



**THE INSTITUTE OF
Company Secretaries of India**

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SUPPLEMENT PROFESSIONAL PROGRAMME ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)- PRINCIPLES & PRACTICE (Syllabus 2022)

**(Supplement covers amendments/developments from
May 2023 to November 2024)**

GROUP 1

PAPER 1

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Lesson 1

Conceptual Framework of Corporate Governance

Years	Global Developments	Brief on Global Development Initiatives
2023	OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023 Edition)	<p>The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct are recommendations addressed by governments to multinational enterprises. They aim to encourage positive contributions enterprises can make to economic, environmental and social progress, and to minimise adverse impacts on matters covered by the Guidelines that may be associated with an enterprise's operations, products and services.</p> <p>The Guidelines cover all key areas of business responsibility, including human rights, labour rights, environment, bribery, consumer interests, disclosure, science and technology, competition, and taxation. The 2023 edition of the Guidelines provides updated recommendations for responsible business conduct across key areas, such as climate change, biodiversity, technology, business integrity and supply chain due diligence, as well as updated implementation procedures for the National Contact Points for Responsible Business Conduct.</p>
	G20/OECD Principles of Corporate Governance	<p>The G20/OECD Principles of Corporate Governance are the international standard for corporate governance. The Principles help policy makers evaluate and improve the legal, regulatory and institutional framework for corporate governance, with a view to supporting economic efficiency, sustainable growth and financial stability.</p> <p>The Principles were revised in 2023 to reflect recent evolutions in capital markets and corporate governance policies and practices. They offer new and updated recommendations on shareholder rights, the role of institutional investors, corporate disclosure and reporting, the responsibilities of boards, and, for the first time, on sustainability and resilience to help companies manage climate-related and other sustainability risks and opportunities. The Principles were first issued in 1999 and the revised Principles were endorsed by G20 Leaders in 2023.</p>

Corporate Sustainability Reporting Directive (CSRD)

About CSRD

- i) Launched in 5 Jan, 2023.
- ii) It modernises and strengthens the rules concerning the social and environmental information that companies have to report.
- iii) Companies subject to the CSRD will have to report according to European Sustainability Reporting Standards (ESRS).

1. Reasons for adoption of CSRD

- The EU (European Union) believes that consumers and investors deserve to know the sustainability impact of businesses, and the CSRD was created because the existing legislation wasn't cutting it.

Before the CSRD, the Non-Financial Reporting Directive (NFRD) established the reporting principles for large companies. However, the European Commission discovered that the information reported by companies was insufficient.

2. Application of CSRD

- The CSRD more than quadruples the number of companies required to report on sustainability, from the 11,000 covered by the NFRD (The NFRD applies only to so-called "public-interest entities", such as listed companies, banks, or insurance companies, with more than 500 employees) to the nearly 50,000 that will be covered by the CSRD.

Large companies – even ones based outside of the EU

Companies meeting two of the following three conditions will have to comply with the CSRD:

1. €50 million in net turnover
2. €25 million in assets
3. 250 or more employees

In addition, non-EU companies that have a turnover of above €150 million in the EU will also have to comply. It is to be noted that the CSRD doesn't place any new reporting requirements on small companies, except for those with securities listed on regulated markets. And to make it easier for listed SMEs, they can report using simplified standards. But while the CSRD doesn't apply to non-listed SMEs, the European Commission has also proposed developing separate standards that non-listed SMEs could voluntarily use.

3. Facts to be reported under CSRD

Companies will need to disclose the sustainability information in their management reports, which means that financial and sustainability information will be published at the same time.

This sustainability data will have to be submitted in a standardized digital format, to allow for easier checking and comparison in the European single access point database.

The submitted data will then be subject to “limited third-party assurance,” meaning that an auditor will need to evaluate the data.

4. Effective dates of CSRD

The European Commission adopted the CSRD in late 2022. The rules will start applying between 2024 and 2028:

- From 1 January 2024 for large public-interest companies (with over 500 employees) already subject to the Non-Financial Reporting Directive (NFRD), with reports due in 2025;
- From 1 January 2025 for large companies that are not presently subject to the NFRD (with more than 250 employees and/or €40 million in turnover and/or €20 million in total assets), with reports due in 2026;
- From 1 January 2026 for listed SMEs and other undertakings, with reports due in 2027. SMEs can opt-out until 2028.

Impacts inward & impacts outward

The CSRD – like the NFRD – requires “double materiality,” which means that businesses will have to disclose not only the risks they face from a changing climate, but also the impacts they may cause to the climate and to society. For businesses who have historically only analysed the risks posed to them by climate change – and neglected the role they played in changing the climate – this is a call to do some self-reflection.

Better comparability through standardization

The CSRD will require company sustainability data to be submitted in a standardized digital format. This is meant to provide a clear format for company sustainability reporting – which is currently rife with many idiosyncratic formats – allowing for better understandability and easier comparison between companies.

The EU CSRD sets out reporting requirements and obligations, while the ESRS provide a framework and methodology for reporting on sustainability issues. Both the CSRD and ESRS are legally binding. They are part of the same legal framework around corporate sustainability transparency.

European Sustainability Reporting Standards

The European Commission adopted European Sustainability Reporting Standards (ESRS) on July 2023. There are 12 ESRS, covering the full range of sustainability issues, in line with EFRAG’s (European Financial Reporting Advisory Group) proposal:

Group	Number	Subject
Cross-cutting	ESRS 1	General Requirements
Cross-cutting	ESRS 2	General Disclosures
Environment	ESRS E1	Climate
Environment	ESRS E2	Pollution

Environment	ESRS E3	Water and marine resources
Environment	ESRS E4	Biodiversity and ecosystems
Environment	ESRS E5	Resource use and circular economy
Social	ESRS S1	Own workforce
Social	ESRS S2	Workers in the value chain
Social	ESRS S3	Affected communities
Social	ESRS S4	Consumers and end users
Governance	ESRS G1	Business conduct

ESRS 1 (“General Requirements”) sets general principles to be applied when reporting according to ESRS and does not itself set specific disclosure requirements. ESRS 2 (“General Disclosures”) specifies essential information to be disclosed irrespective of which sustainability matter is being considered. ESRS 2 is mandatory for all companies under the CSRD scope.

All the other standards and the individual disclosure requirements and datapoints within them are subject to a materiality assessment. This means that the company will report only relevant information and may omit the information in question that is not relevant (“material”) for its business model and activity.

Disclosure requirements subject to materiality are not voluntary. The information in question must be disclosed if it is material, and the undertaking’s materiality assessment process is subject to external assurance in accordance with the provisions of the Accounting Directive. The standards require undertakings to perform a robust materiality assessment to ensure that all sustainability information necessary to meet the objectives and requirements of the Accounting Directive will be disclosed.

If a company concludes that climate change is not a material topic and therefore does not report in accordance with that standard, it has to provide a detailed explanation of the conclusions of its materiality assessment with regard to climate change. This requirement reflects the fact that climate change has wide-ranging and systemic impacts across the economy.

For details, please refer the following link:
https://ec.europa.eu/commission/presscorner/detail/en/qanda_23_4043

IFRS Sustainability Disclosure Standards

IFRS S 1

IFRS S1 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted as long as IFRS S2 Climate-related Disclosures is also applied.

The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures. It sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity.

IFRS S1 sets out the requirements for disclosing information about an entity's sustainability-related risks and opportunities. In particular, an entity is required to provide disclosures about:

- a. the governance processes, controls and procedures the entity uses to monitor, manage and oversee sustainability-related risks and opportunities;
- b. the entity's strategy for managing sustainability-related risks and opportunities;
- c. the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities; and
- d. the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation.

IFRS S 2

IFRS S2 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted as long as IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* is also applied.

The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S2 applies to:

- a. climate-related risks to which the entity is exposed, which are:
 - i. climate-related physical risks; and
 - ii. climate-related transition risks; and
- b. climate-related opportunities available to the entity.

IFRS S2 sets out the requirements for disclosing information about an entity's climate-related risks and opportunities. In particular, IFRS S2 requires an entity to disclose information that enables users of general purpose financial reports to understand:

- a. the governance processes, controls and procedures the entity uses to monitor, manage and oversee climate-related risks and opportunities;
- b. the entity's strategy for managing climate-related risks and opportunities;

- c. the processes the entity uses to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and
- d. the entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

(For more details on IFRS S1 and IFRS S2 please refer the following websites-

IFRS S1: <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements.html/content/dam/ifrs/publications/html-standards-issb/english/2023/issued/issbs1/>

IFRS S2, please refer the following website- <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures.html/content/dam/ifrs/publications/html-standards-issb/english/2023/issued/issbs2/>)

Lesson 9

Data Governance

The Digital Personal Data Protection Act, 2023

The Digital Personal Data Protection Act, 2023 received the assent of the President on the 11th August, 2023. The mentioned Act provide for the processing of digital personal data in a manner that recognizes both the right of individuals to protect their personal data and the need to process such personal data for lawful purposes and for matters connected therewith or incidental thereto.

With reference to the application of the aforesaid Act, it shall-

- a) apply to the processing of digital personal data within the territory of India where the personal data is collected in digital form; or in non-digital form and digitized subsequently;
- b) also apply to processing of digital personal data outside the territory of India, if such processing is in connection with any activity related to offering of goods or services to Data Principals within the territory of India.

However, it does not apply to-

- (i) personal data processed by an individual for any personal or domestic purpose; and
- (ii) personal data that is made or caused to be made publicly available by—
 - (A) the Data Principal to whom such personal data relates; or
 - (B) any other person who is under an obligation under any law for the time being in force in India to make such personal data publicly available.

