

Caring and Compliances in Doing Responsible Business

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Article Type: Article

Article Citation: Hemalatha, Caring and Compliances in Doing Responsible Business. *M.S. Ramaiah Management Review*. 2024; 15(03), 48-57. DOI: 10.52184/msmr.v15i03.000

Received date: June 01, 2024

Accepted date: September 01, 2024

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Abstract

Indian companies also are part of the ESG compliances based on a set of indicators. The ability of the organization is dependent upon the policy frame and model designed. Many firms are empowered to access capital at a lower cost by building investors' confidence. (Pathak, 2023) Indian businesses are committed to ESG principles but their preparedness and action plan reveals a gap. Only 15% believe their suppliers to be prepared to comply with the organizations based on the principles of ESG. (Dethe, 2023) The idea of ESG and sustainability compliance is heatedly discussed in global meets and summits. The challenge here is aligning the policy, obligation to 3pillar parameters and commitment is looked for. So, who could guide companies at this incessant stage? Guidelines initiated by the Ministry of Corporate Affairs in harmonization with central and state ministries have drafted National Action Plan on Business and Human Rights. Based on the discussion firstly, the research paper would overview the ESG scenario from a global perspective as well Indian readiness for ESG compliances. Secondly, would examine those organizations being part of world sustainable membership that have met the ESG requirements with adaptive model designs. Not all Indian firms have been ranked on the top while, few companies are yet to board. In this context, selective firms from the Indian context are analyzed. Lastly, the research paper would conclude those practices that would improve confidence.

Keywords: Model framework, indicators, sustainability, principles, policy,

The evolution of ESG goes back to 1890 with Quaker Friends Fiduciary no sin investments, Brundtland Commission recognized the need for sustainability care uniting all countries in the world. The Chernobyl disaster raises public awareness of the Environment & Society risks of nuclear power. Actions initiated based on these occurring 1990 first ESG Index fund Domini social index was introduced and currently, it is MSCI LD 400 social index.

Subsequently, in the year 1993-2003 listed initiatives were made by the UN on sustainable development goals, responsible investment, and sustainable standard board. The real impact was felt when black rock CEO Larry Fink published an annual letter to all CEOs urging them to consider long-term value over short-term gains. Recently year in 2020-21 accelerated green and social bond issuance as a proposition and sustainable finance disclosure regulations were

launched. There have been various national and international developments in the past decade that have nudged businesses to be sustainable and more responsible, prior most being the United Nations Guiding Principles on Business & Human Rights (UNGPs). The Securities and Exchange Board of India (SEBI) through its 'Listing Regulations' in 2012 mandated the top 100 listed entities by market capitalization to file Business Responsibility Reports (BRRs) from an environmental, social, and governance perspective. Non-financial reporting is increasingly forming the basis for enhancing investor confidence in businesses and increasing their creditworthiness. The Ministry of Corporate Affairs is also in the process of developing India's National Action Plan on Business & Human Rights (NAP) in consultation with various Ministries and State Governments by 2020.

The objectives of the study are to discuss the overview of the ESG scenario from global as well as Indian readiness for ESG compliances. Further, the study has examined two organizations being part of world sustainable membership that have the ESG requirements. Lastly, the research paper would conclude those practices that would improve confidence.

Methodology: Study has identified firms based on ratings and has randomly chosen two firms namely Kotak Bank and Godrej Properties Private Limited. Information on ESG were read from latest annual reports, research papers, SEBI, Government of India publications as well world bank reports.

