

L E X

WITNESS

Volume 12 Issue 3 | August 2021

₹ 100 US \$10 UK £6

AN ERA OF HYBRID HEARINGS

TECHNOLOGY DRIVEN JUSTICE DELIVERY

Our Guest Author



**PSN
PRASAD**

Hon'ble Member (Judicial)
NCLT, New Delhi Bench



12th

Anniversary Special Issue

The ESG Bulletin - A Primer on Environmental, Social & Governance Updates Globally

■ **Sonal Verma & Fauzia Khan**

INDIA

1. SEBI vide circular SEBI/HO/CFD/CMD-2/P/CIR/2021/567 dated May 31, 2021 ('the Circular') issued a revised format of the compliance report on corporate governance. A format for half yearly reporting was introduced. The Circular prescribes submission of the report twice a year. Additionally, it also lists out four different formats with four different timelines for submission of the compliance report i.e. (i) quarterly basis; (ii) at the end of the financial year; (iii) within six months from the end of the financial year; and (iv) on a half yearly basis. The above will come into effect from first half year of the financial year 2021-2022 (i.e., the listed entities will be required to submit the half yearly report at the end of September 2021 and accordingly on a six-monthly basis thereafter).

2. The Ministry of Labour notified the draft Code on Social Security (Employee's Compensation) (Central) Rules, 2021 for providing compensation to workers under the Code on Social Security, 2020. This aimed at ensuring payments are made within 30 days to the workers or to their families in case of death or disability. The draft suggests that in case

the payments are delayed, the employer shall be liable to pay interest at the rate of 12% per annum from the due date till the date of payment of compensation.

3. On day 2 of the G7 Summit, the honourable Prime Minister Narendra Modi participated in two sessions namely 'Building Back Together—Open Societies and Economies' and 'Building Back Greener: Climate and Nature'. While addressing the forum, PM Modi reiterated India's efforts and proclaimed India to be the only country on the list of G-20 countries to be on track to meet its Paris commitment.

4. By effectively addressing the concerns of non-regular employees, the Ministry of Labour and Employment recently announced the extension of its health insurance benefits under the Employees' State Insurance Corporation (ESIC) to all casual and contractual workers at municipal bodies. To effectively address this concern, the benefits have been expended. The ESIC being the appropriate authority under the Employees' State Insurance Act, 1948, it is directed to take up the matter with the States and UTs to ensure the notification is issued in the municipal corporations in the respective jurisdictions.



D-55, Defence Colony,
New Delhi 110 024
Tel: 91 (11) 42410000
Fax: 91 (11) 42410091
E: esglab@dhirassociates.com

5. On 3rd June, 2021, NITI Aayog released the third edition of the report 'SDG India Index and Dashboard 2020-21: Partnerships in the Decade of Action'. The SDG Index evaluates the progress of States and Union Territories on various social, economic and environmental parameters. During its first edition of the Index, NITI Aayog evaluated 13 of the 17 Sustainable Development Goals (SDGs) with 62 indicators. Subsequently, there has been a significant increase in the numbers, whereby the public think tank in its third edition covered 16 SDGs on 115 quantitative indicators along with a qualitative assessment of Goal 17 focused on partnerships and collaborative efforts to create a more resilient, sustainable and inclusive future. The latest report features Kerala as the top ranked state on the list, while Bihar secured the position of the worst performing State on the list. The report reveals an improvement in the country's SDG score by 6 points from 60 in 2019 to 66 in 2020-21.

6. With MCA amendment dated 15th June, 2021 these following matters and resolution on these can be passed through video conferencing or other audio-visual means;

(i) the approval of the annual financial statements, Board's Report and Prospectus;

(ii) the Audit Committee Meetings for consideration of financial statement (including consolidated financial statement), to be approved by the board and

(iii) The approval of the matters relating to amalgamation, merger, demerger, acquisition and takeover.



