Professional Certification

Mastering Environmental, Social & Governance (ESG) for Sustainable Business Impact

Duration: 12–15 Hours | Format: Self-paced eLearning + Case Studies + Assessment

Prerequisites: None—just an open mind and a passion for creating positive change!

Certification: Upon completion (80%+ on assessments), earn the eLearnKranti Certified ESG Professional badge, recognised for practical ESG expertise. Please share it on LinkedIn to showcase your commitment to sustainable innovation.

Course Overview

This comprehensive ESG certification program goes beyond surface-level understanding to provide deep, actionable insights into Environmental, Social, and Governance practices. Designed for professionals who want to drive real sustainable impact, this course combines cutting-edge frameworks, Indian regulatory context, global best practices, and practical implementation strategies. This course is structured into 8 modules, each building on the last. You'll find engaging narratives, exclusive tips (like how Indian firms are leveraging blockchain for transparent ESG data— something not covered in most curricula), and interactive elements to make learning feel personal and actionable. Let's embark on this journey together!

🌍 Environmental Mastery

Carbon footprint, renewable energy, circular economy, and resource efficiency strategies

👥 Social Excellence

DEI, human rights, employee wellbeing, and community development frameworks

⚖️ Governance Leadership

Board accountability, ethical leadership, risk management, and compliance systems

Topics Covered:

1. **Understanding ESG: Definition, Scope & Importance**
2. **Evolution of ESG: From CSR to Sustainable Business**
3. **Global vs Indian ESG Standards**
4. **Key Stakeholders & Their Roles (Investors, Regulators, Businesses)**
5. **Case Study: How ESG reshaped Tata Group's sustainability initiatives**

Module 1: Introduction to ESG Frameworks

Module Introduction:

Welcome aboard! Think of ESG as the three pillars holding up a sustainable future: Environmental (planet), Social (people), and Governance (principles). In this module, we'll unpack why ESG matters more than ever in 2025, especially with global events like the COP30 climate talks pushing boundaries. I've seen companies transform from profit-chasers to purpose-driven leaders— and you will too.

1. Understanding ESG: Definition, Scope & Importance

1. What Is ESG? — The Modern Language of Responsible Business

ESG stands for Environmental, Social & Governance.
It is a comprehensive approach for evaluating how responsibly and sustainably a company operates — beyond just profits.

The Formula
ESG =

- **E** → How the company affects the environment
- **S** → How the company treats people
- **G** → How the company is run

But in reality, ESG is much deeper:

ESG is a method of understanding the risks, opportunities, impacts, and value creation of a business in a rapidly changing world.

It helps answer questions like:

- Will this company survive climate risks?
- Is it taking care of its employees and community?
- Are there ethical practices at the top?
- Can this business grow sustainably without damaging society?

"ESG is the new 'health report' of a company — environmental, social, and ethical health."

2. Why ESG Emerged (The Big Picture)

ESG didn't appear suddenly. It evolved because the world changed.

Key global shifts that pushed ESG into the mainstream:

1. **Climate crisis** → floods, heatwaves, regulations, carbon taxes
2. **Investor pressure** → trillions of dollars now invested only in ESG-compliant firms
3. **Consumer activism** → people prefer ethical brands
4. **Human-rights concerns** in supply chains
5. **Corporate scandals** → Poor governance destroyed companies
6. Governments making **ESG reporting mandatory**

Today, ESG is not "optional" or "CSR 2.0."
It is a **business survival strategy**.

3. ESG Deep Dive: Understanding the Three Pillars

A. Environmental (E)

"How does the company affect the planet?"

Key focus areas:

- Climate change & carbon emissions
- Energy usage and renewable energy
- Water management
- Waste management
- Pollution control
- Biodiversity and land use
- Circular economy

This pillar looks at:

- The company's **footprint** — what it takes from nature
- The company's **handprint** — what it gives back through positive initiatives

Why these matters:
Environmental risks = real business risks.
→ Floods disrupt supply chains
→ Heatwaves reduce worker productivity
→ Carbon taxes increase costs

B. Social (S)

"How does the company treat people?"

This pillar is about **relationships and social responsibility**.

Key focus areas:

- Employee health, safety & well-being
- Diversity, equity & inclusion (DEI)
- Labour rights & fair wages
- Customer protection & data privacy
- Community engagement
- Human rights in the supply chain
- Training & skill development

Why these matters:

- A motivated workforce boosts productivity
- Customers buy from companies they trust
- Legal compliance prevents penalties
- Better social practices → better brand image

Social = People, Trust & Reputation.

C. Governance (G)

"How is the company managed and controlled?"

Governance focuses on **leadership, structure and ethics**.

Key focus areas:

- Board composition & independence
- Executive compensation
- Anti-corruption practices
- Transparency & disclosure
- Risk management

- Stakeholder engagement
- Code of conduct & ethics

Good governance builds the foundation for:

- Long-term strategy
- Investor confidence
- Ethical decision-making

Bad governance destroys companies faster than bad products.

4. <u>Scope of ESG — What Does It Cover?</u>

The scope of ESG is broad **because it touches every part of a business.**

🌐 1. Internal Operations

- Energy efficiency
- Worker safety
- Diversity policies
- Internal audit and controls

🚀 2. Supply Chain

- Ethical sourcing
- Supplier compliance
- Carbon footprint of suppliers

🏢 3. Products & Services

- Product safety
- Eco-friendly design
- Data protection and cybersecurity

👥 4. Stakeholder Relationships

- Employees
- Community
- Customers
- Regulators

- Investors

🌎 5. Long-term Strategy & Risk Management

- Climate risk
- Transition to a low-carbon economy
- Emerging ESG regulations
- Reputation management

ESG is not a single department —
It is a holistic operating philosophy.

5. Importance of ESG — Why It Matters Today

1. Business Resilience & Risk Reduction

Companies face risks like:

- Climate disasters
- Supply chain failures
- Regulatory penalties
- Social backlash
- Reputation damage

ESG helps identify and manage these proactively.