Review of literature and discussions: (Mehta) Concludes that the assessment is based on quantitative and qualitative disclosures of companies. As well data availability could improve as the business responsibility and sustainability reporting becomes mandatory for Indian companies. (Nidhi

Singal, 2022)Of the 53 sectors covered, service companies including IT, lending, and auto OEMs are the leaders in terms of ESG disclosures, whereas chemicals, mining, construction EPC, and transport infrastructure are not good with disclosures. (Business Responsibility and Sustainability Reporting by Listed, 2021) Memorandum seeks the approval to revise the format for business responsibility reporting. (Source: Morningstar). Funds in India contribute only around 0.05% of the global assets in sustainable funds. Out of the 8 ESG-themed funds in India, 6 were launched in the calendar year 2020, thereby indicating the increasing focus on and appetite for sustainability investing. (Miller, 2022) . ESG has become an important indicator of a company's ability to participate as well as to exist in the market. (Zimmerman, 2022) shape your ESG is an essential part of ESG strategy formation and gives insight into your peers' focus ensuring ESG strategies are relevant, robust, and data-driven. (Sarangi, 2021) Mapping of ESG policies and regulations reveals that there is a significant scope for ESG policies and companies are moving away from controlled management to obligatory compliance. (D'Souza, 2020) Is of the view that conservative investment measurements are inadequate and pursued narrow self-interest, this has a contrary influence on the environment and society. (Bank, 2018) in the current trend, non-financial metrics have become high and important in ESG investment decision-making. (Nemoto, 2020) UN's forecasts disclose that achieving sustainable development goals for a country like India needs investments of \$3.9 trillion in a financial year, and this could be possible through gigantic investments in a substantial way. The author further indicates that there is a strong link between ESG investment and

macro variables. investment and macro variables.

((GoI), 2021) India's investment in ESG is at an emerging stage but is gaining prominence among companies, as well as gaining negligible research in the current trend. Economic survey as well points out that there is a necessity to rationalize the funding for ESG development. (Mudaliar, 2020) has found that companies in India have already volunteered and have become part of RE100 as well become part of Dow Jones and NGOs in the emerging sustainability Index. (Dethe, 2023) the idea of ESG and sustainability compliance is heatedly discussed in global meets and summits. Based on the G20 meeting further RBI continues to issue Sovereign green bonds. This was highlighted with the volume of issuance that has rapidly increased from 16k cr in 2023 and aspires to raise to 24k in 2024. This discussion and decision change would add to the administrative productivity of all firms in India. The challenge here is aligning the policy, parameters as well as obligations, and commitment is looked for. So, who could guide companies at this incessant stage?

The Economic Survey 2023 says, "Early research shows that ESG performance reduced stock return volatility during Covid-19 and enabled firms to access capital at lower cost by building investors' confidence as ESG disclosures create long-term value for investors as well as reduce information asymmetry." (Chavan, 2022). on how banks can adopt a sustainable model, large Indian banking experts Roopa Satish, Sambitosh Mohapatra, and Sankar Chakraborti have shared that an investment and lending framework will mitigate risks and leverage on market opportunities. Adopting ESG standards, reflecting on their ESG baseline performance, and making

efforts to improve the sustainable performance of their operations and supply chain aligning to principles of responsible investments. Banks should concentrate on the 'S' and 'G' aspects of ESG as well, and they should not be underestimated. (Luniya, 2022) Since 2020, there has been accelerating interest in overlaying ESG data with the Sustainable Development Goals (SDGs), developed based on work by United Nations beginning in the 1980s. (Directorate of Academics, 2021) Parameters are the base of financial returns that has been followed conservatively. However, recent uncertain environmental changes have brought doubt into the minds of investors. Various scams and frauds have not only awakened the reality picture to look forward to ESG parameters. Therefore, these 3 pillars (ESG reporting, ESG ratings, ESG products) have been recommended by the UN due to various lessons that have been experienced among investors. Firms are pressured on their best practices and compliance with business responsibilities. Both the stakeholders as well investors seek to look forward to balancing the concerns that have been raised from society, the environment as well Governance points of view. Hence investors' interest is to demand ESG reporting, ratings, and ESG-related products. The higher the compliance higher would be the credit score to the company based on transparency, product quality, and disclosures. One of the driving forces to adapt for firms on compliance is climate change and major issues to transit to a sustainable environment globally. Why this focus has increased in recent times due to responsible and sustainable efforts put toward the environment and society. To bring about a conducive ecosystem these pillars and components have become essential. The main components are best practices and policy

frame. This needs to align with the long-term intention to benefit all stakeholders in the investment ecosystem, along with commercial gain, and portfolio design, and finally meet the investor's social and environmental goals.