The salient facets of the Act are- Focus on General Obligations of Data Fiduciary, Processing of personal data of children, Additional obligations of Significant Data Fiduciary, Right to access information about personal data, Right to grievance redressal, coverage on duties of Data Principal etc.

The act is expected to have an impact on the majority of organizational areas, including legal, IT, human resources, sales and marketing, procurement, finance, and information security because of the type and volume of personal data that is collected, stored, processed, retained, and disposed of in India.

For details:

<https://www.meity.gov.in/writereaddata/files/Digital%20Personal%20Data%20Protection%20Act%202023.pdf>

AI Complementing Data Governance

The development of AI and machine learning in everyday business reflects the eminent role of data in management development strategies. To function effectively, AI depends on vast sets of data, which must be the subject of methodical and rigorous governance. Behind the concept of data governance lies the set of processes, policies, and standards that govern the collection, storage, management, quality, and access to data within an organization.

The role of data governance is to ensure that data is accurate, secure, accessible, and compliant with current regulations. The relationship between AI and data governance is a close one. AI models learn from data, and poor quality or biased data can lead to erroneous or discriminatory decisions.

The benefits of AI powered data governance are as under:

1. Improve Quality of Data: Data quality is a key to any data strategy. The more reliable the data, the more relevant the lessons, choices, and orientations that emerge from it, and AI contributes to improving data quality through a number of mechanisms. In fact, AI algorithms can automate the detection and correction of errors in datasets, thereby reducing inconsistencies and inaccuracies.

Moreover, AI can help standardize data by structuring it in a coherent way, making it easier and more reliable to use, compare, and put into perspective. With machine learning, it is also possible to identify trends and patterns hidden in the data, enabling the discovery of errors or missing data.

2. Automate Data Compliance: At a time when cyber threats are literally exploding, data compliance must be a priority in an organization. But guaranteeing compliance requires constant vigilance, which can't depend exclusively on human intelligence. Especially as AI can proactively monitor potential violations of data regulations by performing real-time analysis of all data flows – detecting any anomalies or unauthorized access, triggering automatic alerts, and even making recommendations to correct any problems.

In addition, AI facilitates the classification and labelling of sensitive data, ensuring that it is handled appropriately. Finally, AI systems can also generate automatic compliance reports, reducing the administrative workload.

3. Strengthening Data Security: Through its ability to proactively detect threats by analysing data access patterns in real time, AI can alert about suspicious behaviour, such as attempted intrusions or unauthorized access. To take data governance even further, AI leverages machine-learning-based malware detection systems. These systems can identify known malware signatures and detect unknown variants by analysing behaviour. Finally, it contributes to security by automating the management of security patches and monitoring compliance with security policies.

4. Democratize Data: At the heart of the data strategy lies one objective: to encourage employees to use data whenever possible. In this way, it can foster the development of a data culture within the organization. The key to achieving this is to facilitate access to data by simplifying the search and analysis of complex data.

AI search engines can quickly extract relevant information from large datasets, enabling employees to quickly find what they need. In addition, AI can automate the aggregation and presentation of data in the form of interactive dashboards, making information ever more accessible and easy to share.

Regulatory Trends in AI Regulations

Recognizing that each jurisdiction has taken a different regulatory approach, in line with different cultural norms and legislative contexts, there are six areas of cohesion that unite under the broad principle of mitigating the potential harms of AI while enabling its use for the economic and social benefit of citizens.

1. *Core principles*: The AI regulation and guidance under consideration is consistent with the core principles for AI as defined by the OECD and endorsed by the G20. These include respect for human rights, sustainability, transparency and strong risk management. The OECD principles for AI have been discussed in the ensuing paragraphs.

2. *Risk-based approach*: The jurisdictions are taking a risk-based approach to AI regulation. What that means is that they are tailoring their AI regulations to the perceived risks around AI to core values like privacy, non-discrimination, transparency and security. This “tailoring” follows the principle that compliance obligations should be proportionate to the level of risk (low risk means no or very few obligations; high risks mean significant and strict obligations).

3. *Sector-agnostic and sector-specific*: Because of the varying use cases of AI, some jurisdictions are focusing on the need for sector-specific rules, in addition to sector-agnostic regulation.

4. *Policy alignment*: Jurisdictions are undertaking AI-related rulemaking within the context of other digital policy priorities such as cybersecurity, data privacy and intellectual property protection – with the EU taking the most comprehensive approach.

5. *Private-sector collaboration*: Many of these jurisdictions are using regulatory sandboxes as a tool for the private sector to collaborate with policymakers to develop rules that meet the core objective of promoting safe and ethical AI, as well as to consider the implications of higher-risk innovation associated with AI where closer oversight may be appropriate.

6. *International collaboration*: Driven by a shared concern for the fundamental uncertainties regarding the risks to safety and security posed by powerful new generative and general purpose AI systems, countries are pursuing international collaboration towards understanding and addressing these risks.

Other factors to consider in AI policy development include:

- Ensuring regulators have access to sufficient subject matter expertise to successfully implement, monitor and enforce these policies
- Ensuring policy clarity, if the intent of rulemaking is to regulate risks arising from the technology itself (e.g., properties such as natural language processing or facial recognition) or from how the AI technology is used (e.g., the application of AI in hiring processes) or both
- Examining the extent to which risk management policies and procedures, as well as the responsibility for compliance, should apply to third-party vendors supplying AI-related products and services

In addition, policymakers should, to the extent possible, engage in multilateral processes to make AI rules among jurisdictions interoperable and comparable, in order to minimize the risks associated with regulatory arbitrage – that are particularly significant when considering rules governing the use of a transnational technology like AI.

Artificial Intelligence – OECD Principles

The OECD principles for Artificial Intelligence is covered under two categories-

- A) Value-based Principles
- B) Recommendations for Policy Makers

A) Value-based Principles

Principles	Principles Brief Description	Principles Detail
Principle 1.1	Inclusive growth, sustainable development and well-being	Stakeholders should proactively engage in responsible stewardship of trustworthy AI in pursuit of beneficial outcomes for people and the planet, such as augmenting human capabilities and enhancing creativity, advancing inclusion of underrepresented populations, reducing economic, social, gender and other inequalities, and protecting natural environments, thus invigorating inclusive growth, sustainable development and well-being.
Principle 1.2	Human-centred values and fairness. AI systems should be designed in a way that respects the rule of law, human rights, democratic values and diversity, and should include appropriate safeguards to ensure a fair and just society.	AI actors should respect the rule of law, human rights and democratic values, throughout the AI system lifecycle. These include freedom, dignity and autonomy, privacy and data protection, non-discrimination and equality, diversity, fairness, social justice, and internationally recognised labour rights. To this end, AI actors should implement mechanisms and safeguards, such as capacity for human determination, that are appropriate to the context and consistent with the state of art.
Principle 1.3	Transparency and explainability This principle is about transparency and responsible disclosure around AI systems to ensure that people understand	AI Actors should commit to transparency and responsible disclosure regarding AI systems. To this end, they should provide meaningful information, appropriate to the context, and consistent with the state of art:

	when they are engaging with them and can challenge outcomes.	<ul style="list-style-type: none"> ✚ to foster a general understanding of AI systems, ✚ to make stakeholders aware of their interactions with AI systems, including in the workplace, ✚ to enable those affected by an AI system to understand the outcome, and, ✚ to enable those adversely affected by AI system to challenge its outcome based on plain and easy-to-understand information on the factors, and the logic that served as the basis for the prediction, recommendation or decision.
Principle 1.4	<p>Robustness, security and safety</p> <p>AI systems must function in a robust, secure and safe way throughout their lifetimes, and potential risks should be continually assessed and managed.</p>	<p>i) AI systems should be robust, secure and safe throughout their entire lifecycle so that, in conditions of normal use, foreseeable use or misuse, or other adverse conditions, they function appropriately and do not pose unreasonable safety risk.</p> <p>ii) To this end, AI actors should ensure traceability, including in relation to datasets, processes and decisions made during the AI system lifecycle, to enable analysis of the AI system’s outcomes and responses to inquiry, appropriate to the context and consistent with the state of art.</p> <p>iii) AI actors should, based on their roles, the context, and their ability to act, apply a systematic risk management approach to each phase of the AI system lifecycle on a continuous basis to address risks related to AI systems, including privacy, digital security, safety and bias.</p>
Principle 1.5	<p>Accountability</p> <p>Organisations and individuals developing, deploying or operating AI systems should be held accountable for their proper functioning in line with the OECD’s values-based principles for AI.</p>	<p>AI actors should be accountable for the proper functioning of AI systems and for the respect of the above principles, based on their roles, the context, and consistent with the state of art.</p>

B) Recommendation for Policy Makers

Principles	Principles Brief Description	Principles Detail
Principle 2.1	<p>Investing in AI research and development</p> <p>Governments should facilitate public and private investment in research & development to spur innovation in trustworthy AI.</p>	<p>i) Governments should consider long-term public investment, and encourage private investment, in research and development, including inter-disciplinary efforts, to spur innovation in trustworthy AI that focus on challenging technical issues and on AI-related social, legal and ethical implications and policy issues.</p> <p>ii) Governments should also consider public investment and encourage private investment in open datasets that are representative and respect privacy and data protection to support an environment for AI research and development that is free of inappropriate bias and to improve interoperability and use of standards.</p>
Principle 2.2	<p>Fostering a digital ecosystem for AI</p> <p>Governments should foster accessible AI ecosystems with digital infrastructure and technologies, and mechanisms to share data and knowledge.</p>	<p>Governments should foster the development of, and access to, a digital ecosystem for trustworthy AI. Such an ecosystem includes in particular digital technologies and infrastructure, and mechanisms for sharing AI knowledge, as appropriate. In this regard, governments should consider promoting mechanisms, such as data trusts, to support the safe, fair, legal and ethical sharing of data.</p>
Principle 2.3	<p>Providing an enabling policy environment for AI</p> <p>Governments should create a policy environment that will open the way to deployment of trustworthy AI systems.</p>	<p>i) Governments should promote a policy environment that supports an agile transition from the research and development stage to the deployment and operation stage for trustworthy AI systems. To this effect, they should consider using experimentation to provide a controlled environment in which AI systems can be tested, and scaled-up, as appropriate.</p>