2. Access to Capital

Investors now analyse ESG before giving money:

- 90% of global investors consider ESG data
- ESG funds attract trillions of dollars

A strong ESG score = easier funding.

3. Customer & Talent Attraction

- Modern customers prefer sustainable brands
- Employees want to work for ethical companies
- High ESG = high trust

4. Competitive Advantage & Innovation

ESG pushes companies to:

- Innovate new green products
- Reduce waste and save costs
- Build stronger stakeholder loyalty

5. Regulatory Compliance

Governments worldwide are implementing:

- Mandatory ESG disclosures
- Carbon taxes
- Extended producer responsibility
- Sustainability reporting standards

Not complying = heavy penalties + loss of market access.

6. Long-Term Financial Performance

Companies with strong ESG practices typically show:

- Lower risk
- Higher profitability
- Better share price stability
- Strong long-term returns

ESG is now linked directly to **business value creation**.

6. ESG vs CSR — Clear Difference

CSR	ESG
Voluntary	Increasingly mandatory
Philanthropy, charity	Data-driven, measurable outcomes
Feel-good initiatives	Strategic business risk & opportunity analysis
Not standardized	Global standards and audits
Focus on social impac	Focus on environmental, social & governance risks

7. Why ESG Is the Future

The world is moving toward:

- Net-zero targets
- Sustainable finance
- Ethical consumerism
- Digital transparency
- Global ESG standards

A company without ESG today will struggle to survive tomorrow.

ESG is not a trend — it is the operating system for the future of business.

2. Evolution of ESG: From CSR to Sustainable Business

1. Introduction: Why Understanding the Evolution Matters

To truly understand ESG today, we must understand **where it came from.**

ESG did not appear suddenly.
It evolved over **50+ years** as the world realised that:

- Profit alone does not define a company's success
- Its impact on people, planet, and ethical governance also matters — and affects long-term value.

This journey moved through phases:

1. **Philanthropy → CSR**
2. **CSR → Sustainability**
3. **Sustainability → ESG (Measurable, Data-Driven, Regulated)**

Each step represents a **shift in mindset**, from "nice to do" to "must do."

2. Phase 1: Philanthropy Era (Pre-1990s)

"Doing Good" Was Voluntary, Moral and Unstructured

Before terms like CSR or ESG existed, companies practised **philanthropy**:

- Donations to schools, hospitals, temples, or NGOs
- Charity work during festivals or disasters
- Support for local community events
- Owner-driven social initiatives

⚠ **Key characteristics:**

- Emotional, not strategic
- No reporting, no measurement
- Disconnected from business operations
- Reputation-driven activities

📌 **Why was this limited?**

Philanthropy had **no link** to business risk, long-term value, or sustainability.

It answered the question:
"How can we give back to society?"

But not:
"How do we reduce harm or manage social and environmental risks?"

This limitation led to the birth of **CSR**.

3. Phase 2: CSR — Corporate Social Responsibility (1990s–2010s)

"Companies must act responsibly toward society."

CSR emerged as a formal concept when globalisation increased scrutiny on:

- Labour conditions
- Child labour
- Environmental pollution
- Product safety
- Community development

CSR became a **strategic business function** rather than just a charity.

Elements of CSR:

- Community development
- Employee well-being
- Volunteering
- Ethical sourcing
- Social impact programs

Rise of CSR reporting

Companies started publishing **CSR reports** highlighting:

- Their initiatives
- Contributions
- Community impact

Governments also stepped in:

- Many countries introduced CSR laws or mandates
- India made 2% CSR spending mandatory for eligible companies

But CSR had major gaps:

Strengths	Weaknesses
Improved social responsibili	Not data-driven
Enhanced reputation	No standard format
Encouraged goodwill	No link to financial risks
Promoted community impac	Not comparable between companies
Voluntary participation	Often "marketing" rather than real impa

CSR answered:
"How can we be socially responsible?"
But not:
"How do environmental, social, and governance risks affect our business and investors?"

This gap led to **global sustainability frameworks** and eventually **ESG**.

4. Phase 3: Sustainability Era (2000s–2015)

“Balancing People, Planet & Profit.”

Sustainability became the next major evolution.
It introduced the **Triple Bottom Line (TBL)**:

- **People** – Social well-being
- **Planet** – Environmental responsibility
- **Profit** – Economic value

The idea:

A business must survive financially *and* protect the environment, and contribute to society.

Key developments:

- Climate change became a global crisis
- UN launched Millennium Development Goals (MDGs), then SDGs
- Carbon emissions and energy usage became critical topics
- Companies started setting sustainability targets (energy, waste, water, etc.)

However…

Sustainability issues:

- Reporting was inconsistent
- Companies self-selected what to disclose
- No standardised measurement
- Investors couldn’t rely on the data
- Hard to compare one company with another

This pushed the world toward more **structured, measurable** sustainability practices.

Which brings us to **ESG**.

5. Phase 4: Rise of ESG (2015–Today)

“From voluntary responsibility to measurable, investor-driven accountability.”

ESG evolved because global stakeholders demanded **credible, comparable, audited** information.

Why ESG emerged:

1. **Climate emergencies** (wildfires, floods, heatwaves)
2. **Financial impact** of environmental & social crises
3. **Global regulations** around sustainability
4. **Investor demand for transparency**
5. **Corporate scandals**
6. **Rise of digital transparency**

ESG = a measurable version of sustainability.

It covers:

🌍 **Environmental**

- Carbon emissions (Scope 1–2–3)
- Energy & water usage
- Pollution, waste, biodiversity
- Impact on climate systems

👥 **Social**

- Labour rights, human rights
- Diversity, equity, inclusion
- Safety, well-being
- Data privacy, product responsibility

🏛 **Governance**

- Leadership ethics
- Board structure
- Anti-corruption
- Transparency
- Executive compensation
- Risk management

ESG changed the game in 3 major ways:

1. Measurability

CSR = feelings
ESG = data-driven KPIs

2. Standardisation

Global ESG frameworks:

- GRI
- SASB
- TCFD
- CDP
- ISSB IFRS S1/S2
- ESRS

These standardized how companies must report.

