

ESG Corner

Our Monthly Newsletter



FOREWORD

Greetings, and welcome to this month's edition of Uniquus' ESG Corner! As the ESG landscape evolves, we bring you insights that matter—covering regulatory updates, industry trends, and transformative initiatives shaping sustainable business practices globally.

This edition delves into critical developments, including the outcomes of COP29, which saw progress on climate finance, carbon markets, and the operationalization of the Loss and Damage Fund. Our in-depth analysis highlights the global push for ambitious decarbonization targets and energy transition initiatives, underscoring the critical role of collaboration and innovation in achieving net-zero goals.

We are also excited to present an exclusive interview with Mr. Saket Sah, Head of Investor Relations and ESG at RP-Sanjiv Goenka Group. He shares the group's journey in embedding

ESG into its core business strategy, overcoming challenges, and leveraging opportunities to drive sustainability. His reflections offer valuable guidance for organizations aiming to integrate ESG principles effectively.

As always, we strive to keep you informed about emerging trends, best practices, and actionable insights to navigate the complexities of ESG. We hope this edition serves as a valuable resource in your sustainability journey.

Enjoy the read!

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IN THE NEWS

This section focuses on key developments globally, in the US, India, and the Middle East. It dissects the most recent news and analyzes its potential to influence regional landscapes, businesses, and consumers. Uniquis provides insights into how these developments may shape current market dynamics and set the stage for future opportunities and challenges.

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Global

1. IPSASB's Releases Draft Climate-Related Disclosures Standard for Public Sector

The International Public Sector Accounting Standards Board (IPSASB), supported by The World Bank, recently released a groundbreaking draft standard for climate-related disclosures for the public sector. The proposed Sustainability Reporting Standard (SRS ED 1) builds on the International Sustainability Standards Board (ISSB) global baseline and aligns with other global standards to ensure transparent and consistent reporting. The standard focuses on reporting requirements for climate-related risks and opportunities relevant to a public sector constituent's own operation, as well as climate-related public policy programs and outcomes. The standards will be applicable to public entities that meet the following criteria:

1. Are responsible for the delivery of services (encompassing goods, services and policy advice, including to other public sector entities) to benefit the public and/or to redistribute income and wealth;
2. Primarily finance their activities, directly or indirectly, by means of taxes and/or transfers from other levels of government, social contributions, debt, or fees; and
3. Do not have the primary objective to make profits.

The IPSASB has opened the draft to public feedback until 28 February 2025. This initiative emphasizes disclosures that would benefit decision-making and accountability regarding the public sector's critical role in global

sustainability efforts and combatting climate change.

2. ESMA's 2024 Corporate Reporting Priorities

The European Securities and Markets Authority (ESMA) released its 2024 European Common Enforcement Priorities (ECEP) Statement, which highlights guidelines for 2024 corporate reporting priorities. Three primary focus areas are as follows:

- 1. Double materiality:** Companies must assess sustainability-related impacts on their business and those caused by their business
- 2. Sustainability reporting under the CSRD:** Companies must ensure alignment between financial and sustainability reports and ensure that sustainability statements are inclusive of value chain risks and opportunities under the Corporate Sustainability Reporting Directive (CSRD).
- 3. Compliance with the EU Taxonomy:** ESMA's guidelines ensure that reports are properly aligned with the EU Taxonomy's classification system for transparency and comparability purposes.

The emphasis on double materiality reflects ESMA's commitment to promoting sustainable finance and ensuring that third parties have access to relevant and reliable information for decision-making, enhancing the quality and comparability of sustainability disclosures across the EU.



3. SBTi Enhancements in Response to High Demand for Target Validation

The Science Based Targets initiative (SBTi) has launched a new website to streamline the validation process for businesses and financial institutions setting science-based targets. This platform introduces a Validation Portal that aims to make it easier for companies to set and validate emissions reduction targets that are aligned with the Paris Agreement. The website offers resources and guidance to help businesses navigate the target validation process and ensure their targets are science-based and impactful. The SBTi created this initiative due to a significant rise in demand, with a nearly 60% increase in validated targets over the past nine months. By providing a user-friendly interface and comprehensive support, SBTi's new website seeks to encourage more businesses to commit to ambitious climate action and contribute to a sustainable future.

4. TNFD Draft Guidance on Nature Transition Planning at COP16

At this year's COP16 Green Zone held in Colombia, the Taskforce on Nature-related Financial Disclosures (TNFD) announced the release of its discussion paper on draft guidance on nature transition planning. The guidance aims to assist companies and financial institutions in developing and disclosing their plans for transitioning their operations to prioritize nature, in line with TNFD recommendations. The TNFD emphasizes the importance of aligning with the Kunming-Montreal Global Biodiversity Framework (GBF) to address biodiversity loss by 2030. The draft guidance outlines key elements of a nature transition plan, including foundations, implementation strategy, governance, metrics and targets, and engagement strategy. The draft guidance also builds on other climate transition planning practices such as the Glasgow Financial Alliance for Net Zero (GFANZ) and the Transition Plan Taskforce (TPT) for climate transition plan disclosure. The TNFD encourages corporates, financial institutions and other stakeholders to provide feedback on the discussion paper by February 1, 2025, with the final guidance set to be released some time in 2025.