		<p>ii) Governments should review and adapt, as appropriate, their policy and regulatory frameworks and assessment mechanisms as they apply to AI systems to encourage innovation and competition for trustworthy AI.</p>
Principle 2.4	<p>Building human capacity and preparing for labour market transition.</p> <p>Governments should equip people with the skills for AI and support workers to ensure a fair transition.</p>	<p>i) Governments should work closely with stakeholders to prepare for the transformation of the world of work and of society. They should empower people to effectively use and interact with AI systems across the breadth of applications, including by equipping them with the necessary skills.</p> <p>ii) Governments should take steps, including through social dialogue, to ensure a fair transition for workers as AI is deployed, such as through training programmes along the working life, support for those affected by displacement, and access to new opportunities in the labour market.</p> <p>iii) Governments should also work closely with stakeholders to promote the responsible use of AI at work, to enhance the safety of workers and the quality of jobs, to foster entrepreneurship and productivity, and aim to ensure that the benefits from AI are broadly and fairly shared.</p>
Principle 2.5	<p>International co-operation for trustworthy AI</p> <p>Governments should co-operate across borders and sectors to share information, develop standards and work towards responsible stewardship of AI.</p>	<p>i) Governments, including developing countries and with stakeholders, should actively cooperate to advance these principles and to progress on responsible stewardship of trustworthy AI.</p> <p>ii) Governments should work together in the OECD and other global and regional fora to foster the sharing of AI knowledge, as appropriate. They should encourage international, cross-sectoral and open multi-stakeholder initiatives to garner long-term expertise on AI.</p> <p>iii) Governments should promote the development of multi-stakeholder, consensus-driven global technical</p>

		standards for interoperable and trustworthy AI. iv) Governments should also encourage the development, and their own use, of internationally comparable metrics to measure AI research, development and deployment, and gather the evidence base to assess progress in the implementation of these principles.
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Data Protection Seal of Data Security Council of India

The Data Security Council of India (DSCI) is planning to devise a data protection seal (DPS) to verify and check secure use of people’s data by platforms across the country. The project, currently piloted with partner organisations, will help users know which organisations are using their data safely and following the basic standards of data privacy. This will be similar to the ISI mark that conforms to a product in accordance with the Bureau of Indian Standards.

The data protection seal will provide some level of assurance about the application, website, or product, according to expectations of privacy, and whether it behaves responsibly. Such a process will allow companies to better comply with the Digital Personal Data Protection (DPDP) Act and also any other upcoming rules.

One of the main challenges in today’s digital landscape is the rise of deepfakes, manipulated audio or video content that can deceive viewers. DSCI aims to tackle this issue by training and certifying Data Protection Officers (DPOs) through their DSCI-certified Data Protection Officer program. These DPOs will play a crucial role in identifying and addressing deepfake-related concerns, ensuring the security and authenticity of user data.

Other several major cybersecurity challenges include the growth of ransomware, attacks on multi-factor authentication, and the use of artificial intelligence. To address these challenges, DSCI collaborates with governments, agencies, regulators, industry sectors, associations, and think tanks to advocate for cybersecurity and privacy policies and capacity-building.

The data protection seal aims to help platforms comply with the Digital Personal Data Protection (DPDP) Act and upcoming regulations. Preserving privacy while analyzing deepfake content related to sensitive issues is crucial to combat misinformation and protect user data. However, analysing content authenticity without revealing it to the platform is a significant challenge, but essential in the fight against deepfakes.

The data protection seal program is currently being piloted with partner organizations and is operational in Delhi and Bengaluru. DSCI plans to train multiple batches of DPOs to help organizations comply with the DPDP Act. This initiative will enhance data privacy practices and build trust among users, knowing their data is handled responsibly.

As the digital landscape evolves, organizations must prioritize user privacy and data protection. The introduction of the data protection seal by DSCI is a significant step towards this goal. With the increasing prevalence of deepfakes and other cybersecurity challenges, platforms must adhere to strict privacy standards to maintain user trust and protect sensitive information.

The onset of the data protection seal by the Data Security Council of India plays a crucial role in safeguarding user privacy and promoting responsible data handling by platforms nationwide. As the program expands and more DPOs are trained, it is expected to make a significant contribution to the fight against deepfakes and the overall improvement of data privacy practices. With DSCI's commitment to creating a secure and ethical data protection ecosystem, users can trust that their personal information is handled with care and responsibility.

Cyber Security breach – The Case of Sun Pharma

Sun Pharma's operations got affected by ransomware attack and a group claimed responsibility for the mentioned 'IT security incident' whose effect included breach of certain file systems and theft of certain company data and personal data, the drug manufacturer mentioned in a stock exchange filing. Sun Pharma first reported the incident on March 2, 2023. Back then it said that the incident did not affect Sun's core systems and operations. The five facts of the mentioned incident are as under:

1. On March 2, 2023, Sun Pharma reported an "information security incident" at the company, adding that the impacted assets have been "isolated".
2. 25 days later, a ransomware group claimed responsibility for the information breach. The infringement of the IT systems includes a breach of certain file systems and theft of certain company and personal data, Sun Pharma said.
3. "The Company promptly took steps to contain and remediate the impact of the IT security incident, including employing containment and eradication protocols to mitigate the threat and additional measures to ensure the integrity of its systems infrastructure and data," Sun Pharma said in a statement.
4. As part of its containment strategy, the company isolated its network and initiated a recovery process, resulting in the company's business operations being impacted.
5. As a result, revenues are expected to fall, Sun Pharma said. The company added that it is currently unable to determine other "potential adverse impacts" of the incident, including other security incidents or the possibility of litigation.

This comes amid growing threats of such attacks on Indian healthcare sector, which is the most attacked sector and is followed by education, research and government, and the military. A study by Check Point Research in January 2024 said healthcare saw the maximum number of attacks among all sectors in India, with an organisation in India being attacked 1,866 times per week on average in 2022. Global cyberattacks increased by 38% on year in 2022, it added.

From Sun Pharma's Cyber Security breach, it creates substantial academic interests to explore the reasons for vulnerability of pharma sector to cyber-attacks. Some of the reasons of cyber-attack are as under:

- i) Research and development (R&D) are a top priority for pharmaceutical companies. If they want to stay ahead of their competitors, they need to constantly innovate when it comes to new drugs, treatments, and therapies. However, the IP from their clinical trials, manufacturing, and patents is especially valuable. Cybercriminals might target these assets to sell them on the black market, to forward them to a competitor, or to use them for their own advantage.
- ii) Pharma companies access a huge amount of sensitive data, including:

- Patient information
- Clinical trial results
- Proprietary research
- Regulatory filings

This valuable data is subject to stringent regulations which makes it even more appealing to people who want to monetize it. For example, cybercriminals could use this data for fraud, blackmail, or identity theft.

iii) Pharmaceutical companies work via a complex network of partners, vendors, providers, and suppliers. With so many parties involved, there are countless insider threats and opportunities for cybercriminals to take advantage of, such as by accessing databases or compromising the integrity of the products. Unfortunately, it only takes one player to compromise their data security, and the entire supply chain will experience disruption.

iv) Majority of pharmaceutical companies operates globally. This means that cybercriminals can have a significant impact across multiple countries and regions via an attack. Thus, when it comes to attack scale, the pharma world has huge potential.

v) Although more pharmaceutical companies are starting to understand cyber risks, their cybersecurity solutions aren't always as developed as in other industries. This may be due to limitation of budgets and companies may not always be proactive regarding mitigating cybersecurity challenges. The result is limited cybersecurity measures makes them more vulnerable to phishing attacks, ransomware attacks, and other cyber-attack malware.

vi) With so much sensitive data, cybercriminals have lots of opportunities to exploit pharma companies. For example, they might use ransomware attacks to encrypt valuable data and demand a "ransom" for its release. Or, they might engage in insider trading, where they access secret information on regulatory approvals or treatment research.

Lesson 13

Environment

Significant Changes in the Energy Conservation (Amendment) Act, 2022

India took a giant step in 2024 by revamping its Carbon Credit Trading Scheme (CCTS), allowing non-obligated entities to participate in the tradable carbon credits market. That means companies and individuals can voluntarily use carbon credits to address their planet-warming emissions.

This significant revision introduces an offset mechanism, enabling these entities to register projects and obtain tradable carbon credit certificates (CCCs). Each credit represents one tonne of carbon dioxide equivalent (tCO₂e). The aim is to efficiently price emissions through CCC trading and expand the voluntary carbon market.

In 2023, India introduced the 2023 Carbon Credit Trading Scheme (CCTS), encompassing both compliance and voluntary sectors. However, while the compliance segment is scheduled to commence in 2025-26, there is no set timeline for the launch of the voluntary carbon market.

Under India's revised carbon market scheme, obligated entities have the flexibility to purchase additional credits or sell surplus ones. Meanwhile, businesses can trade CCCs to offset their emissions.

However, sectors facing challenges in meeting reduction targets, particularly those with hard-to-abate emissions, are exploring the possibility of trading energy-saving certificates (ESCerts) and renewable energy certificates (RECs) as offsets.

