



Arun Duggal
Centre for
ESG Research

INDIAN INSTITUTE OF MANAGEMENT AHMEDABAD

विद्याविनियोगाद्विक्रमः



Arun Duggal Centre for
ESG Research (CESGR)

Annual Report

April 2023 - March 2024



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Foreword

Greetings from the Arun Duggal Centre for ESG Research (CESGR) at IIMA!

The Centre was set up in December 2021 to contribute to the development of the nascent ESG ecosystem in India and help Indian enterprises and organizations integrate ESG into their core business and investment decisions. In doing so, the Centre shall contribute to the transition of businesses towards the future of capitalism defined by stakeholder orientation with a focus on long-term enterprise value, shared societal prosperity, and a sustainable relationship with the planet.

In the past year, the Centre has engaged in numerous initiatives within the realms of ESG, sustainability, and related areas, receiving enthusiastic feedback from researchers, students, and practitioners alike. These endeavors encompass a variety of activities such as webinars, talks, research highlights, partnerships with external organizations, and a flagship conference co-hosted by the Centre in collaboration with another research centre at the institute. This report provides a comprehensive overview of each of these initiatives and activities.

The CESGR Annual Report 2023-2024 outlines the contributions of our members and recaps past events while providing a glimpse into what lies ahead for the Centre. We extend our gratitude to our members and our past collaborators for their contributions and continued support.

Vision and Mission:

CESGR aims to be a Centre of Excellence fostering sustainable and ethical organizations defining the future of responsible capitalism. It will focus on facilitating cutting-edge research and dialogue to improve the ESG performance of organizations while nurturing an ecosystem for stakeholder capitalism in India.



Centre Focus Areas

Driven by the mission statement, the Centre shall focus on developing its capabilities in select areas of ESG integration - in line with global trends while being equally mindful of the contextual realities of India.

1. ESG Impact on Organizations: Materiality, Enterprise Value and Risk

A core focus area of CESGR will be to initiate and support empirically grounded research to contribute to the emerging state-of-the-art scholarship on how ESG factors impact organizations which includes - materiality assessment, impact on long term enterprise value, and overall risk profile of organizations.

2. ESG Reporting, Transparency, and Data Infrastructure

The ESG Centre will actively engage with multiple stakeholders to help develop the ESG data infrastructure, fine-tune the ESG measurement frameworks, reporting structures, and impact assessments methods to fit with the requirements of the Indian organizations.

3. ESG and Investment Stewardship

CESGR shall aim to develop an informative index of ESG performance that is empirically grounded and based on a deeper qualitative understanding of the operations and contextual factors for Indian enterprises.

4. ESG and Corporate Social Responsibility

The Centre shall support research and investigations to develop insights on linkages between the company's CSR initiatives, associated performance along ESG dimensions, and evaluation of the impact on overall enterprise value and risk profile.



Executive Committee Members



Prof. Abhiman Das is a Professor of Economics at the Indian Institute of Management Ahmedabad (IIMA). His research interests span across various areas including monetary economics, applied econometrics, theory of firms, banking efficiency and productivity analysis using both parametric and nonparametric methods, survey data analysis, etc. Prof. Das is also currently a member of the Selection Committee of Indira Gandhi Institute of Developmental Research, since April 2018.

Prof. Naman Desai (Co-Chair, CESGR) is a Professor of Finance and Accounting at the Indian Institute of Management Ahmedabad (IIMA). His research interests include auditing, corporate governance, fraud risk assessment, and measuring behavioral changes in social contexts. Prof. Desai teaches 'Strategic Cost Management', and 'Fraud Risk Assessment and Corporate Governance', with various other courses as part of his executive education teaching.



Prof. Sunil Sharma is a faculty member at the Indian Institute of Management Ahmedabad (IIMA) in the Strategy area. With a Ph.D from IIMA, Prof. Sharma brings a wealth of academic expertise and industry experience to his role. His research interests encompass areas such as strategy execution and professional service firms.

Prof. Chitra Singla is a faculty in the Strategy area of the Indian Institute of Management Ahmedabad. Her research interest lies at the intersection of International Business and Corporate Governance. She is interested in governance antecedents and consequences of internationalization among Indian firms. Her current work is looking at the family business firms in India, examining the extent and mode of internationalization in such firms vis-a-vis non-family firms.



Prof. Anish Sugathan (Co-Chair, CESGR) is a faculty in the Strategy area of the Indian Institute of Management Ahmedabad. His research interests are in the area of institutional and governance infrastructure of emerging economies with focus on sustainable development and corporate sustainability in India. His research has been published in reputed international journals, and many national and international dailies. Prof. Sugathan also serves on the board of state owned electricity distribution utility UGVCL, Govt. of Gujarat, as an independent director and advises several start-ups in the energy-tech and smart governance space.

Prof. Rama Mohana R Turaga is a Professor in the Public Systems Group at IIM Ahmedabad . He holds a Ph.D. in Public Policy from Georgia Institute of Technology, Atlanta and a Masters Degree in Environmental Engineering from the Indian Institute of Technology Kharagpur. Prof. Turaga's broad research interests lie in sustainability policy and governance. Recent and current projects include the political process of environmental regulation, India's electronic waste regulations, corporate sustainability, collective action in the context of environmental sustainability and livelihoods in agriculture, adoption of voluntary environmental standards by Indian firms, and urban sustainability.



Let's Review the Academic Year 2023-2024

1. Research Highlights

1.1. Two-Way ESG Materiality Metric for India (Joint Collaboration with Dun & Bradstreet)

CESGR initiated a research project aimed at developing a first of its kind data product that can help in ESG impact assessment in the country, with Dun & Bradstreet (D&B), a leading global provider of high-quality business operations data and analytics to enable companies around the world to improve their performance.

This collaboration aims to leverage the research capabilities of CESGR, and the extensive database provided by D&B to create a data product that will address data gaps to enable accurate assessment of ESG efficiency. The product further aims to facilitate practitioners, investors and policymakers in creating custom ESG metrics to further evaluate their performance and strategize their future actions.

One of the core principles of this project is to achieve two-way materiality, an aspect that has been stressed in the European Union's new Corporate Sustainability Reporting Directive (CSRD) for reporting ESG standards.