Discussion:

Reflections of Kotak Bank

Environment	Social	Governance
As per the annual report 2021-22, the impact is 6%, reduction in scope 1 and scope 2 concentration, 12% energy on renewable sources, and 65% waste recycled at the waste generated in bank offices.	Women employment has increased to 28%, thirty-one hours average training has contributed to CSR, and 265 rises in the customer base	Banks' Leadership has been assessed by institutional investor advisory services (IiAS)-IFC-BSE, Corporate Governance score card based G20/OECD. To empower women through two schemes 'Silk' and 'Meri Udaan'

Based on 17 sustainability goals Kotak Bank commits to setting reserves to share their success, as well as extensively stretch the development of individuals and the public. Based on a set of principles and indicators the following table explained.

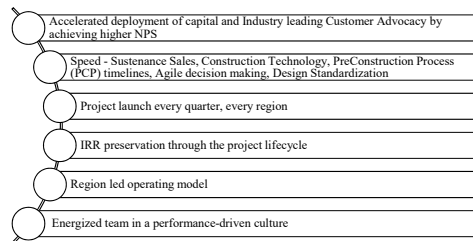
Principles	Indicators	Policy actions
Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent, and Accountable	Essential Human Resource, Risk Management, Compliance, Consumer Banking Business, Wholesale Banking Business, ESG, Financial Inclusion, Corporate Social Responsibility, Customer protection, Financial Outlook, and Cyber Security Awareness, anti-corruption, anti-bribery policy	Leadership BoD, KMP, AML, CoC, periodical engagement of Value Chain partners on ESG issues and commitments Awareness and disclosures based on section 184 of the Companies Act 2013 and Regulation 20 of the Banking Act 1949 audit transaction

<p>Businesses should provide goods and services in a manner that is sustainable and safe.</p>	<p>Is seeking an opportunity to direct its capital to finance assets. Procedures and Processes on sourcing materials and inputs CoC is followed. Extended Producer Responsibility(ERP) is not applicable but installed Organic Waste composters, that are donated to housing societies as well to employees</p>	<p>Life Cycle Perspective/ Assessments does not apply to Kotak reason is products are not reused, No packaging reclaim,</p>	<p>This criterion is not customized to the firm's product requirement</p>
<p>Businesses should respect and promote the well-being of all employees, including those in their value chains.</p>	<p>The well-being of employees, employee benefits Coverage, differently, abled persons with disability (PwD) equipped with infrastructure, skill up gradation, employee part as a member of bankers association, Health and safety measures,</p>	<p>Life insurance, compensatory coverage, to employees, ESG management system Plan, ESG evaluation system of value chain partners as well to customers</p>	<p>Elementary indicators are executed, and the gap in value chain partners' assessment</p>
<p>Businesses should respect the interests of and be responsive to all their stakeholders</p>	<p>Identity of stakeholders based on the frequency of interaction</p>	<p>Consultation on economic and social issues, incorporation of CSR activities, and development policy to vulnerable communities in the society through products and services in financial inclusion.</p>	<p>CSR outreach activities are expressive</p>
<p>Businesses should respect and promote human rights.</p>	<p>Safeguard Human rights, child labor, CoC, POSH, and minimum and maximum wage to workers based on category/gender Redressal and grievances</p>	<p>Human Rights and Anti-Discrimination policy, Human rights due diligence, assessment of value chain partners</p>	<p>Both elementary indicators as well leadership indicators are executed, but there is a gap in the value chain assessment</p>
<p>Businesses should respect and make efforts to protect and restore the environment</p>	<p>Energy consumption, energy intensity S-1,S-2,S-3,water consumption, water intensity, waste management</p>	<p>Break up of consumption and intensity, Business Continuity Plan,</p>	<p>Worth allocation transparency disclosure is indicated</p>