COP29 Baku Concluded in November with Contentious Agreements

On 22 November 2024, COP29 concluded in Baku, Azerbaijan, after intense and heated negotiations among party delegations. The main divide was between developed and developing countries, which led to differing perspectives on various issues. Uniquis covered the events of COP29 and will provide a follow-up post-COP report with our in-depth takeaways. Here is a glimpse of our observations and analysis of the events that unfolded at COP29:

- Baku Finance Goal – A New Commitment to Climate Finance:**
 After intense debates between representatives, the Baku Finance Goal (BFG) was announced on the last day of COP29 as a new commitment to channel USD 1.3 trillion of climate finance to the developing world each year by 2035, which includes a new core finance goal for developed nations of USD 300 billion annually by 2035. The BFG will be a collective responsibility of global efforts. In contrast, the USD 300 bn will be mobilized by developed countries annually by 2035 through a combination of public, private, bilateral, multilateral, and alternative sources. Though the new climate finance fund is triple the figure of the existing USD 100 billion, developing countries, including India, have strongly opposed this deal, stating that the amount pledged by developed countries would be insufficient for the trillions needed for climate action. The pledged amount also did not specify an earmarked amount for grant-based funding, another request from developing nations who dislike debt-based climate funding. Wealthy nation blocs, such as the European Union, however, were unwilling to commit more funding, citing fiscal concerns and a lack of financial commitment from more polluting emerging economies, such as China and the Gulf States. Delegations from developing nations also cited opposition to unilateral trade measures, such as the EU's Carbon Border Adjustment Mechanism (CBAM) and the US President-elect's promises to enact trade tariffs.

- **Progress on Article 6 of the Paris Agreements:**

COP29 fully operationalized Article 6 of the Paris Agreement by concluding the decade-long negotiations on high-integrity carbon markets. The Article 6.4 mechanism was adopted on day one of COP29, whereby countries agreed on a centralized carbon market under the supervision of the United Nations. This Paris Agreement Crediting Mechanism (PACM) will align with climate science and will provide for mandatory checks on projects before approval. COP29 also provided clarity on Article 6.2, which enables bilateral trade of carbon credits between countries – thereby ensuring a transparent and clear process of carbon credit authorization, project reviews, and the operation of registries. Although several parties believed that the Article 6 frameworks were approved without sufficient due process, most welcomed the progress. The frameworks may enable credible carbon markets, unlocking vital financial capital needed to address climate change and other related environmental issues.

- **Operationalization of Loss and Damage Fund:**

Another achievement of COP29 was the full operationalization of the Loss and Damage Fund, a critical financial mechanism aimed at supporting developing countries most vulnerable to the impacts of climate change. The establishment of the Loss and Damage Fund was agreed upon at COP27 in Egypt, and it was launched at COP28 in the United Arab Emirates, setting the stage for its current advancements. During COP29, several pivotal agreements were reached to ensure the Fund's effective operationalization, including the signing of Trustee and Hosting Agreements with the World Bank, which established its management and operations framework. Ibrahima Cheikh Diong became the

Fund's first Executive Director and oversaw its implementation and operations. With these agreements in place, the Loss and Damage Fund is set to begin financing projects by 2025. To date, pledges to the Fund have exceeded USD 730 million.

- **Key pledges to reduce carbon emissions:**

COP29 saw nations committing to ambitious Nationally Determined Contributions (NDCs) aimed at significant greenhouse gas reductions by 2035. The United Kingdom led announcements at COP29 with an 81% reduction target based on 1990 levels, while Brazil and the United Arab Emirates also set substantial goals. Concurrently, efforts to reduce transport emissions were highlighted at COP29, particularly in the maritime sector, where the International Maritime Organization (IMO) reported over a 20% improvement in shipping efficiency since implementing climate regulations. Collaborative initiatives to accelerate the adoption of zero-emission fuels have underscored the interconnectedness of transport decarbonization and global climate goals. The COP29 Presidency also launched three significant energy initiatives aimed at enhancing global efforts in renewable energy, hydrogen production, and energy storage – including the Global Energy Storage and Grids Pledge, which targets 1,500 GW of energy storage by 2030; the Green Energy Pledge, focusing on developing interconnected power grids; and the Hydrogen Declaration, aimed at scaling up clean hydrogen production. Finally, the COP29 Declaration on Reducing Methane from Organic Waste marked a significant commitment by over 30 countries, collectively responsible for 47% of global methane emissions from organic waste, to develop concrete policies and roadmaps necessary for methane decarbonization.



Uniquis' POV

The evolving ESG landscape underscores the critical need for consistent, transparent, and actionable disclosures. Streamlining and enhancing reporting processes while providing organizations with clear, practical guidance on reporting topics and procedures has become increasingly essential.

The IPSASB's recent draft standards for climate-related disclosures mark a transformative milestone for public sector accountability. They build on existing global standards to ensure continuity and comparability across sectors. This move reinforces the public sector's pivotal role in global sustainability efforts and sets a precedent for rigorous and consistent reporting practices.

Similarly, ESMA's 2024 corporate reporting priorities provide a roadmap for corporations to enhance their disclosures' quality and strategic value. By addressing double materiality, value chain risks, and alignment with the EU Taxonomy, ESMA underscores the need for businesses to meet compliance requirements and embed sustainability as a core business driver.

The surge in validated targets seen by the SBTi highlights growing momentum toward ambitious climate action. Businesses must go beyond setting targets for compliance—they should focus on integrating these targets into broader sustainability and business strategies, ensuring meaningful and measurable impact.

While climate-related disclosures have been a principal topic in reporting, the TNFD is building on this movement by going beyond climate transition plans and developing a holistic nature transition plan to ensure that the needs of both financial institutions and corporations are met.

Organizations that proactively align with these evolving standards and expectations are leaders in transitioning to a sustainable future, balancing regulatory demands with long-term strategic value.