3. Investor Integration

Investors now use ESG scores to:

- Assess long-term risk
- Give loans
- Decide stock investments
- Evaluate business resilience

Today...

ESG is viewed as **equally important** as financial reporting.

It is **audited**, **regulated**, **measured**, and **reported annually** just like financial statements.

6. The Transformation Explained (CSR → Sustainability → ESG)

Here is the evolution in one simple table:

Philanthrop	CSR	Sustainability	ESG
Charity	Social responsib	eople + Planet + P	Risks + Opportunities + Strat

Philanthrop	CSR	Sustainability	ESG
Emotional	Activity-basec	Goal-based	Data-based
Voluntary	ometimes requi	Strategic	Mandatory in many region
No reportin	Basic reportin	ustainability repo	Audited disclosures
Company-driv	Company + soci	Global alignmen	Investor, regulator & globa standards-driven
No link to mor	Image buildin	Balanced approa	Direct financial impact

<u>**7. Why ESG Became the Future of Business**</u>

1. ESG reduces long-term business risks

- Climate risks
- Reputation risks
- Supply-chain disruption
- Legal penalties

2. ESG attracts investors

Trillions of dollars in global funds flow only to ESG-compliant businesses.

3. ESG helps companies innovate

Low-carbon technologies, green products, smart supply chains.

4. ESG improves brand trust

Customers prefer ethical, transparent businesses.

5. ESG prepares firms for regulations

Countries, stock exchanges and regulators are mandating ESG reporting.

6. ESG builds resilient & future-ready companies

It aligns with global goals such as:

- Net Zero
- SDGs
- Circular economy
- Responsible supply chains

8. Conclusion: ESG Is Not the End — It's the New Beginning

The journey from **philanthropy → CSR → sustainability → ESG** reflects a shift in how we define a "successful" company.

Earlier:
Profit, growth, market share

Now:
Profit + Purpose + Planet + People + Governance + Long-term resilience

ESG is the foundation of sustainable business, modern reporting, ethical decision-making, and future competitiveness.

Companies that embrace ESG are not just doing good —
they are building stronger, smarter, future-ready businesses.

3. Global vs Indian ESG Standards

1. Introduction: Why Compare Global & Indian ESG Standards?

Around the world, ESG reporting is becoming **mandatory**, standardised and data-driven.
But ESG is not the same everywhere.

- **Global standards** create a universal language for ESG reporting.
- **Indian standards** adapt ESG to the Indian business ecosystem, regulations, risks, and priorities.

To fully understand ESG in the Indian context, learners must understand:

1. How global ESG frameworks shaped reporting worldwide
2. How India developed its own version aligned with, but distinct from, global approaches

This chapter explains **both systems** and shows how they connect.

2. Global ESG Standards — The International Benchmark

Global ESG standards bring *consistency, comparability, and credibility* across countries.

Here are the major global ESG frameworks & standards:

2.1 GRI – Global Reporting Initiative

Focus: Impact on economy, environment & society
Nature: Most widely used sustainability reporting standard
Strength: Stakeholder and impact-based reporting

Key features:

- Universal Standards + Sector Standards + Topic Standards
- Strong social and environmental disclosure
- Multi-stakeholder orientation
- Used by 10,000+ companies worldwide

GRI is typically used to create **broad, holistic sustainability reports**.

2.2 SASB (Now under ISSB)

Focus: Financially material sustainability issues
Nature: Industry-specific standards
Strength: Investor-focused

Key features:

- 77 industry-specific standards
- Covers material ESG issues affecting financial performance
- Highly quantitative KPIs

SASB is popular with:

- Stock market–listed companies
- Investors
- Sectors like finance, manufacturing, and IT

2.3 TCFD – Climate-Related Financial Disclosures

Focus: Climate risk
Nature: Framework, not a standard
Strength: 4-pillar model (Governance, Strategy, Risk Management, Metrics & Targets)

TCFD focuses on:

- Climate risk
- Physical & transition risks
- Scenario analysis
- Emissions disclosure

It is the foundation for many national climate reporting laws.

2.4 ISSB – IFRS S1 and S2 (The New Global Baseline)

ISSB = International Sustainability Standards Board
Launched by the IFRS Foundation to provide **one global ESG reporting language**.

IFRS S1 → General sustainability disclosure

IFRS S2 → Climate-related disclosure
Features:

- Built from SASB, TCFD, CDSB, and Integrated Reporting
- Strong investor focus
- Meant to become the **global mandatory standard**

Many countries (the UK, Singapore, Australia, Canada, Japan, and EU alignment efforts) are adopting ISSB.

2.5 CDP – Carbon Disclosure Project

Focus: Climate, Water, Forests
Nature: Disclosure platform + scoring system
Strength: Climate and environmental data transparency

Companies respond to CDP questionnaires → receive ratings (A → D-).

2.6 ESRS – European Sustainability Reporting Standards (Under CSRD)

Focus: Double materiality (impact + financial)
Nature: Mandatory for large EU companies
Strength: Most detailed ESG disclosure system in the world

ESRS is shaping global ESG trends due to its strictness.

Summary of Global Standards

Standard	Type	Focus	Audience
GRI	Standard	Impact & sustainability	Stakeholders
SASB	Standard	Financial materiality	Investors
TCFD	Framework	Climate risk	Investors & regulat
ISSB IFRS S1/	Standard	inancial sustainability & cli	Global markets
CDP	Disclosure & rati	Environmental data	Investors, supplie
ESRS	Mandatory stand	Impact + financial	EU regulators

Global standards give a **structured, comparable, globally accepted** approach to ESG.

3. Indian ESG Standards — Localised, Regulated & Evolving

India has taken strong steps to establish **its own ESG reporting ecosystem**, influenced by global developments but adapted to Indian needs.