S&P Global's Corporate Sustainability Assessment - Indian Companies Features in Global ESG Assessments

S&P Global's Sustainability Yearbook 2024 which is the only analysis of its kind based on S&P Global's Corporate Sustainability Assessment or CSA has given berth to Indian corporate houses affiliated to different sectors.

However, before discussing about the criteria under which Indian companies have secured berth in CSA, it is imperative to discuss the methodology embraced for preparation of S&P Global's Sustainability Yearbook 2024.

The Sustainability Yearbook aims to distinguish those companies within their industries that have each demonstrated strengths in corporate sustainability. Yearbook members and distinction levels are selected based on their 2023 Corporate Sustainability Assessment (CSA) Score, which is the S&P Global ESG Score without the inclusion of any modelling approaches. The selection methodology reflects exclusion screening criteria.

As of December 22, 2023, over 9,400 companies assessed for the 2023 CSA were considered for inclusion in the Sustainability Yearbook 2024. Distinctions have been calculated against the top performing company in each Industry, and exclusions applied thereafter. The methodology also encompasses the following categories:

i) *Top 1%*: Within each industry, companies with a minimum CSA Score of 60, whose score is within 1% of the industry’s top-performing company.

ii) *Top 5%*: Within each industry, companies with a CSA Score of at least 57, whose score is within a range of 1% to 5% of the industry’s top-performing company. This distinction is not assigned if no company in the industry achieved a minimum CSA score of 60.

iii) *Top 10%*: Within each industry, companies with a CSA Score of at least 54, whose score is within a range of 5% to 10% of the industry’s top-performing company. This distinction is not assigned if no company in the industry achieved a minimum CSA score of 60.

iv) *Industry Mover*: In this category, the companies are assessed based on whether the company achieved an improvement in its S&P Global Score of atleast five percent and accomplished the strongest improvement in their industry, on the condition that the company is a Yearbook Member and participated in the CSA this year and last year.

v) *Member*: Under this category, companies within the top 15% of their industry by number and achieved a minimum CSA Score above 30 and falling within 30% of that industry’s top performing company are considered.

It is to be noted that certain companies have been excluded from the assessment such as tobacco, anti-personnel mines, biological and chemical weapons, cluster munitions etc.

Category 1: Top 1% S&P Global CSA Score

Company: Hindustan Zinc Limited

Industry: Metals & Mining

Highlighted Criteria & Dimension Weights	Companies performance on Highlighted Criteria (Based on Annual Reports 2022-2023)
<p><i>Environmental Dimensions- 34%</i></p> <ul style="list-style-type: none"> •Biodiversity •Climate Strategy •Waste •Water <p><i>Social Dimension- 33%</i></p> <ul style="list-style-type: none"> •Occupational Health & Safety •Social Impacts on Communities <p><i>Governance & Economic Dimensions- 33%</i></p> <ul style="list-style-type: none"> •Business Ethics •Corporate Governance 	<p>The performance of the company under Environmental, Social and Governance & Economic Dimensions have been broadly explored based on the company’s Sustainability Goals 2025.</p> <p><u>Environmental Dimension</u></p> <p>i) <i>Climate Change-</i></p> <p>a) 0.5 mn tCO₂e Greenhouse gas (GHG) emission savings in company’s operations from base year 2017. As part of its net-zero journey, the company strives to address the climate change.</p> <p>b) The company has revised its emission targets to make them more stringent.</p> <p>c) These target revisions will assist the Company in achieving net-zero emission by 2050 or sooner in the long-term, and in the short-term will serve to reduce Scope 1 and Scope 2 emissions by 50% and Scope 3 emissions by 25% by 2030, in line with the business ambition for 1.5°C campaign led by the SBTi in partnership with the UN Global Compact and the ‘We Mean Business’ coalition.</p>

<p>•Risk & Management</p> <p>Crisis</p>	<p>ii) <i>Water Stewardship</i>- Become 5x water positive company and achieve 25% reduction in freshwater consumption. The company is working to achieve water stewardship goals through a strategic approach that identifies the following elements:</p> <ul style="list-style-type: none"> a) Minimising freshwater consumption. b) Exploring alternative water solutions. c) Increased use of recycled water. d) Replenishing groundwater. e) Monitoring and auditing of water consumption at end user, withdrawal from source, water balance, quality of water including waste water and efficiency of waste water treatment facility <p>iii) <i>Circular Economy</i>-</p> <ul style="list-style-type: none"> a) 3x Increase in gainful utilisation of smelting process waste. In this regard, company's Waste to Wealth Community is continually working on this objective to identify ways for recycling and gainful utilisation of the waste we generate during the manufacturing process. b) The company is working on a pilot trial with a Calgary-based technology company which has developed the capability to use mine waste to produce cement like materials that serve to save resources, lower environmental impact and potentially reduce GHG emissions. c) Value-added product from smelter waste residue. <p>iv) <i>Biodiversity Conservation</i>-</p> <ul style="list-style-type: none"> a) Protect and enhance biodiversity throughout the life cycle. The company have prepared exclusive biodiversity management plans (BMPs) for each of its operational sites. b) Biodiversity management initiatives include biodiversity risk assessment, afforestation programme, restoration of exhausted waste dumps, conservation of schedule-1 fauna species, awareness, and partnership, etc. c) The company has engaged with the International Union for Conservation of Nature (IUCN) for revisiting its BMP and to align its actions towards no net loss. <p><u>Social Dimension</u></p> <ul style="list-style-type: none"> i) <i>Social Impact</i>- Positively impact one million lives through social, economic and environmental initiatives. ii) <i>Diversity in Workforce</i>- Inclusive and diverse workplace with 30% diversity. iii) <i>Ensuring Zero Harm</i>- Zero work-related fatalities and 50% reduction in total recordable injury frequency rate (TRIFR). iv) Five CSR Programmes of the company – Zinc Kaushal, 4000+ youth benefitted since FY 2019-20; Unchi Udaan, 7 batches since FY 2017-18 comprising 226 students; Zinc Football Academy, 4000+ youth benefitted since
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	<p>FY 2017-18; Sakhi Microenterprise, 27,000+ women benefitted since FY 2019-20 and Drinking water, 100,000 villagers benefitted since FY 2018-19.</p> <p><u>Governance & Economic Dimensions</u></p> <p>i) <i>Responsible Sourcing</i>- 100% responsible sourcing in the supply chain.</p> <p>ii) Implementation of responsible sourcing guidelines of London Metal Exchange (LME) and Organisation for Economic Cooperation and Development (OECD) framework.</p> <p>iii) Supplier sustainability assessment.</p> <p>iv) Human rights training and awareness.</p> <p>v) Ensuring local procurement</p>
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Category 2: Top 5% S&P Global CSA Score

Company: Tech Mahindra Limited

Industry: IT Services

Highlighted Criteria & Dimension Weights	Companies performance on Highlighted Criteria (Based on Annual Reports 2022-2023)
<p><i>Environmental Dimensions- 23%</i></p> <ul style="list-style-type: none"> • Climate Strategy • Environmental Policy & Management Systems <p><i>Social Dimension- 35%</i></p> <ul style="list-style-type: none"> • Customer Relationship Management • Human Capital Development • Privacy Protection • Talent Attraction & Retention <p><i>Governance & Economic Dimensions- 42%</i></p> <ul style="list-style-type: none"> • Business Ethics • Information Security/ Cybersecurity & System Availability 	<p><u>Environmental Dimension</u></p> <p><i>Climate Change:</i></p> <p>i) During FY23, the company’s emissions have reduced 40.62% from the base year of FY16 while Scope 1+2 emissions have risen minimally on account of our people resuming work from office.</p> <p>ii) The company’s management approach is underscored by its commitment to transition towards being a net zero organisation. It tracks and monitor our performance as per the rules set by the Board, governed by our Climate Policy, aligned with TCFD recommendations</p> <p>iii) The company have signed the SBT initiative of Business Ambition of 1.5°C and committed to become carbon neutral by 2030 and achieve Net Zero by 2035.</p> <p>iv) Additionally, the company have joined the 1.5° Supply Chain Leaders by the Exponential Roadmap Initiative (ERI) to reduce GHG emissions across the value chain.</p>

<ul style="list-style-type: none"> Innovation Management 	<p>v) The company’s GHG emissions scope includes Scope 1,2 and 3 emissions for global operations.</p> <p>vi) The company is working to minimize environment impact of its operations by making its facilities more energy efficient as well as taking steps to conform to green building norms through the presence of recycling equipment, air and water purification systems, etc.</p> <p>vii) Tech Mahindra is undertaking carbon pricing to drive carbon offsets. Total Environmental Protection Expenditure Funds from the Internal Carbon Pricing mechanism help the company to invest in low-emission technologies.</p> <p>viii) The company is supporting efforts pertaining to carbon sequestration at its locations. It is collaborating with NGOs to enable its Green Marshals in planting trees in and around its campus to realise its carbon sequestration aim of offsetting 5% of its emissions in the long run.</p> <p><u>Social Dimension</u></p> <p>i) The company has an employee engagement framework that track progress across five critical dimensions of associate experiences- Career Alignment, Recognition, Empowerment and Strive. Tech Mahindra’s CARES survey is conducted annually to provide an insight into its Associates experiences at the organisation.</p> <p>ii) As a global sustainability leader, the company is ‘intentionally diverse and globally inclusive organisation’. It has adopted specific policies to encourage and support women as well as members from the LGBTQ+ community.</p> <p>iii) Conducting of Meet & Greet events across locations to welcome new joiners to the Tech Mahindra family.</p> <p>iv) Involving Associates in CSR activities through two platforms- Individual Social Responsibility (ISR) and Making Sustainability Personal (MSP).</p> <p>v) 61,995 lives directly benefited from CSR programs of which 53% were women.</p> <p>vi) Upskilling of 22,596 youths, including 1,303 with disabilities.</p> <p>vii) For enabling education, 4,379 teachers trained and 4,829 children with disabilities were supported with special education.</p> <p><u>Governance & Economic Dimensions</u></p> <p>i) At TechM, Board composition reflects the values of independence, diversity, expertise and experience.</p> <p>ii) Conducting of quarterly sessions to enhance collective knowledge. MD&CEO as well as the senior leadership of the company conduct knowledge sharing sessions with the board on quarterly basis. These sessions serve to</p>
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apprise the members of the key areas of focus of the company’s diverse businesses, understanding their respective operating external environment in depth, and implementing plans for various business strategies being adopted across the organisation.

iii) TechM has taken the following three main steps towards sustainable development- Supplier audits (Questionnaire-based complemented by on-site inspections), Capacity-building measures, i.e., trainings workshops and other collaborations and Continuous improvement, i.e., conducting programmes on climate risk evaluation.

iv) Incentivising suppliers for adopting sustainability practices by felicitating the top supplier with the ‘TechM Supplier Sustainability Award’.