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1. ESG Data Gaps and ISSB Reporting Challenges

As climate risks and evolving regulations impact global markets, the need for robust ESG data continues to grow. At the recent Bloomberg Sustainable Finance Forum, attendees identified data coverage and quality obstacles, which present challenges for companies adhering to the International Sustainability Standards Board (ISSB) and other disclosure requirements. Europe's Corporate Sustainability Reporting Directive (CSRD) imposes its own requirements, creating complexity for asset managers and companies navigating overlapping frameworks. Materiality also remains central to investor decision-making, with financial and environmental considerations needing independent auditor assessments. These findings emphasize auditors' critical role in ensuring ESG disclosures' reliability. As financial stakeholders deepen their role in ESG, there will be increased collaboration across finance and audit to advance ESG data quality and integration.



2. What the 2024 Election Means for ESG

The results of the US Presidential election may significantly impact the state of ESG in the United States and, more broadly, include a potential roll-back of the long-awaited SEC climate-disclosure rules. That said, global ESG reporting obligations remain unaffected by US political shifts. Europe's Corporate Sustainability Reporting Directive (CSRD), which enforces sustainability disclosures across various metrics, will impact around 50,000 companies worldwide—including many US-based firms. This directive requires large corporations to disclose carbon emissions and other sustainability-related data.



Uniquis' POV

As the ESG reporting landscape evolves, questions about disclosed information's validity, accuracy, and quality persist. This challenge presents an opportunity for stronger collaboration between finance, audit, and sustainability teams. Auditor assessments can play a crucial role in ensuring the reliability of ESG data, building trust among financial stakeholders, and aligning ESG disclosures with broader corporate reporting requirements.

While the future of ESG regulations in the US remains uncertain, companies should remain proactive in addressing global requirements like Europe's CSRD. With its far-reaching implications, including mandatory disclosures for many US-based firms, the CSRD underscores the need for companies to stay informed and adaptable to international frameworks. Furthermore, investors may request US companies to disclose such data, driven by demands from asset owners and regulators under sustainable finance taxonomy regimes such as Europe's Sustainable Finance Disclosure Regulation (SFDR) and the UK's Sustainability Disclosure Requirements (SDR).

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India

1. Progress in BRSR Disclosures by Indian Companies, but Key Gaps Persist

According to the latest BRSR report, released by the CFA Institute, CFA Society India, and the NSE, Indian companies show progress in sustainability disclosures, but gaps remain. In FY23, over 96% of companies reported energy usage, achieving a 13% reduction in energy consumption per revenue unit from FY22. While 94% disclosed Scope 1 and 2 emissions, under 40% reported Scope 3 emissions. Most companies have adopted sustainable sourcing strategies, but over half did not disclose R&D investments or capital expenditures on ESG-improving technologies.

The report highlights key insights related to the BRSR format, emphasizing the need for consistent reporting, such as using megajoules (MJ) for energy consumption measurement. It notes the low workforce representation of differently abled individuals at under 0.5%, compared to 2.2% of India's total population, and an increase in employee turnover from 16% in FY21 to over 22% in FY23.



Uniquis' POV

The report shows that while Indian companies are making strides in disclosing sustainability data, key areas like Scope 3 emissions, R&D, and investments in green technologies remain underreported. This gap suggests that many businesses still treat ESG as a compliance task rather than an opportunity for innovation and growth. By fully embracing these disclosures, especially Scope 3 emissions, companies can get a clearer view of their entire environmental impact and take more meaningful action. Investing in green technology and R&D also adds long-term value, helping businesses stay resilient and competitive as the market shifts towards sustainable practices. As India's ESG landscape grows, companies that commit to transparent and comprehensive reporting will be better positioned to meet global standards, attract investors, and lead in a more sustainable economy.

2. SEBI Forms New ESG Committee and Proposes Changes for Rating Framework

SEBI has formed a 21-member committee to tackle ESG issues in the securities market, chaired by Mr. Navneet Munot, Chairman of AMFI. The committee aims to develop the ESG ecosystem and examine global ESG developments. In tandem, SEBI has proposed changes to ease the regulatory environment for ESG rating providers (ERPs). These include allowing ERPs to rate unlisted securities and shifting from current regulations restricting them to only listed entities. SEBI has also proposed that entities not involved in regulated activities need not seek SEBI registration. Additionally, ERPs must clarify the regulatory authority under which they operate when rating non-SEBI entities.



Uniquis' POV

SEBI's new committee and regulatory proposals signify a significant step toward aligning India's financial market with global ESG standards. Expanding the scope of ESG ratings to unlisted entities opens the door for a more comprehensive evaluation of corporate sustainability efforts, which could encourage wider adoption of ESG practices. However, these changes also introduce the challenge of ensuring that the quality and transparency of ESG ratings are maintained, particularly as ERPs begin to assess a broader range of issuers. Striking the right balance between expanding ESG ratings and safeguarding market integrity will be critical as SEBI rolls out these reforms.

Some clarifications regarding the value chain and assurance on BRSR that SEBI sought public consultation on have been made. Given the imminent close to the financial year, companies eagerly await SEBI's direction on those matters.

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3. India saw the steepest surge in greenhouse emission in 2023: UNEP Report

India saw the steepest increase in greenhouse gas (GHG) emissions in FY23, rising by 6.1%, as reported in the UNEP Emissions Gap Report 2024. This increase surpasses China's 5.2%, while the EU and the US reduced emissions by 7.5% and 1.4%, respectively. India's emissions totaled 4,140 million metric tons of CO₂ equivalent, lower than China's 16,000 MtCO₂e and the US's 5,970 MtCO₂e. The report stresses the urgent need for global emissions reductions to meet the 1.5°C temperature goal of the Paris Agreement. UNEP outlines that up to 31 gigatons of CO₂ equivalent could be cut by 2030, primarily through renewable energy, energy efficiency, and forest conservation. Achieving this will require increased global cooperation and technological advancements, especially in emerging economies like India and China.