Three main pillars define India's ESG standards:

1. **BRSR (Business Responsibility and Sustainability Report)**
2. **BRSR Core (New mandatory assured KPIs)**
3. **Indian ESG Rating Guidelines (SEBI-regulated)**

Let's explore each.

3.1 BRSR – Business Responsibility and Sustainability Report

Introduced by SEBI, applicable to top **1,000 listed companies** by market cap.

It replaced the older **BRR (Business Responsibility Report)**.

BRSR integrates:

- Indian regulations
- Global frameworks (GRI, SASB, TCFD, SDGs)

BRSR Structure:
A. Section A – General Disclosures
Company profile, products, geography, operations

B. Section B – Management & Process Disclosures
Policies, governance, stakeholder engagement

C. Section C – Principle-wise Performance (9 Principles of NVGs)
9 principles under the National Guidelines on Responsible Business Conduct (NGRBC), including:

- Ethics
- Sustainability
- Employees
- Stakeholders
- Human rights
- Environment
- Governance

BRSR gives:
- A structured ESG reporting format
- Standard KPIs
- Mandatory disclosures for listed firms

It brings Indian companies closer to **global ESG expectations**, with Indian relevance.

3.2 BRSR Core (2023 Onwards)

SEBI introduced **BRSR Core** to:

- Strengthen ESG disclosures
- Standardise ESG data
- Make ESG reporting **auditable**

BRSR Core = 49 Key Indicators
Across:

- Environment
- Social
- Governance

These disclosures require **limited assurance (audit)**.

Mandatory for:

- Top 150 companies (FY 2023–24)
- Expanding to top 1,000 companies over time

This is India's strongest step toward *global-grade, verified ESG data*.

3.3 ESG Ratings Regulations – Indian Rules

SEBI has regulated the ESG rating agencies operating in India.

Standards include:

- Transparency in methodology
- Disclosure of rating rationale
- Avoiding conflicts of interest
- Ensuring data quality

This is India's answer to inconsistent global ESG ratings.

3.4 Other Indian ESG-linked Requirements

RBI (Banking)

- Banks required to integrate climate risks
- ESG criteria in lending decisions

MCA (Ministry of Corporate Affairs)

- NGRBC principles
- CSR compliance
- Sustainability reporting focus

Stock Exchanges (NSE, BSE)

- ESG indices
- ESG listing requirements

Industry-specific guidelines
Example:

- Green energy rules
- Plastic waste management
- E-waste
- Pollution Control Board norms

India's ESG ecosystem is therefore **regulatory + market-driven**.

4. Comparison: Global vs Indian ESG Standards

Here is a clear comparison for LMS:

4.1 Purpose

Global Standards	Indian Standards
Create global comparability	Tailored for the Indian economy
Used by multinational companies	Mandatory for the top 1,000 listed firms
Driven by investors and regulators worldwide	Driven by SEBI, MCA, and RBI

4.2 Nature of Standards

Global	Indian
GRI → impact-based	BRSR → NVGs-based ESG reporting
SASB → financial materiality	BRSR Core → mandatory KPIs
TCFD → climate risk	Climate disclosures integrated into BRSR
ISSB → universal sustainability baseline	India is evaluating ISSB alignment

4.3 Mandatory vs Voluntary

Standard	Mandatory?
GRI	Voluntary
SASB	Voluntary
TCFD	Mandatory in some nations
ISSB	Becoming mandatory globally
ESRS	Mandatory in EU
BRSR	Mandatory for top 1,000 firms

Standard	Mandatory?
BRSR Core	Mandatory with assurance for top companies

4.4 Level of Detail

Parameter	Global	India
Detail level	High (ESRS, ISSB)	Moderate-high (BRSR, BRSR Core)
Climate focus	Very strong	Strong but evolving
Social metrics	Strong	Very strong (due to NVGs focus)
Governance metrics	Strong	Strong

4.5 Assurance Requirements

Global	India
ISSB and ESRS encourage assurance	BRSR Core requires assurance (mandatory)
CDP voluntary	SEBI pushes for audit-backed ESG data

4.6 Data Approach

Global	Indian
Industry-specific standards (SASB)	Principle-wise standards (NVGs-based)
Sector supplements (GRI)	Sector disclosures (coming soon)
Climate scenario modelling (TCFD/ISSB)	Limited but increasing

5. How Indian Standards Align with Global Standards

India's BRSR and BRSR Core map to many global frameworks:

- **GRI** → Stakeholder and impact reporting
- **SASB** → Financial material KPIs (partially integrated)
- **TCFD** → Climate governance & risk disclosure
- **SDGs** → Linked in sustainability reporting
- **ISSB** → India exploring convergence for future reporting

This alignment helps Indian companies:

- Raise global capital
- Increase investor trust
- Compete internationally
- Improve transparency

6. Why India Needs Its Own ESG Standards

India's ESG landscape is unique due to:

IN 1. Large informal workforce

IN 2. Agriculture-dependent economy

IN 3. MSME-dominated supply chains

IN 4. High environmental vulnerability
(floods, heatwaves, drought)

IN 5. Cultural and social diversity

IN 6. Rapid urbanisation challenges

IN 7. National priorities (Net Zero 2070, SDGs)
Global frameworks alone cannot capture all of these.
Hence, India needs standards rooted in **local realities + global best practices**.

7. Conclusion: India Is Building a Strong ESG Ecosystem

The evolution shows:

- **Global standards** create universal comparability
- **Indian standards** ensure local relevance & regulatory compliance
- **Together**, they help Indian companies build world-class, responsible, sustainable businesses

India is moving towards:

- More mandatory climate disclosures
- Stronger ESG rating regulations
- Potential ISSB alignment
- Sector-specific ESG guidelines

The future of ESG in India is **structured, assured, regulated, and globally aligned**.