1.2. Faculty-led Research Projects

► Role of Company Secretaries in Shaping ESG Agenda in Indian Public Listed Companies: An Exploratory Study



Professor Biju Varkkey

The Securities and Exchange Board of India (SEBI) has made Business Responsibility and Sustainability Reporting (BRSR) mandatory for the top 1000 listed entities, focusing on Environment, Social and Governance (ESG) regulatory disclosures. As ESG becomes a key agenda item for boards and committees due to increasing regulations, the roles of Company Secretaries in Indian public listed companies are expected to expand.

However, there is a lack of research on the relationship between company secretaries and board effectiveness, especially concerning strategic decision-making in the ESG context. While literature covers the relationship between corporate strategic decisions and boards, the specific role of company secretaries in shaping corporate governance, particularly in supporting ESG in Indian public listed companies, remains unexplored. By using the 'legitimacy theory' and 'organisation role theory', this research aims to delve into the evolving role of company secretaries in enhancing board effectiveness within the ESG framework.

► Governance and Mission Drift



Professor Aditya Moses

Numerous organisations operate with a purpose that goes beyond mere commercial pursuits. However, the ever-changing external environment can compel organisations to alter their operations. For instance, non-profit social enterprises, driven by the need to generate commercial revenues, may shift their focus from social to economic value creation, necessitating a renewal of their governance structure to maintain a balance between the two. This transition may lead to mission drift, where the organisation's core values become precarious amid environmental complexities.

The current typologies of hybrid organisations fail to consider the influence of governance on these organisations. Governance plays a crucial role in preventing mission drift, establishing control mechanisms and ensuring meaningful outcomes for beneficiaries. However, in some cases, mission drift can be a viable response to values-based complexity. Thus, organisations should be seen not only as governance mechanisms for protecting values but also as equilibrating mechanisms that coordinate the interests of multiple stakeholders. This research project aims to study the evolution of governance mechanisms in social enterprises and its impact on social and organisational performance.

► ESG Performance and the likelihood of cross-border M&A deal completion



Professor Chitra Singla

Sustainability has become an indispensable challenge for organisations worldwide, where environmental, social and governance (ESG) performance is now as critical as financial performance for long-term success. Investors, including institutional investors, consider ESG factors when making investment decisions due to its positive influence on a firm's financial performance, leading to higher market value, lower capital costs, and an enhanced reputation that also supports international expansion efforts.

This study investigates the relationship between a firm's sustainability performance and the completion of cross-border mergers and acquisitions (CBMA). CBMAs often face legitimacy deficits stemming from legal, regulatory, cultural, financial, shareholder activism and political differences. The research suggests that firms with higher ESG performance are more likely to gain organisational legitimacy, thereby increasing the probability of successfully concluding CBMA deals. By recognising the impact of sustainability on international business endeavours, organisations can strategically position themselves for long-term growth and success in a competitive global landscape.

► How Well Do Shareholders Know Their Directors? An Examination of the Relationship Between Directors' Education and Experience and Shareholder Votes on Director Appointments



Professor Naman Desai

A salient feature of the corporate form of organization is the representation of shareholders by directors who govern various functions of the company and take decisions on behalf of the shareholders, i.e., owners of the company. The board of directors constitutes a vital part of the corporate governance framework and is the shareholders' first line of defense against any form of expropriation by managers. In essence, directors reduce the agency costs for shareholders. Prior research has focused on different methods of voting in director elections, namely majority voting and plurality voting. Another stream of research in this area sheds light on the implications of firm and director-specific characteristics on the magnitude of votes received by the directors in elections. Director elections or appointments are important events for shareholders as they provide a platform to the shareholders to express any form of dissatisfaction with the firm and trigger improvements in the firm's corporate governance.

Extant literature shows relationships between various director characteristics and votes on their appointment at the shareholders' meeting. In this study, we extend this stream of research and examine the impact of directors' education and work experience on shareholder votes on their appointment at the annual meeting. A typical company has two types of shareholders, institutional and retail. As per prior research there are significant differences in the ability and effectiveness of these two types of shareholders to monitor management. Therefore, while examining shareholder voting patterns, we bifurcate shareholder votes by retail and institutional shareholders and examine if institutional shareholders are more sensitive to directors' education, work experience, and other relevant characteristics while voting on their appointment. The paper contributes to three strands of literature. Firstly, it extends the literature on director elections or appointments by providing evidence on shareholders' awareness about the qualifications of directors proposed for appointment and its impact on their votes. Secondly, it contributes to the literature on differences between institutional and retail shareholders by showing significant differences in their voting patterns in the context of director appointments. To the best of our knowledge, no prior study has examined how different groups of shareholders, i.e., institutions and retail shareholders, vote on appointment of directors and how their voting differs in this context. Thirdly, it adds to the research on the value-relevance of director skills and qualifications and shows how shareholders are mindful of the directors' potential to contribute to the firm in light of their education and experience.

● **1.3. Students' Research Projects**

▶ **Evaluating the Impact of the EU Carbon Border Adjustment Mechanism (CBAM) on Export-Oriented Business**



Aditi Das
PGP Batch of 2024
[in](#)



Abhishek Nandan
PGP Batch of 2024
[in](#)

Executive Summary

As the war against climate change gets stronger, countries are trying hard to bring in mechanisms to reduce the Green House Gases emissions which is one of the major contributors to deteriorating environment. To reduce the emission levels, some countries have brought in stringent regulations that limits emissions, however such regulations have also resulted in carbon leakage because of moving manufacturing facilities to those parts of the world where emissions are still not regulated. CBAM is one solution to curb carbon leakage by imposing requisite tariff on such imports inside the EU. This brief document dives into the impact of CBAM on export- oriented industries in one such nation where emissions are still not as closely monitored as they are in the developed part of the global economy. The document also touches upon the unilateral approach to decarbonization that is CBAM and how it can prove detrimental to developing and least developed economies. At the end, some suggestions are also provided to make CBAM more palatable to such economies.



▶ **A Response to SEBI's Consultation Paper on ESG Rating Providers for Securities Markets**



Krishak Choukhany
PGP Batch of 2024
[in](#)



Shubham Khanna
PGP Batch of 2024
[in](#)

Executive Summary

The rise of sustainable finance and green investing has brought ESG, and by extension, ESG rating and providers, into the forefront. Policymakers have focused on regulating ESG rating providers (ERPs) over the past two years to increase confidence in markets and prevent greenwashing by rating providers.