Uniquis' POV

India's sharp rise in emissions highlights the growing climate challenges faced by emerging economies. While its emissions are still lower than major economies, the trend calls for urgent action, particularly transitioning to cleaner energy. The UNEP report demonstrates that renewable energy and energy efficiency can significantly reduce emissions, but technological adoption in rapidly developing regions like India must accelerate and the current Nationally Determined Contributions (NDCs) must be enhanced. International cooperation, bold policies, and investments in renewable energy are essential for meeting climate targets and preventing severe impacts from rising global temperatures.



Middle East

1. Saudi Arabia's Public Investment Fund (PIF) unveils USD 20 billion plan for green projects

The Public Investment Fund (PIF) of Saudi Arabia has identified a capital expenditure requirement of about USD 19.4 billion for its eligible green projects, with USD 5.2 billion already allocated as of June 2024. This commitment is part of PIF's ongoing dedication to sustainable finance.

In its recently published second Allocation and Impact Report, the PIF emphasized its involvement in key areas to ensure progress in sustainable finance. The PIF highlighted its focus on renewable energy and green initiatives. Thus far, funds allocated are directed toward developments meeting specific eligibility criteria designed to promote environmentally friendly initiatives.

Furthermore, the PIF plans to add new eligible green projects to its Green Finance Register. These projects will encompass various initiatives, including renewable energy, sustainable water management, green buildings, pollution prevention and control, energy efficiency, sustainable management of living natural resources and land use, and clean transportation.

The PIF's initiatives align with the United Nations Sustainable Development Goals and are expected to provide significant environmental benefits to the Kingdom of Saudi Arabia.

In response to the Kingdom's climate commitment, PIF has already allocated USD 5.2 billion to eligible green projects as of June 2024. More progress is being made as PIF has earmarked a total investment of USD 19.4 billion for sustainable initiatives promoting environmental benefits.

PIF issued the world's first 100-year green bond as the first sovereign wealth fund globally, diversifying funding sources and supporting Saudi Arabia's green economy.

As part of PIF's role in realizing Saudi Arabia's commitments, PIF has established its Green Finance Framework, which sets out its strategy and roadmap to catalyze the Kingdom's green agenda and outlines the projects eligible for green financing in line with international standards. These sustainable finance commitments and initiatives position PIF as a key player in the region and showcase the institution as a role model for several entities to follow suit.

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As part of the global effort to combat climate change, the Kingdom of Saudi Arabia is committed to achieving its green agenda. Using 2019 as the base year, the goal is to reach net-zero carbon emissions by 2060 and reduce carbon emissions by 278 million tons annually by 2030. PIF is instrumental in supporting the Kingdom in achieving this green agenda, accelerating the diversification of the domestic economy, and unlocking new sustainable sectors.



2. Oman launches campaign to curb plastic usage

In collaboration with Oman's Environmental Authority, Muscat Municipality has launched a campaign to reduce plastic use and promote sustainable practices. This effort encourages residents and businesses to switch to reusable alternatives, targeting various plastic products, especially those made from ethylene polymers.

A ban on plastic bags thinner than 50 micrometers began in July 2024. A second phase will start in January 2025, including textile, clothing, and household goods stores. The final phase aims to eliminate plastic shopping bags entirely by January 2027. Through these regulations and community efforts, Oman is progressing toward a sustainable future.



Uniquis' POV

Oman is taking significant steps to combat plastic waste, aligning with other GCC countries like the UAE through regulatory measures and initiatives. This effort aims to reduce plastic waste at its source and promote sustainable materials across industries.

This decision is vital for protecting Oman's environment and wildlife and aligns with Oman Vision 2040, which outlines the country's sustainable development goals.

Oman's commitment is reinforced by its involvement in international environmental initiatives and adherence to global conventions, such as the Basel Convention. The ban on plastic waste will lead to a cleaner environment, and stakeholders, especially businesses impacted by this initiative, should explore alternative solutions.

3. Renewables take center stage in Kuwait Fund's environmental strategy

The Kuwait Fund for Arab Economic Development (KFAED), in collaboration with the United Nations Human Settlements Programme (UN-Habitat) and the State of Kuwait, has launched an environmental initiative to combat sand and dust storms, receiving a grant of 4 million Kuwaiti Dinars (about USD 12.8 million). This project aims to reduce the frequency of storms from southern Iraq that impact Kuwait and neighboring countries by addressing their root causes.

By stabilizing soil in the Iraqi provinces of Dhi Qar and Muthanna, which are significant sources of dust, the initiative seeks to reduce dust entering Kuwait by over 40%, improving living conditions in the region. KFAED prioritizes environmental preservation and recognizes the urgency of addressing climate change through its support for clean energy projects.



Uniquis' POV

Climate change presents serious challenges globally, affecting the environment, food security, public health, and economic stability. One specific challenge for Kuwait and its neighbors is the occurrence of sand and dust storms.

The Kuwait Fund aims to finance development projects that yield positive environmental outcomes, including an adaptation and resilience project to combat these storms. This initiative aligns with the United Nations' 2030 goals and other national environmental efforts.

A recent study identified eight primary wind paths bringing dust to Kuwait, Bahrain, and Qatar. These lead to substantial health, environmental, and economic impacts, with annual losses estimated at around 190 million Kuwaiti Dinars. This project is expected to significantly benefit Kuwait and the surrounding areas.