4. Key Stakeholders & Their Roles in ESG

Investors • Regulators • Businesses

1. Introduction: Why Stakeholders Matter in ESG

ESG (Environmental, Social, Governance) is not just a reporting system—it is an **ecosystem**.
It functions only when **key stakeholders** play their roles:

- **Investors** → Demand transparency, influence capital flow
- **Regulators** → Create rules, mandate disclosures, enforce compliance
- **Businesses** → Implement ESG practices and produce ESG data

Each of these groups shapes how ESG evolves, how companies behave, and how markets reward sustainability.

In this module, we go deep into:

- Who these stakeholders are
- What drives them
- Their influence on ESG reporting and performance
- Why their collaboration is essential for sustainable economies

2. Who Are the Key Stakeholders in ESG?

The ESG ecosystem involves many parties, but the **three most influential** are:

1. **Investors**
2. **Regulators**
3. **Businesses (Companies)**

You can visualise the ecosystem like a triangle:

INVESTORS

REGULATORS ---- BUSINESSES

Each group's decisions affect the other two.

3. Role of Investors in ESG

Investors are the **primary drivers** of ESG adoption globally.
They push companies to disclose ESG data because **ESG affects financial risk and long-term returns**.

3.1 Types of Investors Involved in ESG

- Institutional investors (mutual funds, pension funds, sovereign wealth funds)
- Private equity & venture capital firms
- ESG-focused funds & impact investors
- Banks and lending institutions
- Retail investors (individuals)

3.2 Why Investors Care About ESG

1 Risk Management

ESG helps investors assess risks like:

- Climate disasters
- Regulatory penalties
- Supply chain failures
- Reputation damage
- Governance scandals

2 Long-Term Value Creation

Companies with high ESG scores tend to:

- Have stable long-term returns
- Innovate more
- Face fewer disruptions

3 Global Capital Flow Trends

Trillions of dollars are invested in ESG funds.
Investors want companies that:

- Are future-ready
- Comply with global norms

- Are aligned with climate goals

4 Meeting Their Own Commitments
Large investors have:

- Net-zero commitments
- Sustainability goals
- UN PRI membership (Principles for Responsible Investment)

They demand ESG information to meet these commitments.

3.3 Key Roles Investors Play

1. Driving ESG Disclosure
Investors ask companies for:

- Carbon emissions data
- Diversity metrics
- Governance details
- Human rights compliance

2. Influencing Corporate Strategy
Through:

- Shareholder activism
- Voting rights
- Investor-company dialogues
- Resolutions at AGMs

Example:
Investors are forcing companies like ExxonMobil to adopt climate strategies.

3. Allocating Capital Based on ESG Performance

- High ESG scores → Better funding
- Poor ESG → Higher borrowing costs or divestment

4. Demanding External Assurance
Investors want credible data, not self-promotional sustainability reports.

5. Encouraging Transition to Low-Carbon Economy

Investors push companies to:

- Set Net-Zero targets
- Reduce emissions
- Adopt renewable energy

Investors are the **economic engine** behind ESG growth.

4. Role of Regulators in ESG

Regulators ensure that ESG reporting is **standardised, reliable, and mandatory**.
They convert ESG from a voluntary activity into a **compliance requirement**.

4.1 Who Are the Regulators?

Global:

- IFRS Foundation (ISSB)
- European Commission (CSRD/ESRS)
- US SEC
- National stock exchanges

Indian:

- SEBI (Securities and Exchange Board of India)
- RBI (Reserve Bank of India)
- MCA (Ministry of Corporate Affairs)
- Pollution Control Boards
- Energy regulators (BEE, MNRE)
- Indian stock exchanges (BSE, NSE)

4.2 Why Regulators Care About ESG

1 Market Stability

Climate and social issues affect:

- Financial systems
- Long-term economic health

Regulators must protect markets.

2 Protecting Investors

Investors need trustworthy information to make decisions.

3 National Priorities

Countries align ESG regulations with:

- Climate commitments

- SDGs
- Local social and governance needs

4 Reducing Greenwashing

Regulators ensure companies cannot:

- Make false sustainability claims
- Manipulate ESG ratings
- Hide crucial risks

4.3 Key Roles of Regulators

1. Creating ESG Disclosure Rules

Example:

- India's BRSR & BRSR Core
- EU's CSRD and ESRS
- ISSB mandatory adoption in several countries

2. Harmonising Standards

Regulators ensure companies use:

- Standard formats
- Standard metrics
- Verified data

3. Enforcing Compliance

Through:

- Penalties
- Audits
- Inspections
- Listing requirements

4. Regulating ESG Rating Agencies

To ensure:

- Transparency
- Low bias
- No conflict of interest

SEBI introduced ESG rating agency regulations for this.

5. Guiding Financial Sector Integration
RBI now pushes banks to:

- Integrate climate risk
- Include ESG in lending decisions

6. Supporting Corporate Transparency
Regulators create platforms and guidelines so stakeholders can access ESG information easily.

Regulators act as the **rule-makers and watchdogs** of the ESG ecosystem.

5. Role of Businesses in ESG

Businesses are at the **centre** of ESG because they generate the data, implement the practices, and manage the impact.

5.1 Who Are the Businesses?

- Listed companies
- Large corporations
- SMEs & MSMEs (via supply chain ESG)
- Financial institutions
- Startups (increasingly ESG-focused)

5.2 Why Businesses Care About ESG

1 Regulatory Compliance
Mandatory ESG reporting (BRSR, ISSB, CSRD).

2 Investor Expectations
Companies want to:

- Reduce cost of capital
- Improve investor confidence

3 Market Competitiveness
Customers prefer:

- Ethical
- Transparent
- Sustainable brands

4 Risk Mitigation
ESG helps manage:

- Environmental damage
- Employee dissatisfaction
- Product liability
- Board-level governance failures

5 Innovation & Efficiency
ESG drives:

- Energy efficiency
- Waste reduction
- Better governance
- Stronger supply chains

6 Reputation & Trust
High ESG performance enhances:

- Customer loyalty
- Employer branding
- Social license to operate

5.3 Key Roles of Businesses

1. Integrating ESG into Strategy
Businesses must integrate ESG into:

- Mission
- Risk management
- Operations
- Supply chains

2. Measuring ESG Data
Companies must track:

- Emissions
- Water usage
- Diversity
- Governance metrics
- Social impact

3. Publishing ESG Reports
Using standards like:

- BRSR
- GRI
- SASB
- ISSB
- TCFD

4. Setting Targets
Examples:

- Net zero targets
- Renewable energy usage
- Waste reduction goals
- DEI targets
- Supply chain audits

5. Engaging Stakeholders
Companies must engage:

- Employees
- Communities
- Customers
- Suppliers
- Investors

6. Ensuring Good Governance
This includes:

- Board oversight
- Ethical practices
- Anti-corruption systems
- Transparency

Businesses are the **actors** who put ESG into practice.