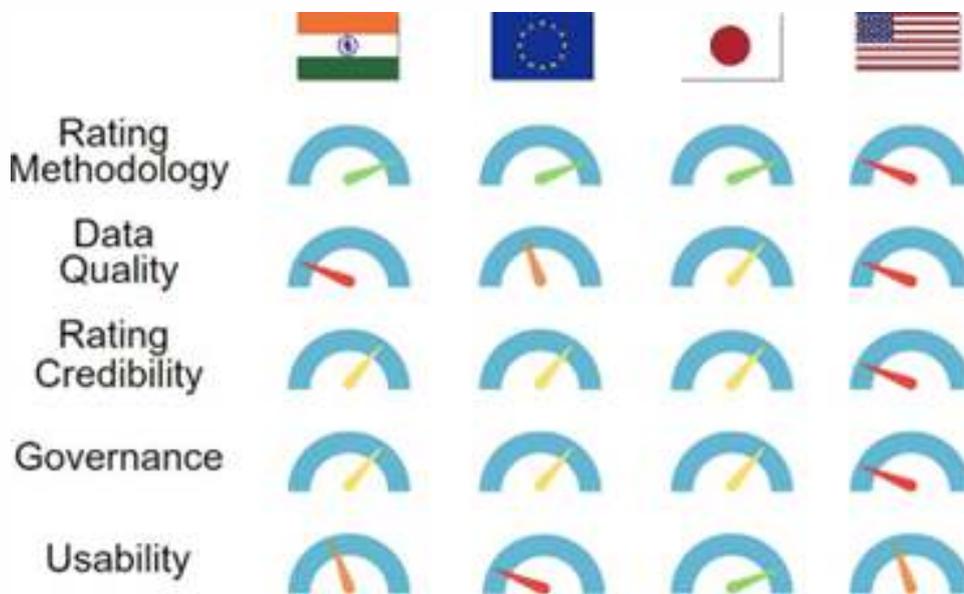
We chart the development of these regulations by analysing the International Organization of Securities Commission's (IOSCO) 2021 report and identify a framework of five themes that are prevalent in the regulatory space. These themes call for regulators to create policies around rating methodology, data and data sources, credibility, governance, and usability of ratings.

We use these themes to benchmark regulations in three peer jurisdictions – the European Union, the USA, and Japan. In the EU, we see heavy regulation as part of the Sustainable Finance Package aimed at improving transparency in ERP methodologies and their governance. In the USA, we see a focus on improving material disclosures by companies rather than regulating ERPs. We believe that regulation is a lower priority for the SEC, thereby opening room for manipulation and exploitation of ratings in the USA.

Lastly, in Japan, we see a comply-or-explain code of conduct for ERPs, which is broadly aligned with the recommendations by IOSCO. The benchmarking also helps us to draw out three key trade-offs that policymakers face while drafting legislation in this space – standardisation vs. innovation, transparency vs competitiveness and degree of regulation vs. cost of compliance.

We also use these themes to analyse SEBI regulations and draw out the key points present. The regulation calls for:

- Categorising and mandate for registering ERPs in India.
- Public disclosing of methodologies and key definitions while maintaining propriety information.
- Disclosing updated methodologies and changes to ratings.
- Maintaining confidentiality of information gathered for ratings.
- Ensuring no conflicts of interest through shareholding restrictions, internal policies, and barring of allied services and related party ratings.
- Creating a review and appeal mechanism for companies being rated, including sending draft ratings before they are published.
- Ensuring ratings are applicable to an Indian context and are updated at least annually.
- Applicability of the regulation to only Indian users using ratings for Indian companies or by Indian ERPs.



Geography-wise Regulatory Performance in Addressing Five Key Challenges with ESG Ratings

Lastly, we suggest six recommendations based on our analysis of Indian and global policies to strengthen regulations and plug gaps:

- Mandate transparency for data sources.
- Distinguish between the impact on the environment and the impact on the company from climate change.
- Disaggregation of E, S and G components of ratings.
- Recommend a timeline for updating the rating post-change of methodology.
- Create a mechanism to prevent bias in ratings.
- Further differentiate between large and small ERPs.



► **Developing a Statistical Model of Firm-Level Carbon Footprint using Financial Data**



Elsi Mathew
ePGDABA Batch of 2022-2023
[in](#)



Shreyashi Laha
ePGDABA Batch of 2022-2023
[in](#)



Saurabh Kayal
ePGDABA Batch of 2022-2023
[in](#)



Tushar Sinha
ePGDABA Batch of 2022-2023
[in](#)



Partha Pain
ePGDABA Batch of 2022-2023
[in](#)

Executive Summary

CO₂ emissions are responsible for 81% of overall GHG emissions and one of the main causes of global climate change is CO₂ emissions from the combustion of fossil fuels, which are linked to various economic activities. India, one of the fastest-growing energy-led-growth economies in the world is facing power shortage and requires effective resource allocation to boost economic growth. The absence of convincing empirical findings due to lack of CO₂ emission data prevents policy makers from developing effective standards and regulations. Thus, considering India's fast urbanization and rising energy demand, this study is highly pertinent as it explores the relationship between a firm's financial metrics and CO₂ emissions in India and provides critical findings that could guide policymakers in India's decarbonization journey.

While India is catching up to developed nations in terms of ESG disclosures, many businesses are having trouble adhering to SEBI's guidelines for the Business Responsibility and Sustainability Report (BRSR) disclosure format and implementing ESG frameworks that are unique to their respective sectors. In the absence of openly available CO₂ emissions data, we resort to a surrogate framework to estimate a firm's carbon footprint by taking into view its energy consumption and financial metrics. We work with historical data from Prowess to model the relationship between energy consumption and financial metrics both at the aggregate and industry level and validate the findings on ASI (Annual Survey of Industries) dataset. We use OLS (ordinary least squares) to build regression models with attributes like energy consumption, gross revenue (GDP), gross fixed assets, sales, year, and industry.

The research findings suggest that overall financial metrics have a positive effect on energy consumption; the stepwise regressions from both data sources proved the reliability of this conclusion. The betas for gross fixed assets from ASI were found to be positive and significant for coal and natural gas implying that the size of the firm also significantly impacts energy consumption and thus its CO₂ emissions.