Category 3: Top 10% S&P Global CSA Score

Company: Dr. Reddy's Laboratories Limited

Industry: Pharmaceuticals

Highlighted Criteria & Dimension Weights	Companies performance on Highlighted Criteria (Based on Annual Reports 2022-2023)																							
<p><i>Environmental Dimensions- 13%</i></p> <ul style="list-style-type: none"> • <i>Environmental Policy & Management Systems</i> <p><i>Social Dimension – 42%</i></p> <ul style="list-style-type: none"> • <i>Access to Healthcare</i> • <i>Health Outcome Contribution</i> • <i>Human Capital Development</i> • <i>Marketing Practices</i> • <i>Talent Attraction & Retention</i> <p><i>Governance & Economic Dimensions- 45%</i></p>	<p><u>Environmental Dimension</u></p> <p>The goals and target of the company under environmental dimension is as under:</p> <table border="1" data-bbox="352 1294 1509 1742"> <thead> <tr> <th>Goal</th> <th>Target</th> <th>Progress this year</th> </tr> </thead> <tbody> <tr> <td>Leading the energy transition</td> <td>By 2030, transition to 100% renewable power.</td> <td>42% electricity through renewable sources.</td> </tr> <tr> <td>Pathway to carbon neutrality</td> <td>By 2030, carbon neutrality in our operations (Scope 1 & 2 emissions).</td> <td>30% carbon neutrality.</td> </tr> <tr> <td>Addressing the global water crisis</td> <td>By 2025, be a water-positive Company.</td> <td>Water-positivity target achieved.</td> </tr> <tr> <td>Building a resilient value chain.</td> <td>By 2030, reduce 12.5% indirect carbon emissions across our supply chain (Scope 3 emissions).</td> <td>Revised Scope 3 emissions inventory complete, emissions reduction plan in progress.</td> </tr> </tbody> </table> <p><u>Social Dimension</u></p> <table border="1" data-bbox="352 1888 1509 2000"> <thead> <tr> <th>Goal</th> <th>Target</th> <th>Progress this year</th> </tr> </thead> <tbody> <tr> <td>Advancing access to medicines.</td> <td>By 2030, serve 1.5 billion patients.</td> <td>689 million+ patients reached.</td> </tr> </tbody> </table>			Goal	Target	Progress this year	Leading the energy transition	By 2030, transition to 100% renewable power.	42% electricity through renewable sources.	Pathway to carbon neutrality	By 2030, carbon neutrality in our operations (Scope 1 & 2 emissions).	30% carbon neutrality.	Addressing the global water crisis	By 2025, be a water-positive Company.	Water-positivity target achieved.	Building a resilient value chain.	By 2030, reduce 12.5% indirect carbon emissions across our supply chain (Scope 3 emissions).	Revised Scope 3 emissions inventory complete, emissions reduction plan in progress.	Goal	Target	Progress this year	Advancing access to medicines.	By 2030, serve 1.5 billion patients.	689 million+ patients reached.
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<ul style="list-style-type: none"> • <i>Business Ethics</i> • <i>Innovation Management</i> • <i>Product Quality & Recall Management</i> 	Enhancing affordability of medicines.	By 2027, 25% new launches to be first to market.	39% first to market new launches.
	Innovating for better health.	From 2027, launch 3 innovative solutions every year to improve the standard of treatment.	Key innovative set of solutions chosen for further development.
	Gender diversity.	By 2030, at least 35% women in senior leadership positions	16% representation of women in leadership.
	Gender equity.	By 2035, gender parity across the organisation.	18% gender diversity globally.
	18% gender diversity globally.	By 2030, include at least 3% Persons with Disabilities (PwDs) in our workforce.	0.4% Persons with Disabilities in our workforce.
	Equity and fairness for all.	By 2025, ensure living wages for the extended workforce on our premises.	Strategic partner and action plan identified to close the living-wage gap
<u>Governance & Economic Dimension</u>			
Goal			Target
Progress this year			
Excellence in compliance, ethics and corporate governance.			Robust corporate governance with the highest standards on compliance and ethics.
Greater transparency and improved reporting.			Comprehensive BRSR, integrated reporting, independent assurance and enhanced ESG disclosures.
Engaging our suppliers.			By 2030, ensure 100% strategic suppliers are compliant with our chosen ESG framework.
			Strong corporate governance structure in place, no material deviations
			Capability building complete, supplier audits in progress

Category 4: Industry Mover

Company: Dabur India Limited

Industry: Personal Products

Highlighted Criteria & Dimension Weights	Companies performance on Highlighted Criteria (Based on Annual Reports 2022-2023)	
<i>Environmental Dimensions- 27%</i> <ul style="list-style-type: none"> • Biodiversity • Product Stewardship <i>Social Dimension - 36%</i>	<u>Environmental Dimension</u>	
	i) <i>Climate Change:</i>	
	Goal	Achievement
	Achieve Net Zero in the entire value chain by 2045.	Committed to near term and Net Zero science based targets.

<ul style="list-style-type: none"> Customer Relationship Management Occupational Health & Safety Sustainable Marketing & Brand Perception <p><i>Governance & Economic Dimensions - 37%</i></p> <ul style="list-style-type: none"> Business Ethics Innovation Management Product Quality & Recall Management Supply Chain Management 	Eliminate coal across own manufacturing units by FY 2024-25.	Successful Coal Free Trials in Operations in June 2023.						
	Achieve >60% Scope 1 and Scope 2 energy from renewable and cleaner sources by FY 2025-26.	50% of the total energy consumed in operations is from renewable sources.						
	ii) <i>Biodiversity:</i>							
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Use 30%, 10%, and 5% of recycled plastic packaging content in plastic packaging of non-food grade items for Category I, Category II, and Category III plastics, respectively, by FY 2025-26.									
Promote circularity in value chain.									
<u>Social Dimension</u>									
i) <i>Social Impact:</i>									
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Governance & Economic Dimensions

i) *Governance:*

- ✚ 57% board independence.
- ✚ 100% independent audit committee.
- ✚ 5 out of 6 Committees are led by Independent Directors.
- ✚ 98.6% board meeting attendance.
- ✚ 96% average committee meeting attendance.
- ✚ An ESG committee formed to provide oversight on environmental, social, and governance matters.

Additional Information-

- ✚ Independent Director inducted in the ESG Committee in May 2023.
- ✚ Appointment of lead independent director in May 2023.
- ✚ Board gender diversity increased from 7% to 14% in FY 2023-24.

ii) *Responsible Outsourcing:*

Goal	Achievement
Ensure zero deforestation due to high risk materials by FY 2025-26 through 100% sustainable sourcing.	<p>a) 100% of Tetra Pak laminate and paper sourcing being done from FSC certified vendors.</p> <p>b) 97% corrugated boxes sourced from sustainable sources.</p> <p>c) 84% sustainable sourcing of high deforestation risk materials in FY 2022-23.</p>

Category 5: Member

Company: PI Industries Limited

Industry: Chemicals

Highlighted Criteria & Dimension Weights	Companies performance on Highlighted Criteria (Based on Annual Reports 2022-2023)		
<p><i>Environmental Dimensions - 34%</i></p> <ul style="list-style-type: none"> • Climate Strategy • Emissions • Product Stewardship • Waste • Water <p><i>Social Dimension- 32%</i></p> <ul style="list-style-type: none"> • Human Capital Development • Occupational Health & Safety <p><i>Governance & Economic Dimensions- 34%</i></p> <ul style="list-style-type: none"> • Business Ethics • Innovation Management 	<u>Environmental Dimension</u>		
	Company's 2025 Goal	SDG alignment	Progress till FY23
	Increase renewable energy usage to 20 percent of total	SDG 12: Responsible Consumption and Production	4.83%
	Reduce Specific CO2 emissions by 25 percent	SDG 12: Responsible Consumption and Production	Reduced by 15%
	Reduce landfill waste by 25 percent	SDG 12: Responsible Consumption and Production	Increased by 63%
	Reduce specific freshwater consumption by 25 percent	SDG 6: Clean Water and Sanitation SDG 12: Responsible Consumption and Production	Reduced by 12.6%
	 <u>Social Dimension</u>		
	Company's 2025 Goal	SDG alignment	Progress till FY23
	Today's IC for your necessary action please.	SDG 3: Good health and well-being SDG 8: Decent work and economic growth SDG 16: Peace, Justice and Strong Institutions	0.068 in FY23 for all employees and contract workers
	Ensure NIL fatal injury in plant operations.	SDG 3: Good health and well-being SDG 8: Decent work and economic growth SDG 16: Peace, Justice and Strong Institutions	NIL
	Increase employees' average training hours per full time employee by 25 percent	SDG 8: Decent work and economic growth	Increased by 62%
	Increase women's participation in leadership positions by 25 percent	Gender Equality	Increased by 23%

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Lesson 15

Green Initiatives

Plastic Waste Management: Plastic was first invented in 1907, and given that it was cheaper and more convenient than other materials, it soon found use in varied ways in our daily lives. Plastic products have become an integral part in our daily life as a basic need. Today, plastic is present in almost everything, from our money to electronic appliances, and it is used across multiple sectors, including packaging, building, construction, transportation, industrial machinery and health among others.