IN-DEPTH ANALYSIS

This section delves deep into a significant ESG development, offering comprehensive insights and a nuanced perspective. We break down the critical facets of this development, analyzing its implications for businesses, investors, and regulators. Our in-depth analysis clarifies the potential impact on global markets and how this change may influence strategic decisions across sectors. Join us as we explore this development, shedding light on the opportunities and challenges in the evolving ESG landscape.

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2024 CDP submission window closed in October – Uniquis takeaways

October marked the close of this year's CDP disclosure cycle for corporate environmental submissions – with a scoring deadline of 9 October 2024 and the reporting window closing on 30 October 2024. The latest CDP disclosure cycle brought many significant changes to the reporting process, such as CDP's questionnaire format, submission portal, and [scoring methodology](#) – although the revamped reporting process also challenged many companies. For example, respondents were confused about how to best gather and submit information against the novel questionnaire format and scoring methodology. CDP had also [extended its scoring deadline](#) multiple times, as respondents complained of frequent and last-minute technical issues with the submission portal.

Uniquis helped many clients report to the CDP this year, guiding them through these hurdles. Despite the obstacles reporting companies face during this year's reporting cycle, Uniquis expects CDP's changes to enhance the quality of environmental-related financial disclosures provided by businesses moving forward. Uniquis observed the following changes to the reporting process of CDP:

- **Consolidation of questionnaires with specific modules for priority environmental topics:**
CDP consolidated the three existing questionnaires on environmental issues – climate change, forests, and water security – into one

integrated corporate questionnaire. This allows all respondents to assess and provide more holistic, comparable environmental information on risks, impacts, and opportunities across their operations, value chain, and financial decisions. All respondents can also access plastics, land use, and biodiversity questions, encouraging businesses to consider and disclose how they manage these environmental dependencies, impacts, risks, and opportunities – as they are interrelated with the core environmental issues of climate change, forests, and water security.

Companies can benefit from a streamlined reporting process, limiting duplication on questions across environmental issue areas (e.g., on the TCFD pillars of governance, strategy, and risk management). Still, environmental performance modules remain theme- and/or sector-specific, as relevant to the respondent company, ensuring that the questionnaire is tailored to each company's profile. Moving forward, companies must adapt to the novel reporting process while balancing limited resources and developing a careful approach to expanding their reporting, given the consolidation of disclosure topics. CDP will continue to award separate scores for climate change, forests, and water security issues, but the scoring methodology may vary based on each issue area.

- **Increased alignment with market/regulatory disclosure standards:**
The new integrated CDP questionnaire follows the latest regulatory and voluntary reporting standards, including incremental changes to prior years' versions. As many jurisdictions have begun to adopt interoperable disclosure regimes (e.g., EU, UK, Brazil, India, US, Canada), CDP's new reporting format also seeks to align further with emerging, high-quality disclosure frameworks and standards – most notably, with IFRS S2, ESRS, and TNFD frameworks. This alignment brought about many new questions in the integrated questionnaire format;

for example, the questionnaire introduces a “double materiality” approach around nature-related dependencies, impacts, risks, and opportunities to better align with the ESRS and GRI Standards.

Overall, the questionnaire asks for significantly more detail to increase interoperability with various standards – such as on “substantive” financial impacts and costs for sustainability-related matters, governance over environmental issues, and the use of scenario analysis – and respondents needed to prepare adequate time and resources to address the revised questions. The changes are intended to support responding organizations on their path to regulatory compliance and ensure companies can get ahead of future stakeholder demands. Respondents could report decision-useful information once, with disclosures to satisfy multiple reporting requirements and stakeholders.

- **New questionnaire for small and medium-sized enterprises (SMEs):**
A simplified questionnaire version has been developed for SMEs, creating a proportionate disclosure process appropriate for SMEs and their more limited resources. SMEs can develop a tailored approach to focus on the most critically demanded disclosures, strategically grow information-gathering capacity accordingly, and improve disclosure practices moving forward.

Amongst other changes, the CDP reporting process addresses gaps in disclosure by penalizing incomplete responses, emphasizing third-party verification, and encouraging value chain engagement by updating scoring methodologies. Overall, the new CDP reporting process introduced several new elements for companies, which underscore the need for strategic, collaborative, and transparent approaches to disclosure. Reporting organizations that focus on long-term improvements rather than short-term score gains will be better positioned to demonstrate environmental leadership. Companies can prepare for future CDP reporting processes by starting early, building internal capacity and an understanding of evolving standards, and taking a cost-benefit approach to prioritize disclosure topics:

- **Starting early:**
Preparing early can allow your organization to identify key organizational gaps, understand any future changes in the questionnaire, and align internal resources to address needs. For example, the integration of multiple environmental themes into this year’s CDP questionnaire necessitated extra planning for several Uniqus clients, and future changes may similarly impact reporting companies.
- **Building internal capacity:**
Effective reporting requires input from multiple departments across the organization, such as finance, operations, and HR. Therefore, building internal capacity and collaboration early can smooth the CDP reporting process. Similarly, the CDP questionnaire is updated annually to align with evolving standards, such as IFRS S2 and the ESRS. Therefore, it may be helpful for the organization to assign resources to ensure key personnel stay abreast of changes to key frameworks such that the organization can ensure comprehensive disclosures that satisfy all reporting requirements.
- **Taking a weighted approach:**
The CDP scoring methodology emphasizes various disclosure sections differently. In resource-constrained organizations, high-impact areas like governance, targets, and risk disclosures should be prioritized over others to ensure maximal credit. GHG emissions verification and monitoring of water and forest-related categories are also two growing areas that CDP is placing increasing emphasis upon.