Energy type	Financial variables in Million INR	Energy Estimates (Betas)	CO2 emission estimates in KgCO2	Source
Electricity (MwH)	Sales	7.58	8341.38	Prowess
	Total Revenue	4.07	4472.26	ASI
Coal (Tonnes)	Sales	13.82	30409.06	Prowess
	Gross fixed assets	7.97	17534.23	ASI
	Total Revenue	58.55	128812.36	
Natural Gas (Tonnes)	Sales	75.20	206950.40	Prowess
	Gross fixed assets	274.20	1746.37	ASI
	Total Revenue	146.90	703.50916	

Table 1: Results of Energy wise Linear Regression

However, at an industrial level, the impact of using financial metrics as a control variable is not apparent as not all industries demonstrate a similar association. Out of the 28 industries in consideration, it is important to note that the relationship between financial metrics and energy consumption is not consistent across all industries, and positive association is only observed for the energy intensive sectors as below.

Industry	Interpretation: For 1M INR increase in Sales, electricity (MwH) increases within the range:		CO2 emissions range in Kg Co2	
	Lower Limit	Upper Limit	Lower Limit	Upper Limit
Paper & newsprint	13.70	21.90	15070.00	24090.00
Other Ferrous Metal Products	12.80	20.60	14080.00	22660.00
Cement	11.00	18.80	12100.00	20680.00
Other Chemical Products	7.71	15.70	8476.82	17270.00
Steel	7.65	15.30	8414.03	16830.00
Inorganic Chemicals	6.70	16.10	7368.49	17710.00
Cotton & blended Yarn	6.98	15.20	7676.38	16720.00
Castings & forgings	4.91	15.00	5397.37	16500.00

Table 2: Sectoral estimates for Electricity consumption from Prowess

Thus, to direct India's efficient use of power toward a sustainable future, various and sector-specific energy plans would be preferable than a single policy for all sectors. Regulations specific to energy intensive industries could be implemented and these industries could be incentivized so that they become more energy efficient. Policy makers may find the data from this article useful in planning India's decarbonization path as they deal with energy usage across several industries.



► Developing a Machine Learning based Statistical Index for Predicting Governance Quality of Indian Corporations



Dhaval Rao
ePGDABA Batch of 2022-2023
[in](#)



K Aditya Srinivas
ePGDABA Batch of 2022-2023
[in](#)



Sahil Aneja
ePGDABA Batch of 2022-2023
[in](#)



Joyjit Das
ePGDABA Batch of 2022-2023
[in](#)



Jaydeep Gupta
ePGDABA Batch of 2022-2023
[in](#)

Executive Summary

According to the International Monetary Fund (IMF), in the year 2023, the growth rate of Indian economy was 6.1% against 2.9% of global economy. For the year 2024, the expected growth rate of the Indian economy is 6.8% against 3.4% of global economy. This is highest among the developed and developing economies. A "very high growth relative to other G20 member countries", said Hamid Rashid, the Chief of the Global Economic Monitoring Branch. India is regarded as the "bright spot" on the world forum. The 'Aatmanirbhar Bharat' initiative, in particular, has transformed the investment opportunity for the better. All these are leading to greater investment and acquisition in India. Every opportunity comes with greater responsibilities. When the world is looking at India as next big opportunity for growth, the authorities are vigilant on curbing-avoiding economical/financial frauds. Accounting fraud is a serious problem in India, with the country having one of the highest rates of fraud in the world. This has had a significant economic impact, costing investors and other stakeholders billions of dollars. There are a number of factors that contribute to accounting fraud leading to company insolvency cases in India, including weak corporate governance, ability to manipulate financial reporting and lack of auditor's capability. Also, most of the accounting frauds are not sudden or one-time happenings but brewing over a period and hence makes it even more difficult for auditors to timely identify these frauds and act on it. Now with advancement in AI-ML technology, and relevant data available in the public domain, it is possible to analyse and flag off any manipulation in the accounting & financial reporting at an early stage itself. Using artificial intelligence (AI) and advanced analytics, we have tried to develop an ML based Statistical index to identify prevalent accounting frauds in the systems leading to company insolvency cases. The index takes into account the financial performance of the companies over the period, corporate governance structure (Directors and Ownership) as well as the network effects of delinquent companies.

During the course of work, we found some relevance of governance structure using engineered features – disqualified directors on the company board, and interlocking effect with an unhealthy company on the delinquency of companies. The ML statistical index needs continued efforts, fine tuning and robust testing to make it industry ready. By leveraging the AI model, we aim to proactively flag the possible accounting fraud leading to company insolvency cases, and try safeguarding India's promising economic growth trajectory.

2. Knowledge Dissemination and Outreach

2.1. Webinars

A Talk on "Impact of ESG on Business Performance"



A Talk on "Impact of ESG on Business Performance"

Speakers

Moderator



Dr. Parag Cameron-Rastogi
Director of Innovation,
GRESB



Prof. Zifeng Feng
Economics and Finance
The University of Texas at El Paso
(UTEP)



Ms. Madhura Mitra
Executive Director
Sustainability and Climate Change
PwC India



Prof. Prashant Das
Finance & Accounting
IIMA

March 08, 2024

6:15 p.m. IST

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Register



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This webinar provided a detailed discussion on ESG as a concept, comprehensively addressing the three major factors: environmental, social, and governance. Additionally, the concept of GRESB (Global Real Estate Sustainability Benchmark) was elaborated upon using insights from an INREV (European Union for Investors in Non-Listed Real Estate Vehicles) study. The importance of investing in ESG was also thoroughly examined, with a focus on the results of REITs (Real Estate Investment Trusts).

Fireside Chat with Authors of the Book, "Inside The Boardroom: How Behaviour Trumps Rationality"

This webinar offered participants a deep and thorough examination of the intricate layers embedded within boardroom decision-making protocols and the multifaceted landscape of corporate governance. Leveraging the wealth of insights encapsulated in the seminal work 'Inside the Boardroom: How Behaviour Trumps Rationality', the conversation navigated through the fundamental principles expounded within its pages.

To watch the webinar video, click [here](#).