These matters were not to be dealt with in a meeting through Video Conferencing or Other Audio-Visual means under Rule 4 which has been omitted by Companies (Meetings of Board and its Powers) Amendment Rules, 2021

7. SEBI vide circular SEBI/HO/CFD/DCR2/CIR/P/2021/576 dated 15th June, 2021 gave relaxation from the requirement of minimum vesting period in case of death of employee(s) under SEBI (Share Based Employee Benefit) Regulations, 2014 [SBEB Regulation]. As per Regulation 18 and Regulation 24 of SEBI (SBEB) Regulation, 2014 there shall be minimum vesting period of one year in case of employee stock options and stock appreciation rights. In the event of death of an employee these rights are vested with their legal heirs or nominees.

Owing to the current pandemic situation, this minimum vesting period of one year shall not apply in case of death (which can be by any reason) of an employee. This right shall vest immediately on the date of death of the employee with their legal heirs or

nominees. This relaxation is to provide relief to the families of the deceased employees and shall be available only for all those employees who have deceased on or after 1st April, 2020.

8. MCA in its circular dated 7th June, 2021 changed the form name and added certain registration numbers which is to be filed during the incorporation of a company in Form No. INC-35 (AGILE-PROS). Now Shops and Establishment Registration number, Profession Tax Registration with effect from the 23rd February, 2020 and Opening Bank Account with effect from the 23rd February, 2020 is also to be submitted in addition to those which were already present in this form.

9. In a significant order by the bench of Bombay High Court at Nagpur, the divisional commissioners of Nagpur and Amravati and also the collectors of all districts in Vidarbha region came forward to initiate action against private companies that have made zero contribution towards Corporate Social Responsibility (CSR) funds and also wanted that the industries from Vidarbha to share their CSR funds for COVID-19

management. The High Court said that the commissioners could initiate action under sections 136, 450, 454 and other sections of Companies Act, 2013 against those erring companies. The High Court further added that “If any directives are required, a correct and detailed factual position should be placed before the High Court so that they could take a decision in the next hearing”.

10. In March 2021, SEBI provided for the voluntary applicability of BRSR on the top 1000 listed entities (by market capitalization) for FY 2021-22, and thereon, as a mandatory reporting mechanism from FY 2022-23. To facilitate a smooth transition of the new reporting framework, the Regulator on 10th May, 2021 issued a Circular which details out the disclosure format under the new BRSR framework focused on ESG parameters.

11. In a significant development between India and the European Union, the European Investment Bank and State Bank of India announced a joint initiative by proposing to invest Euro 100 million in equity finance for Indian small businesses committed to address the climate change crisis and achieve a sustainable future.

12. A new report from Centre for Science and Environment (CSE) has analyzed data to find that only three state capitals in the country feature in the top 10 list of most livable cities in India (as per the Ease of Living Index, 2020). Owing to expansion, essential municipal services and economic and other opportunities have failed to keep up. Symptomatic of this malaise is the abysmal percentage of sewage treatment in Indian cities – a mere 28 per cent sewage is being treated overall. The

states and Union territories (UTs) of Andaman and Nicobar Islands, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Lakshadweep, Manipur, Meghalaya, Mizoram and Nagaland do not treat sewage in their cities at all. Another 13 states and UTs treat less than 20 per cent of their sewage. Seven more treat 20-50 per cent. Only five states and UTs treat more than 50 per cent of their sewage.

13. On 30th July, 2021, the Commission for Air Quality Management in the National Capital Region and Adjoining Areas Bill was introduced, which proposes the constitution of a Commission for better response and redressal of issues pertaining to air quality. Subsequently, on August 5th 2021, the Bill was passed by the Lok Sabha and in response to this the Environment Minister Bhupender Yadav said that the Central Government will be responsible to deal with the issues of air pollution.

14. In the case of Mukul Kumar Vs State of Uttar Pradesh & Others dated 27/07/2021, the National Green Tribunal directed the District Magistrate, Bareilly to include the subject of compliance of Biomedical Management Rules, 2016 in the District Environment Plan. Furthermore, the Tribunal ordered the constitution of a four-member joint committee to help ascertain the status of compliance of the Rules. The matter pertains to violation of the Rules by SP Green Light Environment Waste Management LLP (SPGLEWML), Bareilly in operation of the Common Biomedical Waste Treatment (CBWT) facility.