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent	Affiliations, standards, associations	Climate Finance Leadership Initiative	While elementary indicators are worth participation from all employees but leadership indications are yet to be executed
Businesses should promote inclusive growth and equitable development	Inclusive growth and development, Partnership with NGOs	Actions to mitigate negative social impacts, intellectual properties owned, disputes, CSR beneficiaries	Both elementary as well leadership indicators are active
Businesses should engage with and provide value to their consumers in a responsible manner	Consumer complaints, cyber security	Access to bank products, to promote financial literacy, communication on risk disruption and discontinuation of services, data breaches	Both are well administered

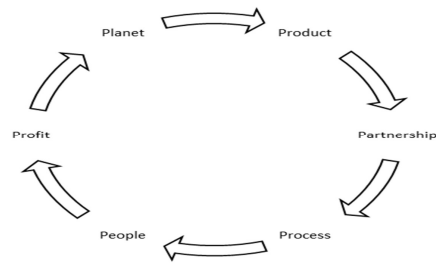
Godrej Properties Private Limited

ASPIRES to be the world's most responsible and sustainable real estate developer. Had diversified its properties from 1990, aims and strategies to win consistently 20% return on equity among other competitors. To gain a stronger position, leverage its brand and relationship among all stakeholders, ensure customer satisfaction be regular in administering Net Promoter Score, continue to sustain Godrej property sales speed and achieve book value, clear demarcation in risk mitigation with critical, non-critical, active and dormant risk to take proactive measures, lastly designed standardization of all materials, product, customer, digitization transformation, component and innovative approach in design.



The successful performance of Godrej Properties is all due to its group level as well as business-oriented affiliations. In total is associated with 7 groups and its membership with the world bank for sustainable development has been an incredible identity. CII, the Indian Green building council, the Federation of Indian Chambers of Commerce and Industry, the Maharashtra Chamber of the housing industry, the Confederation of real estate association of India, National safety council. Godrej is proud to share its progress and has demarcated that business sustenance of the future. The company complies with reporting

framework of the global reporting initiative (GRI), national voluntary guidelines on social, environmental, and economic responsibilities of business, as well as united nations sustainable goals. Godrej has made the mandatory commitment to incorporating ESG areas in its real estate business. They also feel proud of being applauded by the International Standard on assurance engagement for authenticity and disclosures in a systematic manner. In Godrej properties effective and efficient stakeholders are prioritized and identified based on the power of influence, stakeholders' plans, needs, and characteristics, and be responsible to Godrej properties. Stakeholders are categorized based on frequency mode, continuous mode, and periodic mode. In this ESG integration is well defined with local community as well investors interests are continuous mode. ESG integration has become a cumulative significant and strategic differentiator. Godrej Properties Limited has adopted AA100 (a standard used in sustainability governance) following principles of completeness, materialism, and responsiveness. Materialistic assessment in Godrej properties is done categorically internal, external, and a combination of both internal-external. Ethics and transparency, brand management, occupational health and safety, customer well-being, and employee welfare are identified as internal components, whereas external are contractor health and safety, and biodiversity. The combination of internal and external components are labor management practices, water efficiency, and energy efficiency. The following framework makes Godrej to be well-committed and proactively integrates ESG.



Products are environmentally conscious and continue to set new benchmarks in the real estate industry.

Approach and founding member of LEED, EDGE, GRIHA, and IGBC. Reducing dependence on freshwater almost supplying On-Site treated water. 42% water reuse, 24% of water reuse for landscaping, 18% for flushing, 74.3% is purely treated Onsite for flushing

Reduction in the procurement of 50% virgin materials, 17% to invest in material recycle content.

Evaluating environmental impact through Life cycle assessment and tool for reduction and assessment of chemicals and other environmental impacts.