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Fireside Chat with Authors of the Book "Inside the Boardroom: How Behaviour Trumps Rationality"

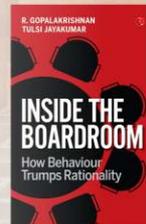


Mr. R. Gopalakrishnan



Dr. Tulsi Jayakumar

Authors



Prof. Sunil Sharma
Faculty, IIMA



Prof. Chitra Singla
Faculty, IIMA



Rohit Goel
Partner, PwC in India

Moderators

October 5, 2023

4:50 p.m. IST

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Webinar on "Is ESG Today a Greenwash or a Value Proposition?"



Webinar on
Is ESG today a greenwash or a value proposition?



by
Dr. Prasad Modak
Managing Director,
Environmental Management Centre Pvt. Ltd.

 **September 14, 2023**  **5.00 p.m. IST**

 www.linkedin.com/company/cesgr/  [@CESGR_IIMA](https://twitter.com/CESGR_IIMA)



This webinar elaborated upon ESG as a framework in detail, explaining related concepts such as greenwashing, Development Finance Institutions (DFIs), safeguards, finance initiatives, Equator Principles, Environmental, Health, and Safety (EHS) guidelines, financial intermediaries, etc. Furthermore, the webinar highlighted the context of ESG within the Indian setting.

To watch the video of the webinar, click [here](#).
To read the summary report of the webinar, click [here](#).



Webinar on "Current Preparedness of the Indian Banking Sector around ESG and Climate Risk Management"

The webinar focused on the current preparedness of the Indian banking sector around ESG and climate risk management. The discussion included global and national trends on this front, in the regulatory space and the market domain. It gave an indication of the current integration of business sustainability and climate-smart practices within the products and processes of leading Indian banks. Case study approach was also employed to discuss a few relevant examples from within India as well as from across the globe.

To watch the video of the webinar, click [here](#).
To read the summary report of the webinar, click [here](#).



Webinar on
Current Preparedness of the Indian Banking Sector around ESG and Climate Risk Management



by
Ms. Namita Vikas
Founder & Managing Director,
auctusESG LLP

 **June 05, 2023 (Monday)**  **4.30 p.m. IST**

 www.linkedin.com/company/cesgr/  [@CESGR_IIMA](https://twitter.com/CESGR_IIMA)



Webinar on "Social Inclusion and Entrepreneurship"



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Webinar on
**Social Inclusion and
Entrepreneurship**

by
Dr. Milind Kamble
Founder Chairman,
Dalit Indian Chamber of Commerce and Industry (DICCI)

May 10, 2023 **4.00 p.m. IST**

PwC
PwC ESG Forum @ IIMA

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The webinar covered important topics such as social inclusion, entrepreneurship, and opportunities for marginalized communities throughout India. Dr. Kamble shared his insights on the initiatives undertaken by various institutions in India to promote inclusion and diversity. He also drew parallels between the social inclusion journey in India and the USA, highlighting the progress made in both countries. Overall, the webinar was an informative and valuable resource for entrepreneurs, policymakers, and individuals interested in learning more about how social inclusion and entrepreneurship can create opportunities and promote growth for marginalized communities in India.

To watch the video of the webinar, click [here](#).



2.2. Ecosystem Partner to IIMA Ventures' Accenture Sustainability Value Accelerator (ASVA)

The Centre has collaborated with IIMA Ventures (formerly known as IIMA-CIIE) to be the ecosystem partner for its' Accenture Sustainability Value Accelerator (ASVA), which aims to accelerate and support five early-stage startups developing technology solutions that can help businesses measure and analyze their sustainability footprint, make their businesses circular and trusted, and enable their transition to a net zero future. These solutions include identifying and analyzing risks, patterns and opportunities, as well as improving and measuring the efficiency and effectiveness of products, systems, operations and decisions, all with the overarching goal of achieving and enhancing sustainability.

The following startups have been shortlisted for the ASVA Cohort 2024:

1. [sentra.world](#) is an AI platform for calculating, reporting, certifying, and reducing greenhouse gas emissions.
2. [EcoRatings](#) utilizes Deep-Tech, AI & ML for numeric ESG ratings based on the 17 SDGs framework.
3. [TraceX Technologies](#) is focused on transparency, traceability, and sustainability in the food & agriculture supply chain.
4. [CarbonMinus](#) is a SaaS platform ensuring efficiency, compliance, and the realization of net-zero visions.
5. [Carbon Trail](#) is an AI-powered sustainability platform for fashion and retail, measuring environmental impact through automated Life Cycle Assessments (LCAs) and primary supply chain data.

To know more about the ASVA program, click [here](#).



2.3. Host to a Delegation of Investors led by Jefferies



The Arun Duggal Centre for ESG Research (CESGR), in the month of November 2023, hosted a delegation of investors led by Jefferies on the IIMA campus. The interactions with the members of the delegation delved into sustainable investment opportunities in India. The discussion touched upon the global imperative of carbon abatement, underlining the significance of inclusivity and social justice at the local level. Key areas explored included energy efficiency, clean transportation, and clean energy. The session reflected a shared commitment to addressing climate concerns while promoting inclusive, socially just initiatives.



2.4. Informative Session on “Just Transition Policy” for a Delegation of Policymakers led by UNDP India



Acknowledging the significance of the "Just Transition" paradigm, resonating globally amidst the push towards a net-zero future, the Arun Duggal Centre for ESG Research (CESGR) @ IIMA welcomed a delegation of senior policymakers from Jharkhand and Karnataka, led by UNDP in India, to the IIMA campus for an informative session on the "Just Transition Policy", on December 18-19, 2023. The discussions encompassed various topics, including energy efficiency, the development of environmentally-friendly policies, and the pivotal role of innovation and research. The concept of "Just Transition" emerges as not only a catalyst for advancing climate action but also for making significant progress towards achieving the Sustainable Development Goals. Over the course of two days, the event aimed to explore the intricacies of the "Just Transition Policy" and its potential to shape a fair and resilient future. The inaugural session (images below) saw the august presence of Professor Bharat Bhasker (Photo 1), Director, IIMA; Shri Ajay Kumar Rastogi (Photo 2), Chairperson, Task Force, Sustainable Just Transition & Green Hydrogen Mission, Jharkhand; Mr Dilip Singh (Photo 3), National Project Manager (Climate Change), UNDP; and Professor Anish Sugathan (Photo 4), Co-Chair, CESGR.