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RP-Sanjiv Goenka Group (RPSG Group) is a diversified Indian conglomerate with a strong presence across various sectors, including power, entertainment, Chemicals, BPM, FMCG, retail, media publication, and sports. The group is committed to sustainable business practices and has been actively integrating ESG principles into its operations. With a focus on innovation, quality, and customer satisfaction, RPSG Group aims to create long-term value for its stakeholders while contributing to a sustainable future.

We interviewed Mr. Saket Sah, a seasoned ESG professional with around two and half decades of vast experience in Capital markets, Corporate finance, and ESG at prominent organizations like Citigroup and Aditya Birla Group & Grasim Industries Ltd. in his earlier roles. His current position as Head of Investor Relations and ESG at RPSG Group underscores his expertise in the field.

Below is an excerpt from our conversation with Mr. Saket Sah:

1. What has been your experience of ESG?

In 2012, I observed a growing interest among investors in organizations' environmental and social impact. While the initial focus was primarily on disclosure and compliance, the landscape has significantly evolved over the past decade. Today, investors expect a broader range of ESG performance metrics, including the organization's impact on people, the planet, and profit, with governance as a key additive. This shift has compelled organizations to integrate ESG into their core business strategies. Rather than viewing ESG as a mere compliance exercise, companies now recognize its potential to drive long-term value creation and enhance their reputation.

By aligning ESG goals with business objectives, organizations can achieve sustainable growth and mitigate risks. My earlier stints provided me with a comprehensive understanding of the application of ESG across industries (Corporate Finance + Investor Relations + ESG). They enabled me to understand

the investors' and other stakeholders' evolving requirements. A detailed review with the group's top management of different business units helped adopt and integrate these requirements into the overall business scheme.

During 2017-22, we went beyond the annual ESG reporting and had DJSI assess our ESG performance through the Corporate Sustainability Assessment (CSA) framework.

“

“ESG is not just a trend, it's a strategic imperative. By prioritizing sustainable practices, we can unlock significant long-term value for our investors”

”

2. How have you embedded ESG within your organization structure? (e.g., senior leadership positions, collecting and reporting ESG data responsibilities, dedicated ESG team, etc.) Do you feel that conglomerates/large groups should approach this differently?

RPSG Group has embedded ESG principles deeply into its organizational structure. Senior leadership actively champions ESG initiatives, driving their integration into business strategies. At the Group level, we oversee the sustainability efforts, collaborate with various business units to establish a strategic roadmap, and help companies



Mr. Saket Sah

*Head of Investor
Relations and ESG
at RPSG Group*

collect, analyze, and report ESG data.

The Group's ESG reporting framework aligns with global standards, ensuring transparency and accountability. Regular ESG assessments and performance reviews are conducted to identify opportunities for improvement and measure progress against set targets.

While conglomerates face unique challenges in implementing ESG practices across diverse business units, they also possess significant advantages. Conglomerates can drive impactful change by establishing a centralized ESG function and leveraging economies of scale. Collaborative approaches, knowledge sharing, and standardized reporting can streamline ESG efforts and enhance overall performance.

However, the specific approach may vary depending on the nature and scale of the conglomerate. Considering each business unit's unique characteristics, a tailored strategy is crucial for effective ESG implementation. We at RPSG have adopted an ESG strategy that is driven by investor requirements, evolving business needs from a sustainability perspective, and sustainability at the core of all our decisions.

3. What are your biggest challenges in transforming into an ESG-driven organization? (e.g., technological, regulatory, management, etc.)

One of the primary challenges in integrating ESG is the perception of it as a standalone function. To effectively embed ESG into the core of our business, we must demonstrate its relevance to all aspects of our operations. From product development and customer acquisition to retention strategies, ESG considerations can significantly impact our bottom line. By showcasing the direct business benefits of ESG, we can foster a culture where sustainability is seen as an essential driver of long-term success.

A significant challenge for all organizations is securing adequate funding for sustainability initiatives, which often require substantial investments in adopting niche

technology for low-carbon transition, embedding ESG practices across the value chain, as well as adopting digital tools to develop a streamlined system for efficient business management and scaling up the initiatives at an organization level. Prioritizing ESG initiatives while balancing with decent return expectation (IRR) from new sustainability-led capex can be complex. The CEO/CFO's office aligns sustainability goals with the company's overall business and financial strategy.

In addition, integrating ESG into an organization presents a significant challenge in terms of data, including data quality, consistency, and accuracy. The complexity of ESG data, often scattered across various departments, hinders reliable tracking and reporting. A robust data infrastructure is essential to overcome this challenge and gain meaningful insights into sustainability performance.

Finally, securing buy-in from senior leadership is paramount for successful ESG implementation. Strong leadership support is essential to drive change, allocate resources, and create a culture of sustainability.

We at RPSG are significantly backed by the support of our top management in prioritizing ESG-related investments and keeping sustainability as the baseline for all our strategic decisions.

4. What are the most significant opportunities you foresee when transforming into an ESG-driven organization? (e.g., net-zero commitments, investor relations, circular economy, etc.) Please deep dive into the investor angle and how it will drive your ESG journey

As a Finance/investor relations professional, I view ESG as a powerful theme that can enhance our long-term value creation. We can unlock numerous opportunities by integrating ESG principles into our business strategy.

Firstly, strong ESG performance can attract responsible investors who prioritize sustainable investments. This can increase investor interest, lower capital costs, and improve financing access.

Secondly, ESG initiatives can drive innovation and create new business

opportunities. By focusing on sustainable practices, we can develop innovative products and services that meet the evolving needs of consumers and investors.

Thirdly, effective ESG reporting and disclosure can enhance transparency and build stakeholder trust. By providing precise and concise information on our ESG performance, we can strengthen our reputation and mitigate reputational risks.

