to help businesses navigate the rapidly evolving landscape of ESG regulations and reporting requirements worldwide. Developed over 18 months, this innovative tool combines human expertise with artificial intelligence to monitor ESG-related legal developments across all global jurisdictions.

[The Global ESG Tracker covers a comprehensive range of ESG issues, including climate change policies, biodiversity, energy transition, human rights, and directors' duties.](#) It identifies changes in policy, regulation, or legislation and feeds this information into a centralized platform. This data is then used to generate customized reports for clients, helping them prepare for upcoming legal, sustainability, and financial reporting requirements.

Silke Goldberg, partner and global head of ESG at Herbert Smith Freehills, emphasizes the tool's importance in helping organizations keep pace with rapidly changing ESG reporting demands across multiple jurisdictions. The Global ESG Tracker is part of a suite of tools designed to assist clients with ESG legal requirements, following the firm's CSRD Mapper launched in May 2024.

Available through a monthly subscription, this tool represents a significant step in helping businesses navigate the complex and dynamic world of ESG compliance and reporting.





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