Photo 1



Photo 2



Photo 3



Photo 4

The overview of the agenda for this two-day event is as under:

During sessions 1 & 2 scheduled for Day 1, Prof. Anish Sugathan (Co-Chair, CESGR, IIMA) spoke to the participants about “Green Transition Scenarios for India and Justice in Transition”, while Prof. Namrata Chindarkar (Chairperson, JSPP, IIMA) delivered a lecture on “Just Transition Policies: Gender and Vulnerable Sectors”.

Session 1 on Day 2 began with a “Just Transition Policy Design Workshop”, led by Prof. Anish Sugathan. In session 2, Prof. Rohit Chandra (IIT-Delhi) delivered a lecture which included case studies from the field on “Just Transition”. The instructor for session 3 on Day 2 was Dr. Prasad Modak (Founder & MD, Environmental Management Centre Pvt. Ltd.) who interacted with the participants on the topic, “Financing Just Transition in India”.



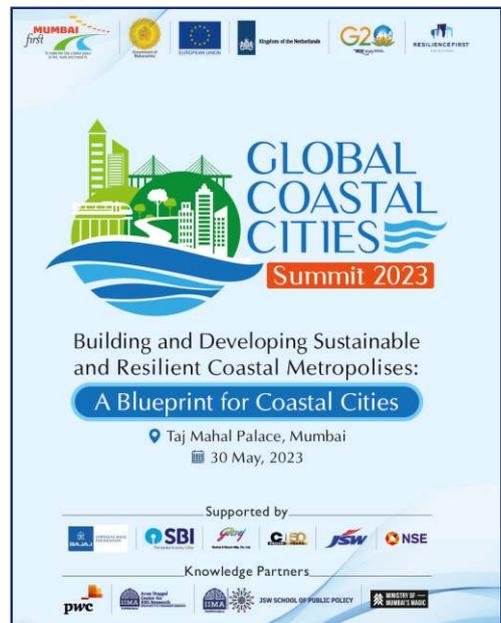
2.5. Knowledge Partner to the Global Coastal Cities Summit 2023

CESGR, along with the JSW School of Public Policy at IIMA collaborated with Mumbai First as the 'Knowledge Partner' for their Global Coastal Cities Summit 2023, which was held in Mumbai in May 2023. The Summit was supported by the Government of Maharashtra, European Union, World Bank, Resilience First (London), Kingdom of Netherlands, Asian Development Bank, amongst others.

The Global Coastal Cities Summit 2023 highlighted the critical issue of climate change in Mumbai, focusing on sea level rise. Esteemed speakers stressed collaboration and localized solutions, emphasizing the significance of Asian coastal cities.

Key takeaways included the urgency to address climate challenges, the responsibility of cities to reduce CO2 emissions, and the opportunity to transform Mumbai into a more equitable and liveable city.

To know more, click [here](#).



Inaugural 'India Responsible Capital Conference' (IRCC 2023)



December 8 - 9, 2023

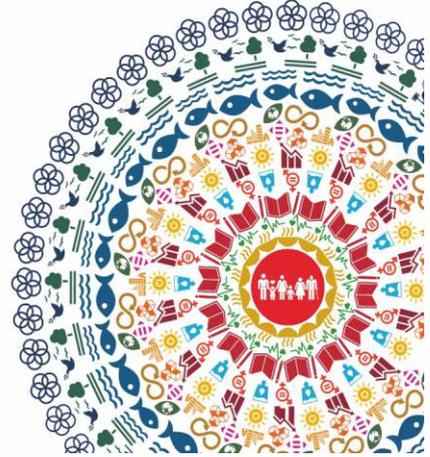


Indian Institute of Management Ahmedabad

Co-Organized by

**Arun Duggal Centre
for ESG Research**

**Misra Centre for Financial
Markets and Economy**



In today's world, grappling with the myriad challenges of climate change, social inequality, and economic volatility, the importance of corporate governance, sustainable finance, and corporate sustainability has become increasingly apparent. Businesses are no longer solely focused on profit; they are urged to adopt an integrated approach that incorporates environmental, social, and governance (ESG) considerations into their strategic operations while prioritizing sustainable business practices. Similarly, governments, central bankers, and policymakers are recognizing the risks posed by climate change to macroeconomic stability and the necessity of considering various climate scenarios when crafting policies to mitigate drastic outcomes. Both the public and private sectors in India stand at a crucial turning point, ready to redefine their roles and societal impacts in response to this paradigm shift. In acknowledgment of this transformation, The Arun Duggal Centre for ESG Research (CESGR) and the Misra Centre for Financial Markets and Economy (MCFME) at IIMA jointly organized the inaugural "India Responsible Capital Conference 2023 (IRCC-2023)". This conference brought together thought leaders from academia, research, industry, and government to facilitate a multidisciplinary dialogue on the interplay of corporate governance, sustainable finance, macroprudential policy, and corporate sustainability, with a specific focus on the Indian context.

IRCC-2023 was dedicated to illuminating the intricate relationships between corporate sustainability, governance, and sustainable finance, emphasizing the reciprocal connection between ethical decision-making, sustainable business practices, and financial policy regulations. Over the span of two days, the conference explored contemporary trends, innovative research, and practical case studies that critically examine macroeconomic risks and regulations, responsible business practices, the Indian ESG landscape, and financing solutions necessary for sustainable growth. From analyzing regulatory frameworks to discussing impact investing, IRCC-2023 aimed to embark on a collective journey toward a more sustainable and equitable future.

The keynote address at IRCC-2023 was delivered by Caroline Flammer, Professor of International and Public Affairs and of Climate at Columbia University. She spoke on the topic of "**ESG vs System-level Investing: The Need to Move Towards a Systems-focused Approach**", highlighting the need to completely rethink our perception of ESG investing. She presented an overview of the existing body of research on ESG and ESG-related topics, raising the question if companies' social and environmental responsible practices improve their competitiveness. The research has found out that, although not always, the competitiveness of companies does increase through certain ESG-oriented activities.

Prof. Flammer added that a company's social and environmental responsible practices improved the competitiveness of the said company, along various dimensions by fostering innovation and preventing knowledge leakage, enhancing employee governance, differentiating from competitors in the product market, utilizing the market for government procurement contracts, and helping sustain competitiveness during periods of economic crises when shareholders' perception of the company and shareholders' returns can get negatively affected.