GLOBAL

1. The G7 Finance Ministers meeting in London on 4th June, 2021 witnessed

historic agreement whereby the ministers committed to make it obligatory for corporates to report climate impacts and investment decisions in alignment with the recommendations under the Taskforce on Climate-related Disclosures (TCFD). The G7 countries also welcomed the Taskforce on Nature-related Financial Disclosures (TNFD) launched on 4th June, 2021, with the primary objective to align and reflect corporate reporting and financial spending to alleviate nature-related risks and opportunities. The TNFD follows a similar pattern to TCFD recommendations and aims to provide companies and financial institutions a complete picture of their actual and potential environmental risks.

2. Addressing the virtual dialogue on desertification, land degradation and drought organised by the UN General Assembly, as the President of the 14th Session of the Conference of Parties, PM Narendra Modi addressed the opening segment at the United Nations Convention to Combat Desertification (UNCCD). The honourable PM proclaimed the nation to be in the process of establishing a centre of excellence whereby a scientific approach is adopted to combat land degradation and to achieve the 2030 goal of land degradation neutrality by remaining on track to restore 26 million hectares of degraded land. This target would further contribute to India’s commitment to achieve an additional carbon sink of 2.5 to 3 billion tonnes of carbon dioxide equivalent.

3. COVID-19 impacted work & timelines and continues to do so. The global travel ban reinforces this fact. Global partners, supported by implementing partners — the World Bank/Global Facility for Disaster



Reduction and Recovery (GFDRR), the World Meteorological Organization (WMO) and the United Nations Office for Disaster Risk Reduction (UNDRR) — showed resilience and creativity in finding solutions to a new reality. Annual Report 2020 shows that there was progress in work and achievements.

4. As per a recent report by research firm Verisk Maplecroft, Asian cities face the greatest risk from environmental issues including air pollution and natural disasters. Of the 100 most vulnerable cities, 99 are in Asia, of those, 37 are in China and 43 are in India, the world's first and third biggest emitters of greenhouse gases respectively. Globally, 1.5 billion people live in 414 cities that are at high risk from pollution, water shortages, extreme heat, natural hazards and the physical impacts of climate change.

5. The sector for sustainable infrastructure sees a major gap in

financing towards global sustainable development and therefore, there is a need for investments that help build the pathway to sustainability. As a response to this global need, a group under Sustainable Markets Initiative, the Financial Services Task Force (FSTF) has been formulated to provide support for creation of Sustainable Infrastructure Label (SI Label). The label is likely to create momentum and attract inflow of capital and easier financing of the sustainable projects. Created by Finance to Accelerate the Sustainable Transition (FAST-Infra) initiative looks at catalysing and transforming sustainable infrastructure into the mainstream liquid asset class. The primary objective is to attract investments in sustainable infrastructure and help achieve the net zero emission goal. FTSF consists of the following members Bank of America, Barclays, BNP Paribas, Citi, Coutts, Credit Suisse, HSBC, JPMorgan Chase, Lloyds Banking Group, Macquarie, NatWest Group, and Standard Chartered Bank. 