Ultimately, a robust ESG strategy can contribute to a more sustainable future. By embracing ESG, we strive to position RPSG as a responsible and resilient organization.

The growing emphasis on sustainability practices presents a significant opportunity for organizations to become ESG-driven. Investors are asking critical questions about ESG initiatives, including sustainable technology investments, ESG ratings, and climate risk management. At annual general meetings and investor forums, shareholders frequently inquire about ESG/non-financial performance and sustainability commitments. Companies that integrate ESG into their business strategies can enhance investor confidence and access to capital.

Today, companies can tap multiple pools of capital and a diversified investor base with ESG as the core theme. Many Indian corporates have raised debt capital using instruments like green bonds and sustainability performance bonds/loans. On Equity capital markets, the companies have been trading at premium valuations.

“

As an investor relations professional, I see ESG as a powerful theme to attract responsible investors, lower our cost of capital, and enhance our overall financial performance.

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5. What could be enabling factors for facilitating an organization's ESG initiatives? What is the role of regulators, and what, in your view, is needed from them?

Indian regulators have made strides in encouraging companies to improve their non-financial performance and

integrate ESG considerations into their reporting. The rise in ESG activism raises awareness among corporates about sustainability and effective management of ESG initiatives, helping them understand both the “what” and “how” of ESG practices.

However, ESG is just one piece of a giant puzzle. It's essential to focus on reporting ESG figures and the assurance and credibility of those numbers. Investors are increasingly interested in whether companies set clear targets and allocate sufficient capital to achieve sustainability goals. This shift toward target-setting and capital allocation is crucial for effective ESG integration.

As ESG practices evolve, regulatory frameworks will be critical in the coming years. India's government has set ambitious long-term sustainability targets that can drive change. Moving forward, momentum for ESG initiatives will likely be fueled by national policies, regulatory requirements, market forces, and investor pressure. Clear guidelines and frameworks from regulators will be essential for companies navigating ESG reporting and accountability.

6. What are some ESG best practices in your view? (please mention one for each pillar)

Environmental: Companies should go beyond basic ESG reporting and engage in climate change analysis, assessing its impact on operations and aligning with sustainability goals. In-depth analyses, potentially with third-party evaluations, are crucial for understanding climate-related risks and opportunities. Transparent reporting on these aspects is essential for long-term success.

Social: Companies must transparently showcase their Corporate Social Responsibility (CSR) efforts and conduct social impact analysis to evaluate the effectiveness of their initiatives. This should include assessing the impact on communities and ensuring alignment with social goals.

Governance: Best practices include regular board-level discussions on ESG topics, at least semi-annually. These discussions should be documented and publicly available, ensuring that ESG is a strategic priority integrated into top-level decision-making.

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REGULATORY WATCH

Regulation around ESG continues to evolve rapidly. This section summarizes some of the latest regulatory developments across critical global markets, including the US, EU, UK, India, and the Middle East. Our analysis captures the nature of the legislative changes or updates and our high-level assessment of broader implications on business practices and compliance strategies.

Global

Governing Body	Update	Uniquis' Impression
The International Sustainability Standards Board	The International Sustainability Standards Board (ISSB) published updates to the Sustainability Accounting Standards Board (SASB) standards taxonomy for 2024. These changes result from amendments made in relation to the issuance of IFRS S2 Climate-related Disclosures in June 2023 and amendments made as part of the ISSB's International Applicability of the SASB Standards project in December 2023.	It is important for corporates to be aware of changes taking place in ESG reporting as frameworks and standards continue to be amended to better align with the current market.
GHG Protocol	The Greenhouse Gas (GHG) Protocol released a document in March 2024 highlighting the use of its standards in key climate-related disclosure rules. After a recent consultation with its ecosystem partners, the GHG Protocol has released an updated document, "Overview of GHG Protocol Integration in Mandatory Climate Disclosure Rules Revised October 2024." The four key climate-related disclosure rules focused on are IFRS S2, ESRS E1, CA SB253 & SB219 , and the US SEC rules .	The GHG Protocol's recent update is intended to ensure alignment with climate-related disclosures that are either currently in effect or still developing. This update emphasizes that as frameworks and reporting continue to evolve, they are also further adapted to create a more streamlined reporting process for corporates.

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California Government	The California regulations signed into law in October 2024 have recently overcome a major legal challenge. The US Chamber of Commerce failed to get the law terminated on constitutional grounds due to insufficient information. The debate that remains in question is whether the laws should be subject to a lower level of scrutiny. The outcome stated that the Court would require a record of whether the laws regulate a substantial number of companies that do not make potentially misleading environmental claims.	Like other ESG regulations, there continue to be pushbacks and delays in implementation. Corporates, however, should not wait until the last minute and should begin to prepare and gather data required for the applicable regulations. They must become familiar with the necessary requirements well before the effective date so that internal data management and reporting processes can be adjusted accordingly.
California Government	California recently voted to strengthen the Low Carbon Fuel Standard (LCFS), a policy that prioritizes low-carbon fuels to minimize greenhouse gas emissions from the transportation sector. This policy would help California meet its climate change goals, as 50% of the state's greenhouse gas emissions come from the transportation sector. After a lengthy debate, the California Air Resources Board approved the changes with a 12 to 2 ruling.	California has continued to be a leader in climate action. Uniquis is tracking similar moves across several global jurisdictions, such as the EU ban on sales of new CO2-emitting cars, which was addressed in the Global Regulatory Watch.