6. How These Stakeholders Interact (ESG Ecosystem)

ESG works through a **feedback loop**:

1. Regulators → set rules
Businesses must follow.

2. Businesses → disclose ESG data
Investors analyse.

3. Investors → pressure companies
To improve performance and reduce risk.

4. Investors → feedback to regulators
On improving standards.

5. Regulators → update ESG policies
Based on global trends and investor needs.

This cycle continuously improves:

- ESG transparency
- Corporate behaviour
- Market stability
- Sustainable economic growth

7. Summary Table

Stakeholder	Why They Care	What They Do	Impact
Investors	Risk, returns, global commitments	Demand data, influence strategy, allocate capital	Drives ESG adoption
Regulators	Market stability, compliance, and reducing greenwashing	Mandate reporting, enforce rules, regulate ESG ratings	Ensures credibility
Businesses	Compliance, competitiveness, reputation	Implement ESG, measure KPIs, disclose data	Deliver real impact

8. Conclusion: ESG Is a Shared Responsibility

The success of ESG depends on **collaboration**:

- **Investors** push demand for quality ESG data
- **Regulators** set the rules and ensure transparency
- **Businesses** implement ESG practices and produce outcomes

Together, they create an ecosystem where:

- Sustainable practices are rewarded
- Transparent companies gain investor trust
- Responsible businesses thrive
- Economies grow sustainably

"ESG is not a one-player game — it is a multi-stakeholder partnership."

5. Case Study: How ESG Reshaped Tata Group's Sustainability Initiatives

Real Examples • Corporate Strategy Breakdown

1. Introduction: Why the Tata Group is a Benchmark for ESG in India

Tata Group — one of India's oldest and largest conglomerates — operates in **100+ countries**, across metals, IT, automotive, power, chemicals, consumer goods, hospitality, and more.

Even before ESG became a global trend, Tata was known for:

- Ethical leadership
- Social responsibility
- Environmental stewardship

However, in the last decade, **ESG transformed Tata's approach from "responsible initiatives" into a structured, measurable, investor-driven sustainability strategy.**

This case study explains:

- How Tata Group built ESG into its business DNA
- The frameworks, decisions, and transformations it undertook

- Real examples from Tata Steel, Tata Power, TCS, Tata Motors, Tata Chemicals, Tata Consumer, and more
- The measurable impact on business performance and brand value

2. Stage 1: Early Tata Legacy (Pre-ESG Era)

“Values-led Responsibility”

Tata’s sustainability roots go back 150+ years.

Even before ESG existed, Tata practised:

- Worker welfare programs
- Community development near plants
- Rural upliftment
- Education and healthcare investments
- Ethical governance under JRD Tata & Ratan Tata

Example:
Tata Steel (1907) was the first in India to introduce:

- 8-hour workday
- Free healthcare
- Maternity benefits
- Accident compensation

These were decades ahead of Indian laws.

But this phase was **values-driven**, not **metrics-driven**.

There was no:

- Unified ESG framework
- Standardised KPIs
- Target-driven reporting
- Emissions accounting

ESG changed that.

3. Stage 2: ESG Awareness (2005–2015)

“From Responsibility to Sustainability”

Global investors started expecting:

- Carbon accounting
- Climate disclosures
- Human rights commitments
- Supply chain transparency

Tata began aligning with:

- **UN Global Compact**
- **Sustainable Development Goals (SDGs)**
- **GRI Standards (Global Reporting Initiative)**

Tata companies started publishing **Sustainability Reports** annually — especially Tata Steel, Tata Power, Tata Chemicals, TCS, Titan.

But this was still "sustainability reporting," not **ESG strategy**.

4. Stage 3: The ESG Transformation (2016–Present)

"From Sustainability to ESG Integration"

Around 2016–17, global capital markets shifted heavily toward ESG-led investments.

Tata Group modernised its approach:

4.1 Group-Level ESG Governance Framework

Tata Sons established:

- **Group Sustainability Council**
- **Group ESG Governance Model**
- **Group-wide KPIs & reporting standards**

They aligned with:

- GRI
- SASB
- TCFD
- CDP
- DJSI (Dow Jones Sustainability Index)
- Integrated Reporting (IR)
- BRSR (for Indian listed entities)
- Science-Based Targets Initiative (for climate goals)

This created **unified, comparable ESG reporting** across 30+ Tata companies.

4.2 Group-Level Decarbonization Plan

Tata Group set a **2045 Net Zero target**, earlier than India's national 2070 target.

Key areas:

- Scope 1, 2, 3 emissions reduction
- Renewable energy expansion
- Energy efficiency programs
- Electrification of operations
- Low-carbon materials innovation
- Circular economy initiatives

4.3 Social Capital Programs Strengthened with ESG Metrics

Traditional CSR was transformed into:

- Impact measurement
- Third-party auditing
- SDG alignment
- Community indicators (health, education, livelihoods, skill development)

4.4 Ethical Governance Strengthening

Tata implemented:

- Enterprise Risk Management (ERM)
- Anti-corruption systems
- Supply chain ESG codes
- Board-level sustainability committees
- ESG-linked executive KPIs in some companies

<u>5. Real Company Examples</u>

Now, let's examine how ESG reshaped **specific Tata companies**.