However, the lack of sustainable plastic waste management (PWM) poses a serious threat to our environment and natural ecosystem globally. Plastic Waste, in particular, is a key contributor to the unsustainable surge in waste being generated, due to its wide-scale use across industries combined with the short life-span of its products, including single use plastics, packaging, consumer goods and clothing. Indeed, plastic consumption across the world has quadrupled over the last few decades, and global plastic waste is expected to nearly triple by 2060 (according to OECD).

Plastic waste has numerous implications on the environment and health. The plastic in food and water can cause severe health issues such as genetic disorders, and endocrine system damage. According to the United States Environmental Protection Agency, all the plastic waste ever generated is still present on Earth today, this makes sustainable management of plastic waste important.

Environmental issues on disposal of Plastic Waste:

Indiscriminate littering of unskilled recycling/reprocessing and nonbiodegradability of plastic waste raises the following environmental issues:

- During polymerization process fugitive emissions are released.
- During product manufacturing various types of gases are released.
- Indiscriminate dumping of plastic waste on land makes the land infertile due to its barrier properties.
- Burning of plastics generates toxic emissions such as Carbon Monoxide, Chlorine, Hydrochloric Acid, Dioxin, Furans, Amines, Nitrides, Styrene, Benzene, 1, 3- butadiene, CCl₄, and Acetaldehyde.
- Lead and Cadmium pigments, commonly used as additives are toxic and are known to leach out.
- Non-recyclable plastic wastes such as multilayer, metalised pouches and other thermoset plastic poses disposal problems.
- Littered plastics give unaesthetic look in the city, choke the drain and may cause flood during monsoon.
- Garbage mixed with plastics interferes in waste processing facilities and also cause problems in landfill operations.

➤ Recycling industries operating in non-conforming areas are posing threat to environment to unsound recycling practices.

The regulatory framework for combating plastic waste is as under:

Regulatory Framework for Combating Plastic Waste	
1	Recycled Plastic Manufacture and Usage Rules in 1999 (<i>Manufacturing and usage of Plastic carry bags. It is specified the minimum thickness of plastic bags</i>)
2	Plastic Waste (Management and Handling) Rules, 2011 (<i>Laid down certain conditions for manufacturing, stocking, sale and use of plastic carry bags and sachets</i>)
3	Plastic Waste Management Rules, 2016 (<i>Thrust on plastic waste minimization, source segregation, recycling, involving waste pickers, recyclers and waste processors in collection of plastic waste and adopt polluter pays principle for the sustainability</i>)
4	1st Amendment in March, 2018-Plastic Waste Management (Amendment) Rules, 2018 (<i>Every producer or brand-owner Registration with CPCB</i>)
5	2nd Amendment in August 2021- Plastic Waste Management (First Amendment) Rules, 2021 (<i>Ban on “Single-use plastic commodity”</i>)
6	3rd Amendment in September 2021-Plastic Waste Management (Second Amendment) Rules, 2021 (<i>Use of Recycled Plastics</i>)
7	4th Amendment in February 2022- Plastic Waste Management (Third Amendment) Rules, 2021 (<i>Guidelines on Extended Producer Responsibility for Plastic Packaging</i>)
8	5th Amendment in July 2022 (PWM Rules On EPR)
9	6th Amendment in April 2023-PWM Amendment Rules 2023

10	7th Amendment in October, 2023 -PWM Second Amendment <i>2023 (Each plastic packaging shall contain the specified information, printed in English)</i>
11	8th Amendment in March 2024 -Plastic Waste Management (Amendment) Rules, 2024. <i>(Filing of Quarterly Report and Annual reports)</i>

Key initiatives by India on Plastic Waste Management

Plastic has multiple uses and the physical and chemical properties lead to commercial success. The Ministry had initially notified the Recycled Plastic Manufacture and Usage Rules in 1999, which was mainly on manufacturing and usage of Plastic carry bags. It is specified that the minimum thickness of plastic bags should be of 20 microns. However, the indiscriminate disposal of plastic has become a major threat to the environment. In particular, the plastic carry bags are the biggest contributors of littered waste and every year, millions of plastic bags end up in to the environment vis-a-vis soil, water bodies, water courses, etc and it takes an average of one thousand years to decompose completely.

Therefore, to the address the issue of scientific plastic waste management, new regulations namely, the Plastic Waste (Management and Handling) Rules, 2011 were notified in 2011, which included plastic waste management. The Plastic Waste (Management and Handling) Rules, 2011 laid down certain conditions for manufacturing, stocking, sale and use of plastic carry bags and sachets, which were required to be monitored and implemented by the State Pollution Control Boards/ Municipal Authorities. It specified that the minimum thickness of plastic bags should be of 40 microns. This was to facilitate its collection and recycle. However, the implementation of these rules was not so effective.

To implement these rules more effectively and to give thrust on plastic waste minimization, source segregation, recycling, involving waste pickers, recyclers and waste processors in collection of plastic waste and adopt polluter pays principle for the sustainability of the waste management system, The Government has notified the Plastic Waste Management Rules, 2016, in suppression of the earlier Plastic Waste (Management and Handling) Rules, 2011 and as a part of the revamping of all Waste Management Rules to achieving the vision of our Prime Minister of Swacchh Bharat and cleanliness is the essence of health and tourism, The Plastic Waste Management Rules, 2016 aim to:

- ✚ Increase minimum thickness of plastic carry bags from 40 to 50 microns and stipulate minimum thickness of 50 micron for plastic sheets also to facilitate collection and recycle of plastic waste.

- ✚ Expand the jurisdiction of applicability from the municipal area to rural areas, because plastic has reached rural areas also;
- ✚ To bring in the responsibilities of producers and generators, both in plastic waste management system and to introduce collect back system of plastic waste by the producers/brand owners, as per extended producers' responsibility;
- ✚ To introduce collection of plastic waste management fee through pre-registration of the producers, importers of plastic carry bags/multilayered packaging and vendors selling the same for establishing the waste management system;
- ✚ To promote use of plastic waste for road construction as per Indian Road Congress guidelines or energy recovery, or waste to oil etc. for gainful utilization of waste and also address the waste disposal issue; to entrust more responsibility on waste generators, namely payment of user charge as prescribed by local authority, collection and handing over of waste by the institutional generator, event organizers.
- ✚ The Environmental Compensation shall be levied based upon polluter pays principle, on persons who are not complying with the provisions of these rules, as per guidelines notified by the Central Pollution Control Board.
- ✚ Every producer or importer or brand-owner shall for the purpose of one –time registration makes an application through the centralized online portal.
- ✚ Each plastic packaging shall contain the specified information, printed in English, namely, name and registration certificate number for producer or importer or brand owner generated through centralized online portal.
- ✚ Filing of Quarterly Report and Annual reports by every person engaged in recycling or processing of plastic waste, by every manufacturer and importer of plastic raw material, by every person engaged in the sale of plastic raw material.

Extended Producer Responsibility

The Extended Producer Responsibility (EPR) model is based on the polluter-pays principle, which aims to include producers of material goods in the management and treatment of waste and keep raw materials and goods in the economic cycle. The integration of EPR schemes in national legislation then sets clear objectives for circular economy: consumer waste prevention, eco-design of materials, optimization of waste collection with local authorities and development of new circular economic systems.

Thus, the structuring of an EPR sector has several advantages; it allows the involvement of all actors, whether public authorities, industries or consumers, in a structured and sustainable framework dedicated to circularity and reduction of carbon emissions. At an international level, EPR deepens the social and environmental responsibility of companies, thanks to the traceability of the value chain and the better coordination of everyone's actions.

According to OECD, Extended Producer Responsibility (EPR) schemes are organizational mechanisms for the prevention and management of waste that concern certain types of products and are primarily based on the polluter-pays principle.

This principle emphasizes the idea of extended producer responsibility, according to which producers, i.e., the legal persons responsible for placing certain products on the market (namely producers, brand owners and importers), with government oversight, are made responsible for financing and organizing the prevention and management of waste from these products at the end of their life.

In that respect, it should be remembered that the EPR scheme is not a tax. Contributions from producers are thus directly used by the Producer Responsibility Organisation (PRO). Thus, this contribution didn't require additional budgetary resources from State, and is not "absorbed" into the overall public expenditure.

In order to meet the principles of EPR, producers usually organize themselves collectively to fulfil their obligations within the framework of PROs, whether non-profit or for profit. The mission of these PROs is to meet the challenges of reduction, reuse and recycling in the circular economy, thus playing a key role to the fight against climate change, the preservation of resources and biodiversity, and the reduction of carbon impact of product placed on the market.

To do this, the PROs meet several principles described in this note in order to fulfil their missions, in conjunction with all the stakeholders in the value chain from product to waste (including brand owners, retailers, recyclers, municipalities.).

They thus have several complementary missions:

- ❖ waste-prevention and awareness-raising among private consumers;
- ❖ limiting littering via collecting and subsequently recycling packaging waste;
- ❖ improving eco-design of the combination of product and packaging – in order to meet the climate-biodiversity challenges of life-cycle analyses and new consumer habits;
- ❖ collection and sorting in cooperation with the municipalities and waste management companies depending on the administrative, territorial and demographic structures;
- ❖ support for the development of new circular economy sectors focusing on reduction, reuse and recycling by R&D to enhance the material value chain from collection to recycling.

