

"ESG - The New Equation"

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On the eve of the Republic Day, this article by the stalwart Nilanjan Roy, the CFO [Infosys Infosys Limited](#), <https://lnkd.in/dH8GYYHm> drew my attention towards a subject dear to my heart [#ESG](#) (Environmental, Socioeconomic and Governance) concerns for which I am professionally associated with (partially) and also voluntarily but (wholeheartedly).

Interestingly, ESG across the globe is becoming synonymous with sustainability. A practice that has roots in the early sixties, more as a [#CSR](#) has evolved substantially since its establishment as ESG in 2004 when the then [United Nations](#) Secretary General Kofi Annan coined the novice term. Over a period of time, ESG has emerged as a set of standards for a company's operations, that the investors would consciously use to choose potential investments.

In the Indian context, a lot has happened since the year 2009, whether the [#NVGs](#) (National Voluntary Guidelines) and the [#NGRBC](#) (National Guidelines on Responsible Conduct) principles that came in the year 2019 or the new reporting standards set in 2021 by [#SEBI](#) for [#BRSR](#) (Business Responsibility & Sustainability Report).

In addition, there are a number of laws, including the Factories Act 1948, the Air Pollution Act 1981, the Environment Protection Act of 1986 and the Hazardous Waste Rules 2016, through which compliance for the ESG concerns are derived in India.

Nilanjan Roy in this beautiful article clearly brings out the need of making corporate organisational strategy as the way of business life, rather than a matter of compliance issue. The much needed enhanced number and role of the C-suite executives, be it the existing set of [#CSOs](#) (Chief Sustainability Officers) or [#CDOs](#) (Chief Diversity Officers) and the ESG committees on board, hardly needs any emphasis for the stakeholders responsible for the moral and legal obligations of ESG - employees, customers, suppliers amongst others.

The author's observations on the widening gap between the trailing Indian companies and rest of the world on their resolve to have the adequate leadership positions in ESG really poses a challenge in making them understand that companies perform better (even financially) if such a paradigm shift is adopted. Unfortunately, the trends indicate that contrary to the need, 65% of the Indian companies have rather structured responsibility for the ESG permeating down to lower levels. Why it's so??

To my perception, there are challenges in adopting ESG in India - reluctance due increased costs, budgets, no universally recognised reporting, quantification of measures, awareness, etc. With ESG becoming so significant, the way forward is single piece legislation for effective implementation in India. On this 74th Republic day, let's pledge for ESG as a way of community life.

What is your take? Would love to know your inputs. Happy Republic Day!

Jai Hind!