The partnership includes communities, NGO partners, government bodies, regulatory bodies, and industries. The tools used are the Normalized Difference Vegetation Index and Normalized Difference Water Index. These initiatives are made proactive with GPL forecasts on water scarcity.

Processes are formalized with the Evaluation management system through enhancement, compliance, and achievement of objectives. Plan in this identify the needs and establish protocols and Do document activities along with operational activities, Check periodically through sustainable monthly and quarterly review meets based on the SOPs Act on risks, and undertake measures with shared learnings.

Deliver value for customers and stakeholders via excellence, integrity, and

innovation. In this process, the focus is on quality as well as customer-centric philosophy. In integrated brand management, it becomes common to adhere to common crisis management practices. This could impact the brand as well as day-to-day operations. A pre-defined protocol to address the public media, mostly when not adhered to by the channel partner's sales and marketing department has the responsibility to make corrective measures.

Business ethics and management as per the code of conduct it is ensured that employees have integrity, honesty, and support to communities. To check, sense, and resolve any non-compliance issues anti-corruption program is made aware and inducted to all employees as well senior board members. An unsigned platform for updating on any violations in the code of conduct, discrimination, harassment, and safety concerns.

Godrej properties private limited creative value plan is based on integrity and interdependency, with six Ps as its controls. The framework is built on the model of sustainable development goals. Indicators and strategic policies have been aligned to achieve the expected outcomes. Product design is built based on sustainable services and has Indian Green Building Certificates (IGBC) silver rated.in partnership, Godrej influences, collaborates, and co-creates with partners as a group as well as Godrej Properties. Are also a signatory of the social compact that is influenced by the UN. The process as discussed dormant risk management systems are robustly built to combat climate and have an efficient environmental management system in place. Godrej ensures that people are healthy, safe, knowledgeable aware, and care for customers, and employees, and have been health and well-being certified. In profit, the company

has been focused based on the economic value model to sustain throughout to initiate green spending. The company remains neutral to Scope 1 and Scope 2 in carbon footprint, water usage as well wastage management.

Godrej has a strong belief that moral and accountable practices give back to brand building, strengthening shareholders' and stakeholder's relationships.

Reflections of Godrej Properties Private Limited

Environment	Social	Governance
Policy guidelines are well aligned to environment, health & safety, CSR activity's	Health check-up, GPL policy on human diversity, Human rights	Has vigorous and strong structure with committed leadership, direction, and strategic plan. Has a committee empowered in decision making like C-Suite officers, and CSR sustainability officers, address various ESG issues that hinder business. Employees' performance is linked to SDGs as well ESG indicators with respective functional departments and is compensated with 12%

Sustainable Journey and Milestone of Godrej Properties Private Limited

- Emphasis has been more on green building certificate- global Real estate sustainability benchmark
- Women participation and employment generation 26-29%
- Ranked first as the best company to work for a survey conducted by the economic times
- Investment in offsite renewable energy certificate
- Initiated integrated watershed development project
- 2-5.25 tree saplings were planted to mitigate the carbon footprint
- Recently ranked 7th in Asia and 17th globally on the global real estate sustainability benchmark

Best Practices and Confidence- higher the transparency in care as well in compliance higher the credit score. This could be possible to a certain extent when a firm should own one's stakeholders, be plain careful, and integrate into their responsible business

The firm could be simple and fair enough to ESG disclosure, with a focused and disciplined internal audit approach

- An internal leader and committees guided need to drive with all considerations.
- Indicators and policy frames could be reviewed and customized based on firm products
- Own your ESG disclosure work. There should be an internal leader driving all efforts
- Many established firms could mentor the upcoming firms to adhere and make them as transparent.
- Substantiate the metrics and their purpose for choosing the same on ESG issues.

- The process of audit and its write-up summary make investors and the general public understand
- Periodical communication on the progress to investors is essential
- Involve all stakeholders to be part of the board of directors meeting and discussion on responsible discussions and reviews could further enhance the performance
- The existing organization could well mentor the young firms and motivate them to be part of listed companies.

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