

13 March 2023

95-3 - Economy.

2. companies that wish to maximise their opportunities in the global economy ~~are~~ need to embrace these new requirements. Analyse in context of ESG Rules

Environment Social Governance (ESG) Goals are set of standards companies follow for better governance, ethical, environmental & Social responsibility.

Rise of Environmental Social Governance Regulations

Traditionally - corporate - thoughts ^{of} business → forming profitable

Today - there is increasing demand → mandate - extended to ethical, investor protection corporate governance

Environmental Social Governance (vs) Corporate Social Responsibility

currently - India has mandated - via section 135 of Companies Act, 2013 → Corporate Social Responsibility

2014 & 2021 amendments have been made → Corporates

- net worth ≥ ₹500cr
- turnover = ₹1000cr
- net profit = ₹5cr

↓
2% of the profit - must be utilised for Corporate Social Responsibility

while in case of Environment social Governance →
no specific rules have been made still is in
nascent stage in India

Regulations differs

Corporate social responsibility → Extend environment
Environment social Governance → Internal & Extend environment

main focus are

Indirect Laws & Initiatives

Environment protection Act 1986, Labour code & National Green Tribunal
(Environment) ↓ (Social) ↓ (Governance)

Initiatives → Securities Exchange board of India - initiated

Business Responsibility & Sustainability report → to Extend
to 1000 listed companies to report on their performance

Way forward

~~with~~ new age investors are extremely cautious
of investment in Environment social Governance compliant
companies. It is also important for India companies,
to engage with US, UK, European union - who ~~are~~ ^{have} Environment
social Governance compliant regulations, provided to take
full advantage of decoupling from china &
play global role in supply chain management