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Middle East

Governing Body	Update	Uniquis' Impression
Central Bank of Oman	The Central Bank of Oman (CBO) issued a circular to enhance the banking sector's resilience to climate-related risks. It highlights integrating climate risk management into banks' governance, strategy, and operations. The circular encourages banks to adopt broader ESG factors to improve sustainability, attract investors, and mitigate risks. It also calls for participation in sustainable finance initiatives, such as issuing green finance instruments and offering eco-friendly loans. Staff capacity building on ESG integration is emphasized. The circular applies to all banks in Oman and requires them to evaluate their practices and develop an implementation plan by 30 June 2025. Governance, strategy, and risk management requirements will be effective from 01 July 2026, while disclosure requirements will begin on 31 December 2026, for the 2026 financial statements.	Climate change presents risks and opportunities for the financial sector, prompting institutions to mitigate risks and leverage these opportunities. The CBO circular mandates that financial institutions integrate climate risks into governance, strategy, risk management, and disclosure using comparable metrics. This emphasizes their responsibility in promoting sustainable finance. The CBO is committed to Oman's transition to a low-carbon economy through regulatory sustainability objectives, reducing its carbon footprint, investing in green assets, and fostering collaboration. Licensed financial institutions must adhere to deadlines to avoid penalties and protect their reputation and investor confidence.

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CSRD UPDATES

The Corporate Sustainability Reporting Directive (CSRD) is shaping to be a transformative framework for sustainability disclosures in the EU, with several vital updates emerging in recent months. These updates focus on implementation guidance, FAQs to clarify the directive, and auditing guidelines. Here's a detailed look at the latest developments:

EFRA's Draft Guidance on Transition Plans

The European Financial Reporting Advisory Group (EFRAG) has released a draft implementation guide to support companies in developing and reporting transition plans in accordance with the CSRD. Transition plans are critical for demonstrating how businesses aim to reduce their carbon footprint and align with the EU's climate goals. The draft guidance outlines specific components businesses should include, such as baseline emissions data, target-setting methodologies, and timelines for achieving net-zero emissions. This draft builds on existing sustainability frameworks and provides a roadmap for integrating these plans into sustainability reports. EFRAG will conduct a public consultation on this draft in early 2025, with final guidelines expected in mid-2025.

European Commission's FAQs on CSRD Implementation

The European Commission has published a detailed set of frequently asked questions (FAQs) addressing common concerns around CSRD implementation to ease the transition to the new reporting requirements. This document is precious for companies navigating the initial phases of compliance. These FAQs clarify various aspects of the directive, such as:

- Which companies fall under the CSRD's scope, including subsidiaries of multinational corporations
- The phased implementation schedule for different company sizes and sectors.
- Detailed expectations for reporting on environmental, social, and governance (ESG) metrics.

- Align CSRD disclosures with other global standards, such as the ISSB's framework.

CEAOB's Guidelines on Limited Assurance for Sustainability Reporting

The Committee of European Auditing Oversight Bodies (CEAOB) recently issued guidance to help auditors navigate the auditing requirements for sustainability reporting under the CSRD. These guidelines focus on limited assurance engagements, the initial standard for verifying sustainability reports during the transition phase. The guidance emphasizes a consistent approach to evaluating the accuracy and reliability of ESG data and provides a framework for assessing disclosures, methodologies, and compliance with CSRD standards. The guidelines are intended to build trust in the quality of sustainability information provided to investors and stakeholders.

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The CSRD has seen several significant developments in the past month, impacting businesses' sustainability reporting obligations. Key updates include:

- 1. European Commission's FAQs on CSRD and SFDR Implementation: On November 13, 2024, the European Commission published 90 frequently asked questions (FAQs) to enhance stakeholders' understanding and compliance with the CSRD and the Sustainable Finance Disclosure Regulation (SFDR). These FAQs aim to clarify reporting requirements and facilitate effective implementation.
- 2. SGS Launches Services for CSRD Compliance: On November 25, 2024, SGS introduced three services to support organizations in meeting

CSRD compliance and enhancing Environmental, Social, and Governance (ESG) disclosures. These services include CSRD Pre-Assurance, ESG Disclosures & Sustainability Report Assurance, and ESG KPI Verification & Assurance, designed to ensure accurate and consistent sustainability reporting.

- 3. CSRD Implementation Delays for Certain Sectors: On November 7, 2024, the European Council and Parliament agreed to postpone the adoption deadlines for sector-specific European Sustainability Reporting Standards (ESRS) and standards for certain non-EU companies by two years. This extension allows companies additional time to adapt to the new reporting requirements.

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About Uniquis Consultech:

Uniquis Consultech is a global tech-enabled consulting company that specializes in Accounting & Reporting, ESG and Tech Consulting. The Company was co-founded in December 2022 by consulting veterans Jamil Khatri and Sandip Khetan and backed by marquee investors such as Nexus Venture Partners, Sorin Investments, and other angel investors. Anu Chaudhary, a global ESG specialist with over 20 years of experience, serves as the Global Head of ESG. Abhijit Varma, a veteran technology specialist, leads Tech Consulting globally.

Uniquis now has a global team of 400+ professionals led by 50+ Partners & Directors across eight offices in the USA, India, and the Middle East. The company serves more than 200 clients, including marquee names such as HDFC Bank, Reliance Industries, Al Rajhi Group, Tawal, Flipkart, Zomato, GE, GAP and Grammarly. Uniquis is committed to leveraging technology and an integrated global delivery model to provide best-in-class consulting services that drive measurable results and create long-term value for its clients.

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Feedback

We encourage you to share this newsletter with your colleagues and networks, and to provide us with feedback on topics that you would like to see covered in future issues.

Uniquis is here to support you in navigating this evolving landscape. [Contact us](#) to learn more about how we can help you on your ESG journey.