To watch the video of the keynote address, click [here](#).



The keynote address was followed by a special address on 'Policy' which was delivered by Shri Amit Sinha (General Manager, Sustainable Finance Group, Department of Regulation, Reserve Bank of India). Shri Sinha spoke on the different aspects of climate-related financial risks, sustainable investing, and the role of the RBI in the face of climate change. He, in his address to the conference attendees, covered the aspects of regulatory issues and perspective on how to address climate related financial risk and to promote green financing.

To watch the video of the special address, click [here](#).

The overview of the panel discussions held during IRCC-2023 is as under:

Date	Title of Panel Discussion	Panelists	Moderator/s
December 08, 2023	Policy Design for Sustainability	Shri Amit Sinha General Manager, Sustainable Finance Group, Department of Regulation, Reserve Bank of India Dr Prasad Modak Managing Director, Environmental Management Centre Pvt Ltd. and Director, Ekonnnect Knowledge Foundation Prof. Namrata Chindarkar IIMA	Prof. Anish Sugathan IIMA
December 08, 2023	Role of Innovative Startups in Driving Sustainability	Mr Satish Ramchandani Co-Founder of Updapt Ms Bhagyashree Bhansali Founder and CEO, The Disposal Company Mr Bhaktha Keshavachar Co-Founder & CEO, Chara Technologies	Prof. Rama Mohana Turaga IIMA & Mr Vipul Patel IIMA Ventures (formerly known as IIMA-CIIE)
December 09, 2023	Sustainable Finance and Investments	Prof. Caroline Flammer Professor of International and Public Affairs and of Climate, Columbia University Mr Manpreet Singh Partner, PwC	Prof. Anish Sugathan IIMA



The panel discussion held on December 8, 2023, titled "Policy Design for Sustainability," shed light on crucial aspects surrounding policy formulation and implementation. Key topics explored included the theoretical underpinnings of policy design, challenges in implementation, institutional capabilities required for effective execution, potential pitfalls, and the disparity often observed between the design and execution phases of policies. Additionally, the discourse delved into the significance of integrating academic research and relevant literature into policymaking endeavors, as well as the strategic considerations involved in policy making at upper management levels.

On December 8, 2023, another panel discussion delved into "The Role of Innovative Startups in Driving Sustainability." This discourse sparked conversations revolving around the interconnectedness of Environmental, Social, and Governance (ESG) factors, sustainability initiatives, corporate finance strategies, and addressing climate change concerns. Speakers underscored the necessity for organizations to make substantial financial commitments to effectively tackle the challenges associated with greenhouse gas (GHG) emissions accounting.

On December 9, 2023, IRCC 2023, under the aegis of the PwC-ESG Forum at IIMA, orchestrated a panel discussion themed around "Sustainable Finance and Investments." The discourse delved into the pivotal role of capital in addressing the pressing issues of climate change. Panelists explored the strategic significance of sustainable investments for both corporations and policymakers. Additionally, they scrutinized the integration of sustainability practices into corporate strategies and policies, alongside an analysis of microfinance. The discussion delved into the intricacies of private equity and underscored the imperative of embedding ESG (Environmental, Social, and Governance) principles into business operations for societal and environmental advancement. Concepts such as cash flow channels, cost of capital channels, and ESG materiality were thoroughly examined and deliberated upon.



The table below represents an overview of the research paper presentations at IRCC 2023:

Theme	S. No.	Title of the Paper	Authors of the Paper	Main Presenter	Moderator
ESG and Related Regulatory Mechanisms	1	Does CEO Characteristics Impact Environmental, Social, And Governance (ESG): An Empirical Analysis?	Nitin Sharma, IIMA; Pramendra Singh Tank, IIMA; Prof. Sunil Maheshwari, IIMA	Nitin Sharma	Shikha Khurana, IIMA
	2	Who bears the cost of green policies?: An examination of green office rental contracts, and mandatory ESG disclosure regulation in India	Prof. Anirban Banerjee, IIM Ahmedabad; Prof. Prashant Das, IIM Ahmedabad; Prof. Franz Fuerst, Cambridge University UK	Prof. Prashant Das	
	3	Regional Variation in Liability of Privatensness, Interorganizational Networks, and 'Make-or-Buy' of CSR	Bibek Bhattacharya, IIM Bangalore	Bibek Bhattacharya	
Climate Change and Macroeconomics	4	An Investigation Of Carbon Taxes And Terms Of Trade In A Large Macroeconometric Model	Dawn Holland, NIESR; Ian Hurst, NIESR; Amit Kara, IMF; Iana Liadze, NIESR	Amit Kara	Prof. Sanket Mohapatra, IIMA
	5	Impact of Catastrophic Events on the Financial Health of Scheduled Commercial Banks in India	Prof. Abhiman Das, IIMA; Shounak Chakraborty, IIMA	Shounak Chakraborty	
Green Finance	6	Quantile volatility spillovers between European carbon futures and sectoral stock markets: Implications for portfolio management	Ravi Raushan Jha, IIT Roorkee; Abhinava Tripathi, IIT Kanpur; Zillur Rahman, IIT Roorkee	Ravi Raushan Jha	Prof. Naman Desai, IIMA
	7	Carbon market as an emerging financial market: A review and research agenda	Charu Vadhava, IIT Roorkee	Charu Vadhava	
	8	Does it Pay to Go Green? Exploring the Relationship Between ESG, Carbon Emission, and Cost of Capital Evidence from India	Karishma Salian, IIT Bombay; Dr S. N Rao, IIT Bombay; Dr Trupti Mishra, IIT Bombay	Karishma Salian	
Corporate Governance	9	Worry about making employees happy not environment: Evidence from India	Neeru Chaudhry, IIT Delhi; Priya Dhawan, IIT Delhi	Priya Dhawan	Prof. Balagopal Gopalakrishnan, IIMA
	10	Estimating Carbon Emission Intensity of Energy-Intensive Firms: Firm-Level Analysis of the Changing Corporate Governance	Dr Murali Kallummal, IIFT; Simran Khosla, IIFT; Dr Aishwary Kant Gupta, IIFT	Dr Aishwary Kant	
	11	Exploring the Relationship Between Environmental, Social, and Governance (ESG) and Corporate Financial Performance (CFP): A Systematic Review of Literature	Priyanka Aggarwal, Delhi Technological University	Priyanka Aggarwal	
Investor Behaviour	12	Impact of climate transition risk on cost of financing of Indian firms	Shikha Khurana, IIMA	Shikha Khurana	Prof. Naman Desai, IIMA
	13	Do firms respond to commitments on climate change? Impact of COP21 on investment intensity	Pramendra Singh Tank, IIMA; Sanjay Kumar Jain, IIMA; Prof. Balagopal Gopalakrishnan, IIMA	Pramendra Singh Tank	
Sustainable Value Creation	14	A Tale of Green-Driven and Profit-Seeking Mutual Fund Managers	Lagan Jindal, IIT Roorkee; Abhinava Tripathi, IIT Kanpur	Lagan Jindal	Prof. Joshy Jacob, IIMA
	15	The Dynamic Impact of Financial Technology and Energy Consumption on Environmental Sustainability	Dr Mohd Afjal, Vellore Institute of Technology	Dr Mohd Afjal	
	16	ESG and Asset Values: A Conceptual Framework	Prof. Joshy Jacob, IIMA; Prof. Rama Mohan Turaga, IIMA	Prof. Rama Mohana Turaga	