International bodies have been addressing the issue of combating plastic waste pollution (G7 in Charlevoix in 2018, G20 in Osaka in 2019). PROs from all over the world welcome the commitment of civil society, companies and governments to work together to define and build common responses to this global challenge.

International cooperation has reached an important milestone with the adoption on 2 March 2022 by the United Nations Environment Assembly of a resolution to end plastic pollution and to reach a legally binding international agreement by 2024. In the wake of these growing concerns, on 28 July 2022, the UN General Assembly adopted a resolution declaring that all people on the planet have the right to a healthy environment, a right that the circular economy can help make real, everywhere and for everyone.

The "Business Coalition for a global plastics Treaty", coordinated by WWF and Ellen MacArthur Foundation, has created a first group of policy and scientific recommendations for future

negotiations. This work will be made by bringing together NGOs, financial institutions and professional organizations from the plastics value chain.

In this context, the Extended Producer Responsibility (EPR) model has a key role to play. EPR systems are an essential instrument to finance the collection and environmentally sound treatment of waste, as well as to support the design and production of goods that consider and facilitate the efficient use of resources throughout their life cycle, including their repair, reuse, dismantling and recycling. PROs, in particular those in charge of household packaging, help to improve the management of the end-of-life of plastic products and packaging but also to encourage reduction at source as well as eco-design.

The first PROs already benefit from more than 30 years of experience in implementing EPR, and visibility on the actions taken and their impacts. This knowledge of the benefits of EPR encourages the deployment of this model on a global level, as it meets many needs. From the start, EPR systems were born out of the need to respond to the challenges of increasing quantities of waste, increasing costs to taxpayers, and the loss of resources that untreated waste represents. Today, their actions allow them to:

- Define, in conjunction with industry/producers national and local authorities, minimum targets for reuse, recycling or recovery when and where relevant;
- Introduce EPR fees at the time of placing on the market to cover the costs of end-of-life management of packaging;
- Modulate EPR fees with incentives and disincentives bonuses and/or penalties, in a way that reflects defined environmental criteria of the product - for example its recyclability - to promote to producers to design their products / packaging. It will facilitates the sorting for inhabitants and the treatment, re-use or recycling in the next steps so that the material stay in the economic cycle;
- Involve companies in the circular economy of their packed products: they are the ones who eco-design the packaging, finance a large part of its collection, sorting, recycling and reuse to turn it into new resources;
- Generate sustainable funding for the waste management service while boosting its efficiency;
- Gain economies of scale and efficiencies to help control costs to consumers;
- Include consumers in this transition to the circular economy by providing convenient separate collection opportunities, encouraging sorting, good consumption practices and supporting them in new uses;
- In relevant cases, educate consumers about the effects of littering. As such, EPR can encourage municipalities to develop more solutions on littering and waste collection;
- Whenever legally bound to, cooperate with recyclers in order to return the recycled materials to the companies that first placed them on the market in order to enable them to include recycled content;
- In view of the growing relevance of online sales, EPR can develop legal frameworks that force Marketplaces to equally contribute to the prevention and management of waste.

Extended Producer Responsibility (EPR) in India

If someone identified as Producer, Importer and Brand Owners (PIBO) and have PIBO operations in India that uses plastic packaging as part of its operation, irrespective of your turnover or scale of operations then PIBO fall under the obligation of Extended Producer Responsibilities (EPR) Under the current framework of EPR, PIBO are responsible to:

1. Register at EPR Portal of Government of India
2. Submit their Action plan
3. Fulfill obligations for: -
 - a. Recycling
 - b. Use of Recycled content
 - c. Reuse
 - d. End of life disposal
 - e. Optional engagement in collection and recovery of the plastics
 - f. Submit annual returns
 - g. Provide proof of certificates (Plastic credits)
 - h. PIBOs can engage with PRO's or other agencies separately to fulfill their targets but reporting and responsibility to fulfill the obligations is completely of PIBO.

Lesson 19

Sustainability Audit; ESG Rating; Emerging Mandates from Government and Regulators

Master Circular for ESG Rating Providers (“ERPs”)

SEBI issued Master Circular for ESG Rating Providers (“ERPs”), dated May 16, 2024, Circular No: SEBI/HO/DDHS/POD3/P/CIR/2024/45, wherein it has encompassed the chapters on the following facets- Registration, Approval and Surrender Requirements; Rating Operations; Reporting and Disclosures; Internal Audit for ERPs and Miscellaneous matters.

Apart from various regulatory and operational dimensions covered in the mentioned Circular, it has stated that an ERP shall offer at least the following ESG rating products (Clause 5.2):

- ✚ ESG Rating.
- ✚ Transition or *Parivartan* Score. ✚ Combined Score.
- ✚ Core ESG Rating.
- ✚ Core Transition or *Parivartan* Score. ✚ Core Combined Score.

Further, an ERP may provide additional ESG rating products subject to compliance with relevant provisions of the CRA Regulations and circulars issued thereunder. It is to be noted that the aforesaid six ESG rating products shall:

- ❖ suitably incorporate the environmental, social and governance aspects that are contextual to the Indian market.
- ❖ be assigned such that they allow comparison with companies in other sectors, i.e., such rating products must contain sector-agnostic ESG ratings.
- ❖ adhere to guidelines specific to the rating product as detailed below in this circular.

For details: <https://www.sebi.gov.in/legal/master-circulars/may-2024/master-circular-for-esg-rating-providers-erps-83421.html>

Lesson 20

Integrated Reporting Framework: Global Reporting Initiative Framework, Business Responsibility & Sustainability Reporting

Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities (SEBI/HO/CFD/PoD2/CIR/P/0155), November 11, 2025

Section IV-B: Business Responsibility and Sustainability Reporting by listed entities

1. BRSR

1.1 In recent times, adapting to and mitigating climate change impact, inclusive growth and transitioning to a sustainable economy have emerged as major issues globally. There is an increased focus of investors and other stakeholders seeking businesses to be responsible and sustainable towards the environment and society. Thus, reporting of company's performance on sustainability related factors has become as vital as reporting on financial and operational performance.

1.2 From the financial year 2022-23, in terms of the proviso to regulation 34 (2) (f) of the LODR Regulations, top 1000 listed entities based on market capitalization had to submit a Business Responsibility and Sustainability Report (BRSR) in the format as specified by the Board. Further, other listed entities can voluntarily submit such reports.

1.3 The BRSR seeks disclosures from listed entities on their performance against the nine principles of the 'National Guidelines on Responsible Business Conduct' (NGRBCs) and reporting under each principle is divided into essential and leadership indicators. The essential indicators are required to be reported on a mandatory basis while the reporting of leadership indicators is on a voluntary basis. Listed entities should endeavour to report the leadership indicators also.

1.4 The BRSR is intended towards having quantitative and standardized disclosures on ESG parameters to enable comparability across companies, sectors and time. Such disclosures will be helpful for investors to make better investment decisions. The BRSR shall also enable companies to engage more meaningfully with their stakeholders, by encouraging them to look beyond financials and towards social and environmental impacts.

1.5 The listed entities already preparing and disclosing sustainability reports based on internationally accepted reporting frameworks (such as GRI, SASB, TCFD or Integrated Reporting) may cross-reference the disclosures made under such framework to the disclosures sought under the BRSR.

1.6 The format of the BRSR is as specified in Annexure 16 . The BRSR is accompanied with a guidance note to enable the companies to interpret the scope of disclosures. The guidance note is given at Annexure 17. For referring the detailed contents of Annexure 16 and 17, please refer the following link: https://www.sebi.gov.in/legal/master-circulars/nov-2024/master-circular-for-compliance-with-the-provisions-of-the-securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-by-listed-entities_88388.html

2. BRSR Core

2.1 The BRSR Core is a sub-set of the BRSR, consisting of a set of Key Performance Indicators (KPIs) / metrics under 9 ESG attributes. Keeping in view the relevance to the Indian / Emerging market context, few new KPIs have been identified for assurance such as job creation in small towns, open-ness of business, gross wages paid to women etc. Further, for better global comparability intensity ratios based on revenue adjusted for Purchasing Power Parity (PPP) have been included. The format of BRSR Core for reasonable assurance is placed at **Annexure 17A**.

2.2 In order to facilitate the verification process, the BRSR Core specifies the data and approach for reporting and assurance. It is however clarified that the approach specified is only a base methodology. Any changes or industry specific adjustments / estimations shall be disclosed.

2.3 For ease of reference, the BRSR Core contains a cross-reference to the disclosures contained in the BRSR.

2.4 Applicability

2.4.1 From FY 2023 – 2024, the top 1000 listed entities (by market capitalization) shall make disclosures as per the updated BRSR format, as part of their Annual Reports.

2.4.2 Listed entities shall mandatorily undertake reasonable assurance of the BRSR Core, as per the glide path specified in the following table:

Financial Year	Applicability of BRSR Core to top listed entities (by market capitalization)
2023 – 24	Top 150 listed entities
2024 – 25	Top 250 listed entities
2025 – 26	Top 500 listed entities
2026 – 27	Top 1000 listed entities

3. ESG Disclosures for value chain

3.1 Disclosures for value chain shall be made by the listed company as per BRSR Core, as part of its Annual Report. For this purpose, value chain shall encompass the top upstream and downstream partners of a listed entity, cumulatively comprising 75% of its purchases / sales (by value) respectively.

3.2 Listed entities shall report the KPIs in the BRSR Core for their value chain to the extent it is attributable to their business with that value chain partner. Such reporting may be segregated for upstream and downstream partners or can be reported on an aggregate basis.