5.1 Tata Steel — One of the World's Most ESG-Driven Steelmakers

ESG Transformation:

- Shift from coal-heavy steelmaking to low-carbon processes
- Investments in **hydrogen-based steelmaking** pilots

- Zero liquid discharge systems
- 100% solid waste utilisation in some plants
- Human rights and safety leadership

Achievements:

- Among the **world's top steel companies** in DJSI rankings
- 70% recycling of process water
- First Indian steel company to install carbon capture units

Social Impact:

- Tata Steel Foundation → India's largest corporate CSR arm
- Education, skilling, tribal development

Tata Steel became a global **benchmark** in ESG among heavy industries.

5.2 Tata Power — Climate Strategy & Renewable Energy Leadership

Tata Power transformed from a coal-heavy utility to a **clean energy company**.

ESG-driven pivot:

- 70% future capex is now in renewables
- India's largest rooftop solar provider
- EV charging network across 500+ cities
- Move toward phasing out new coal projects
- TCFD-aligned climate risk reporting

Impact:

- Massive ESG re-rating by investors
- Attracts green financing (green bonds, sustainability-linked loans)

5.3 Tata Motors — ESG for Electric Mobility

ESG shaped Tata Motors' evolution into India's **EV leader**.

ESG Driven Initiatives:

- EV strategy (Tata Nexon EV, Tiago EV, Tigor EV)
- Battery supply chain sustainability
- Emissions reduction in manufacturing
- Circular economy recycling programs

- BRSR reporting with strong environmental KPIs

Impact:

- 75%+ market share in the Indian EV segment
- Attracted ESG-focused global investors (TPG Rise invested $1B)

5.4 Tata Consultancy Services (TCS) — ESG in the Digital Economy

Transformation:

- Carbon-neutral offices
- 100% renewable energy in key campuses
- Massive HR initiatives (DEI, skilling, gender representation)
- Ethical data governance & cybersecurity
- Use of AI for climate modelling & smart energy solutions

Social:

- TCS Adult Literacy Program
- TCS STEM education programs
- Health systems strengthening through digital tech

5.5 Tata Chemicals — Circular Economy Pioneer

ESG Innovations:

- Industrial symbiosis
- Zero waste to landfill programs
- Green chemistry initiatives
- Community-led coastal rehabilitation projects

5.6 Tata Consumer Products — Ethical & Sustainable Sourcing

ESG Actions:

- 100% sustainably sourced tea
- Water stewardship programs
- Packaging sustainability
- Supplier ESG audits

6. Measurable Impact of ESG on Tata Group

🌱 Environmental Impact

- Group-wide carbon intensity has reduced significantly
- Major shift toward renewable power (Tata Power leading)
- Reduced water usage & zero liquid discharge in multiple plants

👥 Social Impact

- Millions reached through healthcare, nutrition, and education programs
- Largest corporate volunteering initiative in India
- Strong employee well-being culture

🏛 Governance Impact

- Increased transparency
- Strengthened risk management
- Ethical leadership and anti-corruption standards

💰 Financial & Market Impact

- Global ESG funds invested in Tata companies
- Higher ESG ratings improved access to capital
- Tata Power, Tata Motors saw major valuation increases due to ESG-led EV & RE strategies

🌏 Reputation & Global Standing

- Tata Group consistently ranks among:
  - India's most responsible companies
  - Global sustainability leaders
  - Top ethical companies

7. Summary: Why Tata Group Is a Model ESG Case Study

1. Early values → Modern ESG strategy
2. Group-level governance → Company-level execution
3. Global frameworks → Indian context adaptation
4. Carbon neutrality goals → Sector-wide transformation
5. ESG-driven innovation → Electric vehicles, renewables, green chemistry
6. Social legacy → Measurable community impact
7. Corporate governance → Ethical brand identity

Tata Group proves that ESG is not a cost —
It is a competitive advantage and a long-term value creator.

Quiz Questions & Answers

Q1. ESG is best defined as:

A. A voluntary charity model
B. A framework integrating environmental, social & governance risks
C. A government welfare scheme
D. A marketing tool
Correct Answer: B

Q2. Scope 3 emissions refer to:

A. Direct emissions from owned facilities
B. Purchased electricity emissions
C. Entire value-chain emissions
D. Emissions from government operations
Correct Answer: C

Q3. Which pillar includes employee safety & well-being?

A. Environmental
B. Social
C. Governance
D. Financial
Correct Answer: B

Q4. Board independence falls under which ESG pillar?

A. Environmental
B. Sociocultural
C. Governance
D. Economic
Correct Answer: C

Q5. A company implementing circular economy practices addresses:

A. Customer service
B. Energy subsidies
C. Waste reduction & resource efficiency
D. Advertising
Correct Answer: C

Q6. ESG differs from CSR because ESG:

A. Is emotional
B. Is data-driven and measurable
C. Is based only on philanthropy
D. Ignores governance
Correct Answer: B

Q7. Which of these is a key driver of ESG adoption?

A. Soft drink taxation
B. Climate risks and investor pressure
C. Movie advertisements
D. Traditional HR policies
Correct Answer: B

Q8. Double materiality refers to:

A. Only environmental materiality
B. Impact on company + company's impact on society
C. CSR budgets
D. Marketing expenses
Correct Answer: B

Q9. ESG improves business sustainability by:

A. Increasing product prices
B. Minimising long-term risks and increasing resilience
C. Reducing employee salaries
D. Avoiding audits
Correct Answer: B

Q10. Data privacy breaches fall under:

A. Environmental risks
B. Social responsibility
C. Governance transparency
D. None of the above
Correct Answer: B

Q11. “Triple Bottom Line” belongs to which phase?

