



Investing in a Sustainable Future

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Editor's Nest

"When the world is silent, even one voice becomes powerful." – Malala Yousafzai, Education Activist

India's corporate landscape has undergone a major shift. Gone are the days of merchant guilds and "License Raj," where companies relied on backroom lobbying to navigate a maze of regulations. As issues are now industry specific, the present focus is on open communication. Principle 7 of the Business Responsibility and Sustainability Reporting (BRSR) recognizes this, urging companies *"to engage with public policy in a responsible and transparent manner"*.

This principle emphasizes companies to -

- advocate for policies that address social and environmental concerns. For example, a renewable energy company might champion government incentives that encourage the adoption of solar power, leading to a *shared value approach* that benefits both the environment and the company's growth.
- build a strong rapport with associations and unions, ensuring improved understanding of regulations, act as a collective voice for its workforce, etc.
- have a fair trade or anti-competition policy in place that promotes open markets and access to resources. For example, a tech company might advocate for stricter antitrust regulations to prevent dominant players from stifling innovation and raising prices for consumers.

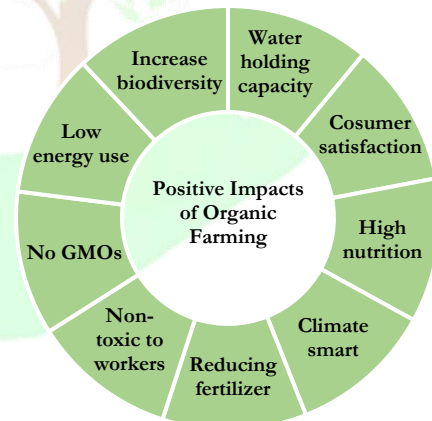
How do trade associations and unions incentivize companies to care about the environment more? Consider the example of Association of Indian Organic Industry (AIOI). Through financial, infrastructural and resource support, training and knowledge sharing activities, market surveys and developing directories for the industry, AIOI leverages agricultural companies to facilitate their organic products and improve their organic practices.

Therefore, by following Principle 7, businesses can navigate the policy landscape responsibly!

Expert Speak

Organic Farming: A solution for Global warming – Raj Seelam, MD of Brand 24 Mantra Organic

Global warming has started impacting our daily lives. For the past many years, we have seen that rainfall has become unpredictable. This has implications for farming, food security, health, and quality of life. This phenomenon has therefore severely impacted world's poverty that is concentrated in tropical and sub-tropical countries. There have been lot of talks on reducing carbon emissions, but the execution has been patchy. Equally important is carbon sequestration – capturing the emitted carbon and preventing it from going into the atmosphere. Many attempts to capture carbon are being made – creating artificial forests, impounding carbon deep in the earth. None of these are economical or scalable to tackle the magnitude of the problem. Organic farming relies on natural cycles. In countries like India, the soil has low organic carbon ranging from 0.1% to 0.5%. It is feasible to increase the soil organic carbon to about 2% through organic farming. This can sequester a lot of carbon. With its emphasis on nil or low external inputs, organic farming also reduces the carbon footprint involved in manufacture and transport of synthetic fertilizers and chemicals. Thus, organic farming is also about sustainable farming, livelihoods and ecology. The following chart gives additional potential positive impact of Organic farming on lives, livelihoods and environment.





Best Practices on Principle 7

Component	Company	Best Practice
Trade Relations and Affiliations	Tata Steel Limited	The company, through its engagement with trade unions, has led to creation of job opportunities by introducing New Wage Series.
Anti-Competitive Policy	KPI Technology	SOP mandates directors and employees to make observations on competitor's products and activities based only on publicly available information.
Public Policy Advocacy	Asian Paints Limited	Recommendations given on sustainability and inputs provided on amending Paint standards proposed by Bureau of Indian Standards.

Principle 7 aligns with the following United Nation's Sustainable Development Goals:



Principle 7 also aligns with the following Integrated Reporting Capitals:



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When Calamities collide with the Environment

The Earth, once a gentle giant, seems to be stirring restlessly. Across the globe, the UN Environment Programme estimates that over 90% of natural disasters are weather-related, costing the global economy an average of \$200 billion per year. Let's look at some major disasters across the world and their subsequent environmental impact.

- Floods – Erosion of topsoil, contamination of freshwater source with pollutants, disruption of aquatic ecosystems. Example: 2024 Rio Grande do Sul, Brazil.
- Droughts – Desertification of previously arable land, loss of biodiversity due to habitat destruction, increased risk of wildfires due to dry vegetation. Example: Horn of Africa Hunger Crisis (Ongoing)
- Earthquakes – Land subsidence and alteration of landscapes, Tsunamis triggering coastal flooding and devastation. Example: 2024 Taiwan Earthquake

This is where organic farming emerges as a beacon of hope. By nurturing the land with natural methods, organic practices build resilience. Healthy, well-nourished soil acts like a sponge, absorbing floodwaters and mitigating droughts. Diverse ecosystems, encouraged by organic methods, provide natural checks and balances, preventing the rampant spread of wildfires. Organic farming, therefore, strengthens the very foundation that natural disasters threaten. The responsibility, however, doesn't lie solely with farmers. Companies too, have a crucial role to play. SEBI's mandated BRSR framework provides a roadmap for mitigating these risks. Companies can invest in sustainable practices throughout their supply chains, implement hazard mitigation strategies, and incorporate a business continuity plan as a precautionary measure to counter any business disruption due to external contingencies. By supporting organic farming, for instance, they not only ensure a clean and healthy product but also contribute to a more resilient ecosystem!

Did you know?

BRSR lite is a simplified version of the BRSR framework in India. It's designed for smaller, unlisted companies that don't meet a specific threshold set by SEBI, and act as an entry point to start making disclosures on sustainability.