Featured

Prof. Anish Sugathan's Interview with TheCSRUniverse



Prof. Anish Sugathan, Co-Chair at the Arun Duggal Centre for ESG Research (CESGR), in a conversation with TheCSRUniverse, discussed the crucial role ESG (Environmental, Social, and Governance) data is playing in shaping global corporate decision-making and investments. This interview article delves into the transformative power of ESG data and its interconnectedness with financial performance and societal impacts. As businesses worldwide increasingly recognize the significance of sustainability, these data points are becoming indispensable for informed decision-making.

To read the full interview, click [here](#).



The Way Forward

1. IIMA Sustainability Strategy and Report

The Sustainability Report of IIM Ahmedabad will provide a comprehensive overview of the institute's initiatives towards sustainability in various areas. The report will highlight the institute's primary measures for not only reducing its carbon footprint, but also emphasising sustainability as a fundamental practice within its community and stakeholders.

Our goal is to include sustainability into all elements of IIMA's operations, teaching, research and community participation. We aim to create a culture of sustainability that inspires our students and stakeholders to act towards building a better future. Further, we intend to make our students understand the importance of sustainable development in their daily life as a behaviour oriented task on an individual and communal level.

2. Marquee Practitioners' Event

The Centre, under the aegis of the PwC ESG Forum at IIMA, plans to host an annual practitioner conference focused on the topic of Carbon Markets and the Role of Data Governance in ESG. The conference will bring together representatives from various sectors, including industry, investors, regulators, advisory services and government bodies.

3. Policy Briefs

CESGR is currently undertaking an essential initiative- the development of ESG Policy Briefs. Through the policy briefs, we aim to empower policymakers, stakeholders and decision-makers with the research backed knowledge needed to drive positive change and foster a more sustainable future. Stay tuned for updates as we continue to work diligently on the ESG Policy Brief to make a lasting impact on sustainability practices and evolving regulatory framework.

4. Sustainable Business Model Impact Case Template

CESGR has collaborated with IIMA Ventures to develop a comprehensive template for sustainable businesses that seek to leverage technology, data, and different research methodologies to create a positive environmental impact. The idea behind the template is to provide new businesses a definitive checklist that will help them assess the viability of their enterprise and ensure its long-term profitability. This collaboration aims to bring together the competencies and expertise of CESGR and IIMA Ventures and produce high-quality knowledge assets for the socio-environmental impact sector.

5. India Responsible Capital Conference (IRCC) 2024

India Responsible Capital Conference (IRCC 2024), co-located with the India Management Research Conference (IMRC 2024) will assemble thought leaders from academia, research, industry, and government, fostering a multidisciplinary dialogue to explore the evolving landscape of corporate governance, corporate sustainability, and responsible capital with an emphasis on the Indian context.

IRCC 2024 aims to encourage research papers in several critical areas: integrating sustainability into business strategies and practices; exploring green and sustainable finance; sustainable marketing and branding; sustainable supply-chains; business model innovations addressing climate change; examining corporate governance and ethics; carbon markets and climate policy instruments; navigating regulatory frameworks and responsible corporate behavior; and assessing stakeholder engagement and sustainable value creation.

To know more about IMRC 2024, click [here](#).



Message from the Chairpersons

Welcome to the Arun Duggal Centre for ESG Research (CESGR)!

It is with immense pleasure that we and the team of CESGR present our Centre's Annual Report, aiming to keep you informed about the Centre's developments and ongoing efforts. This report offers a sneak peek into the events, conferences, student projects and collaborations that have been made by CESGR and its upcoming initiatives that we have in the pipeline as well.

This edition provides you with a glimpse of the Centre's activities starting from April 2023 till March 2024. We are excited to showcase the progress we have made during this time and the impactful work we have been engaged in.

Our goal is to make this Annual Report informative and engaging for our readers. We highly value your feedback and encourage you to share your thoughts, comments, and suggestions with us at esg@iima.ac.in. Your inputs will be instrumental in helping us initiate new and impactful activities and research projects at the Centre.

We extend our heartfelt appreciation for your continued support and interest in CESGR once again. We look forward to sharing our journey and accomplishments with you through the various media channels, newsletters, policy briefs, and research reports of the Centre.



Prof. Anish Sugathan
Co-Chairperson, CESGR



Prof. Naman Desai
Co-Chairperson, CESGR



Centre Team Members



Debashish Bose
Assistant General Manager



Suganya Sudhakar
Assistant Manager



Kandarp Mehta
Sr. Business Analyst



Ajaydeep Deora
Research Associate (Operations)



Yashodhara Singh
Research Associate



Shantanu Ayachit
Research Associate





Arun Duggal
Centre for
ESG Research

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KLMDC, Heritage Campus, Vastrapur, Ahmedabad - 380 015, Gujarat India

Prof. Anish Sugathan & Prof. Naman Desai | Co-Chairpersons | chr-esg@iima.ac.in

Ms. Suganya Sudhakar | Assistant Manager | am-esg1@iima.ac.in | +91-79-7152 7956