A. Philanthropy era
B. CSR era
C. Sustainability era
D. ESG era
Correct Answer: C

Q12. A major limitation of CSR was:

A. Too much regulatory enforcement
B. Lack of standardised metrics
C. Too many global frameworks
D. Excessive climate data
Correct Answer: B

Q13. The rise of ESG was mainly driven by:

A. Social media ads
B. Global investor demand for transparency
C. Employee vacations
D. Sports sponsorships
Correct Answer: B

Q14. CSR is different from ESG because CSR is:

A. Measurable and data-heavy
B. Volunteer-driven and activity-based
C. Investor-centric
D. Mandatory and audited
Correct Answer: B

Q15. Which global agreement accelerated ESG adoption?

A. Paris Climate Agreement
B. WTO Agreement
C. G20 financial pact
D. FIFA Charter
Correct Answer: A

Q16. The ESG era represents:

A. Philanthropy reporting
B. Mandatory and audited sustainability disclosures
C. No reporting requirements
D. Only social investments
Correct Answer: B

Q17. What caused the shift from sustainability to ESG?

A. Increased CSR budgets
B. Need for investor-grade quantitative data
C. Fewer climate impacts
D. Less interest from regulators
Correct Answer: B

Q18. CSR primarily focused on:

A. Impact measurement
B. Charity and community programs
C. Decarbonization targets
D. Supply chain audits
Correct Answer: B

Q19. Sustainability became mainstream due to:

A. Fashion trends
B. Globalisation, climate change, and stakeholder activism
C. Lower stock prices
D. Printing brochures
Correct Answer: B

Q20. ESG evolved as the response to:

A. Need for emotional CSR stories
B. Need for measurable, comparable sustainability performance
C. Increase in sports leagues
D. Lower taxation
Correct Answer: B

Q21. Which is a global sustainability standard?

A. BRSR
B. GRI
C. BRSR Core
D. MCA Guidelines
Correct Answer: B

Q22. SASB standards are:

A. Government tax laws
B. Industry-specific ESG standards
C. CSR spending guidelines
D. ISO safety codes
Correct Answer: B

Q23. BRSR reporting is mandatory for:

A. All private companies
B. Top 1,000 listed companies
C. SMEs only
D. Government departments
Correct Answer: B

Q24. ISSB's IFRS S2 focuses on:

A. Social engagement
B. Climate-related disclosures
C. Governance codes
D. Supply chain risks only
Correct Answer: B

Q25. What is BRSR Core?

A. Optional annexure
B. Audited ESG KPIs (49 indicators)
C. A CSR guideline
D. EU reporting format
Correct Answer: B

Q26. CDP primarily measures:

A. Brand value
B. Carbon, water, and forests
C. Employee engagement
D. Profit margins
Correct Answer: B

Q27. ESRS belongs to which reporting regime?

A. Middle East
B. India
C. European Union
D. Africa
Correct Answer: C

Q28. SEBI's ESG role includes:

A. Running carbon markets
B. Regulating ESG rating agencies
C. Funding renewable energy projects
D. Creating CSR budgets
Correct Answer: B

Q29. Which standard emphasises impact-based reporting?

A. SASB
B. GRI
C. IFRS S1
D. ESRS G1
Correct Answer: B

Q30. NGRBC principles are central to:

A. SASB
B. BRSR
C. GRI
D. CDP
Correct Answer: B

Q31. Investors use ESG primarily for:

A. Legal compliance
B. Assessing long-term risks and returns
C. Social media management
D. Branding campaigns
Correct Answer: B

Q32. Regulators enforce ESG rules to:

A. Improve brand reputation
B. Strengthen market stability & transparency
C. Fund charities
D. Advertise government schemes
Correct Answer: B

Q33. Which stakeholder implements ESG strategies internally?

A. Investors
B. Regulators
C. Businesses
D. NGOs
Correct Answer: C

Q34. RBI focuses on ESG because:

A. It affects agricultural yield
B. Climate risk can destabilise financial systems
C. It reduces bank interest rates
D. It increases export revenue
Correct Answer: B

Q35. Businesses adopt ESG for:

A. Short-term marketing
B. Long-term competitiveness, compliance & risk reduction
C. Tax evasion
D. CSR documentation
Correct Answer: B

Q36. Shareholder activism is an example of:

A. Regulatory enforcement
B. Investor-driven ESG influence
C. CSR activity
D. Philanthropy
Correct Answer: B

Q37. Which of the following is NOT a regulator's ESG responsibility?

A. Mandating disclosures
B. Punishing non-compliance
C. Setting company emission targets
D. Regulating rating agencies
Correct Answer: C

Q38. Which stakeholder ensures board-level ESG oversight?

A. NGOs
B. Investors
C. Businesses
D. Regulators
Correct Answer: C

Q39. ESG assurance is required because:

A. It reduces profits
B. It increases credibility and prevents greenwashing
C. It boosts marketing
D. It is optional everywhere
Correct Answer: B

Q40. Which stakeholder controls ESG-related capital allocation?

A. Regulators
B. Businesses
C. Investors
D. Consumers
Correct Answer: C

Q41. Which Tata company pioneered hydrogen-based steelmaking pilots?

A. Tata Power
B. Tata Steel
C. Tata Motors
D. Titan
Correct Answer: B

Q42. Tata Power's ESG strategy focuses on:

A. Aviation fuel
B. Coal expansion
C. Renewable energy & EV charging networks
D. Real estate development
Correct Answer: C

Q43. Which investment accelerated Tata Motors' EV transformation?

A. Walmart Investment Fund
B. Reliance Green Capital
C. TPG Rise Climate Investment
D. Government subsidy alone
Correct Answer: C

Q44. Tata Sons' Group Sustainability Council ensures:

A. Employee leave management
B. ESG KPIs, governance, and group-wide alignment
C. Cooking fuel distribution
D. Stock option trading
Correct Answer: B

Q45. Tata Group's climate target is:

A. Net Zero by 2030
B. Net Zero by 2045
C. Net Zero by 2070
D. Zero emissions not considered
Correct Answer: B

"When businesses choose ESG, they choose a world worth living in."