3.3 The scope of reporting and any assumptions or estimates, if any, shall be clearly disclosed.

3.4 Applicability

3.4.1 ESG disclosures for the value chain shall be applicable to the top 250 listed entities (by market capitalization), on a comply-or-explain basis from FY 2024-25.

3.4.2 The limited assurance of the above shall be applicable on a comply-or-explain basis from FY 2025 - 26.

4. Assurance provider

4.1 The Board of the listed entity shall ensure that the assurance provider of the BRSR Core has the necessary expertise, for undertaking reasonable assurance.

4.2 The listed entity shall ensure that there is no conflict of interest with the assurance provider appointed for assuring the BRSR Core. For instance, it shall be ensured that the assurance provider or any of its associates do not sell its products or provide any non-audit / non-assurance related service including consulting services, to the listed entity or its group entities.

For details: https://www.sebi.gov.in/legal/master-circulars/nov-2024/master-circular-for-compliance-with-the-provisions-of-the-securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-by-listed-entities_88388.html

Miscellaneous Changes

Lessons	Changed Contents	Page Number
Lesson 2: Legislative Framework of Corporate Governance in India	Principles governing disclosures and obligations – Regulation 4 (2)(d)(iv). The listed entity shall devise an effective vigil mechanism/ whistle blower policy enabling stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices.	70
Lesson 3: Board Effectiveness/Building Better Boards	Regulation 17 of SEBI (LODR) Regulations, 2015 Composition of the Board of Director – Regulation 17(1)(a) The composition of board of directors of the listed entity shall be as follows: (a) Board of directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty per cent. of the board of directors shall comprise of non-executive directors; Provided that the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020;	122
	Minimum number of director in certain class of listed companies – Regulation 17(1)(c) The board of directors of the top 2000 listed entities shall comprise of not less than six directors.	122
	Directors and Officers insurance for Independent Directors– Regulation 25 (10) The top 1000 listed entities by market capitalization, shall undertake Directors and Officers insurance (‘D and O insurance’) for all their independent directors of such quantum and for such risks as may be determined by its board of directors.	141
	3. Regulation 19(4) read with Part D of Schedule II – (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees; For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director.	145

	<p>The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:</p> <p>a. use the services of an external agencies, if required;</p> <p>b. consider candidates from a wide range of backgrounds, having due regard to diversity; and</p> <p>c. consider the time commitments of the candidates.</p>	
	<p>Related Party Transactions – Regulation 23 of Under the SEBI (LODR) Regulations, 2015</p> <p>(1A) Notwithstanding the above, with effect from July 01, 2019 a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.</p>	189
Lesson 4: Board Processes through Secretarial Standards	<p>Provisions under the SEBI (LODR) Regulations, 2015 Prior Intimations – Regulation 29</p> <p>(1) The listed entity shall give prior intimation of at least two working days in advance, excluding the date of the intimation and date of the meeting to stock exchange about the meeting of the board of directors in which any of the following proposals is due to be considered:</p>	212
	<p>Provisions under the SEBI (LODR) Regulations, 2015 Prior Intimations – Regulation 29</p> <p>(d) fund raising by way of issue of securities (excluding security receipts, securitized debt instruments or money market instruments regulated by the Reserve Bank of India), through further public offer, rights issue, American Depository Receipts/ Global Depository Receipts/Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method and for determination of issue price:</p> <p>Provided that intimation shall also be given in case of any annual general meeting or extraordinary general meeting or postal ballot that is proposed to be held for obtaining shareholder approval for further fund raising indicating type of issuance.</p> <p>Provided further that intimation for determination of issue price in a qualified institutions placement is not required if such placement is done in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.</p>	213

	<p>g) any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof;</p> <p>h) any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable.</p> <p>(2) The intimation required under sub-regulation (1) shall mention the date of such meeting of board of directors.</p> <p>Point (3) not to be considered anymore.</p>	
	<p>3. Quorum [Para 3]</p> <p>Regulations 17(2A): The quorum for every meeting of the board of directors of the top 2000 listed entities with effect from April 1, 2020 shall be one-third of its total strength or three directors, whichever is higher, including at least one independent director.</p>	216
Lesson 5: Board Committees	<p>B. The audit committee shall mandatorily review the following information:</p> <p>(2) Omitted- Accordingly, the points covered under this topic stands renumbered.</p>	243
	<p>Risk Management Committee Gap between two meetings – Regulation 21(3C)</p> <p>The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than two hundred and ten days shall elapse between any two consecutive meetings.</p>	249
	<p>Risk Management Committee Applicability – Regulation 21(5)</p> <p>I. the top 1000 listed entities, and,</p> <p>II. a ‘high value debt listed entity’.</p>	249
Lesson 8: Board Disclosures and Website Disclosures	<p>1. ANNUAL REPORT</p> <p>(f) For the top one thousand listed entities based on market capitalization, a Business Responsibility and Sustainability Report on the environmental, social and governance disclosures, in the format as may be specified by the Board from time to time.</p>	289

	<p>Box Content:</p> <p>The assurance of the Business Responsibility and Sustainability Report Core shall be obtained, with effect from and in the manner as may be specified by the Board from time to time.</p> <p>Provided further that the listed entities shall also make disclosures and obtain assurance as per the Business Responsibility and Sustainability Report Core for their value chain, with effect from and in the manner as may be specified by the Board from time to time.</p> <p>Provided further that the remaining listed entities, including the entities which have listed their specified securities on the SME Exchange, may voluntarily disclose the Business Responsibility and Sustainability Report or may voluntarily obtain the assurance of the Business Responsibility and Sustainability Report Core, for themselves or for their value chain, as the case may be.</p> <p><i>Explanation:</i> For the purpose of this clause:</p> <p>(i) Business Responsibility and Sustainability Report Core shall comprise of such key performance indicators as may be specified by the Board from time to time;</p> <p>(ii) “value chain” for the listed entities shall be specified by the Board from time to time.</p>	
	<p>(5B) Senior Management</p> <p>Particulars of senior management including the changes therein since the close of the previous financial year.</p>	293
	<p>Items required to be hosted on website as per Regulation 62 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> <p>(aa) composition of the Board;</p> <p>(b) financial information including:</p> <p>(i) notice of meeting of the board of directors where financial results shall be discussed;</p> <p>(ii) financial results, on the conclusion of the meeting of the board of directors where the financial results were approved;</p> <p>(iii) complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc;</p> <p>(h) information with respect to the following:</p>	312

	<p>(iii) revision of rating assigned to the non-convertible debt securities: (stands deleted)</p> <p>(i) all credit ratings obtained by the entity for all its listed non-convertible securities, updated immediately upon any revision in the ratings;</p> <p>(j) statements of deviation(s) or variation(s) as specified in sub-regulation (7) and sub-regulation (7A) of regulation 52 of these regulations;</p> <p>(k) annual return as provided under section 92 of the Companies Act, 2013 and the rules made thereunder.</p> <p>The listed entities to whom regulations 15 to regulation 27 are applicable shall also make the following additional disclosures on their website:</p> <p>(a) composition of the various committees of the board of directors;</p> <p>(b) terms and conditions of appointment of independent directors;</p> <p>(c) code of conduct of the board of directors and senior management personnel;</p> <p>(d) details of establishment of vigil mechanism/ whistle blower policy;</p> <p>(e) criteria of making payments to non-executive directors, if the same has not been disclosed in the annual report;</p> <p>(f) secretarial compliance report as per sub-regulation (2) of regulation 24A of these regulations;</p> <p>(g) policy on dealing with related party transactions;</p> <p>(h) policy for determining ‘material’ subsidiaries;</p> <p>(i) details of familiarization programmes imparted to independent directors including the following details:-</p> <p>(i) number of programmes attended by the independent directors (during the year and on a cumulative basis till date),</p> <p>(ii) number of hours spent by the independent directors in such programmes (during the year and on cumulative basis till date), and</p> <p>(iii) other relevant details.</p> <p>The listed entity shall update any change in the content of its website within two working days from the date of such change in content.</p>	
<p>Lesson 19: Sustainability Audit; ESG Rating; Emerging Mandates from Government and Regulators</p>	<p>ESG Reporting in India</p> <p>Para 8: On 10 May 2021, SEBI introduced new reporting requirements on ESG parameters called the Business Responsibility and Sustainability Report (“BRSR”) by amending regulation 34 (2) (f) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 (“LODR Regulations”).</p> <p>Further, SEBI, on July 11, 2023, issued a Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 in order to enable the users to</p>	<p>758</p>

	<p>have access to the provisions of the applicable circulars issued till June 30, 2023, at one place, pertaining to the compliance requirements specified in the LODR Regulations. With the issuance of this Master Circular, the aforementioned SEBI circular dated 10th May, 2021 has been rescinded.</p> <p>Section IV-B of this Master Circular prescribed the requirements for Business Responsibility and Sustainability Reporting by listed entities. The format of the BRSR is specified in Annexure 16 to this Master Circular and the guidance note is given at Annexure 17 to enable the companies to interpret the scope of disclosures.</p>	
<p>Lesson 20:</p> <p>Integrated Reporting Framework; Global Reporting Initiative Framework; Business Responsibility and Sustainability Reporting</p>	<p>Overview and Applicability of BRSR</p> <p>(as on the 31st March of every financial year)- stands deleted.</p> <ul style="list-style-type: none"> • During the financial year 2021–22, the top 1000 listed entities may voluntarily submit BRSR in place of mandatory BRR; • The remaining listed entities including the entities which have listed their specified securities on the SME Exchange, may voluntarily submit BRSR. <p>On 10th May, 2021 SEBI issued another Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 providing the Applicability of BRSR and Disclosure format.</p>	<p>769</p>