REFERENCES

- [1. https://www.sebi.gov.in/legal/circulars/may-2021/format-of-compliance-report-on-corporate-governance-by-listed-entities_50338.html](https://www.sebi.gov.in/legal/circulars/may-2021/format-of-compliance-report-on-corporate-governance-by-listed-entities_50338.html)
- [2. https://egazette.nic.in/WriteReadData/2021/227359.pdf](https://egazette.nic.in/WriteReadData/2021/227359.pdf)
- [3. https://www.republicworld.com/india-news/general-news/g7-summit-india-only-g-20-country-on-track-to-meet-its-paris-commitments-says-pm-modi.html](https://www.republicworld.com/india-news/general-news/g7-summit-india-only-g-20-country-on-track-to-meet-its-paris-commitments-says-pm-modi.html)
- [4. https://www.pib.gov.in/PressReleasePage.aspx?PRID=1725955](https://www.pib.gov.in/PressReleasePage.aspx?PRID=1725955)
- [5. https://www.pib.gov.in/PressReleasePage.aspx?PRID=1723952](https://www.pib.gov.in/PressReleasePage.aspx?PRID=1723952)
- [6. https://www.mca.gov.in/bin/dms/getdocument?mids=zwpAc1fQhKQgB8vwf%252FztbA%253D%253D&type=open](https://www.mca.gov.in/bin/dms/getdocument?mids=zwpAc1fQhKQgB8vwf%252FztbA%253D%253D&type=open)
- [7. https://www.sebi.gov.in/legal/circulars/jun-2021/relaxation-from-the-requirement-of-minimum-vesting-period-in-case-of-death-of-employee-s-under-sebi-share-based-employee-benefit-regulations-2014_50545.html](https://www.sebi.gov.in/legal/circulars/jun-2021/relaxation-from-the-requirement-of-minimum-vesting-period-in-case-of-death-of-employee-s-under-sebi-share-based-employee-benefit-regulations-2014_50545.html)
- [8. https://www.mca.gov.in/bin/dms/getdocument?mids=sbRk0d1avtQVQZrw%252BKs2GA%253D%253D&type=open](https://www.mca.gov.in/bin/dms/getdocument?mids=sbRk0d1avtQVQZrw%252BKs2GA%253D%253D&type=open)
- [9. https://bombayhighcourt.nic.in/generatenewauth.php?bhcpair=cGF0aD0uL3dyaXRlcmVhZGRhdGEvZGF0YS9uYWdjaXZpbC8yMDIxLyZmbmFfZ-T0yMDY3MDAwMDAwNDIwMjBfNDEucGRmJnNlZmxhZz10JnJqdWRkYXRlPSZ1cGxvYWRkdD0wMy8wNi8yMDIxJnNwYXNzcGhyYXNlPTA2MDYyM-TEZMjMyNg%3D%3D](https://bombayhighcourt.nic.in/generatenewauth.php?bhcpair=cGF0aD0uL3dyaXRlcmVhZGRhdGEvZGF0YS9uYWdjaXZpbC8yMDIxLyZmbmFfZ-T0yMDY3MDAwMDAwNDIwMjBfNDEucGRmJnNlZmxhZz10JnJqdWRkYXRlPSZ1cGxvYWRkdD0wMy8wNi8yMDIxJnNwYXNzcGhyYXNlPTA2MDYyM-TEZMjMyNg%3D%3D)
- [10. https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html](https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html)
- [11. https://www.newindianexpress.com/business/2021/may/07/sbi-eib-to-invest-up-to-euro-100-mln-in-indian-smes-focused-on-climate-change-sustainability-2299664.html](https://www.newindianexpress.com/business/2021/may/07/sbi-eib-to-invest-up-to-euro-100-mln-in-indian-smes-focused-on-climate-change-sustainability-2299664.html)
- [12. https://www.cseindia.org/indian-cities-marked-by-unsustainable-development-and-deficient-living-conditions-says-cse-s-new-statistical-analysis-10854](https://www.cseindia.org/indian-cities-marked-by-unsustainable-development-and-deficient-living-conditions-says-cse-s-new-statistical-analysis-10854)
- [13. http://www.indiaenvironmentportal.org.in/files/file/commission%20for%20air%20quality%20management%20bill%202021.pdf](http://www.indiaenvironmentportal.org.in/files/file/commission%20for%20air%20quality%20management%20bill%202021.pdf)
- [14. http://www.indiaenvironmentportal.org.in/files/file/CBWT-Saalpur-Navadiya-NGT-order-July27-2021.pdf](http://www.indiaenvironmentportal.org.in/files/file/CBWT-Saalpur-Navadiya-NGT-order-July27-2021.pdf)
- [15. https://www.euractiv.com/section/energy-environment/news/g7-agree-on-historic-steps-to-make-climate-reporting-mandatory/](https://www.euractiv.com/section/energy-environment/news/g7-agree-on-historic-steps-to-make-climate-reporting-mandatory/)
- [16. https://weather.com/en-IN/india/environment/news/2021-06-15-india-forest-cover-increased-one-fourth-of-country-area-modi](https://weather.com/en-IN/india/environment/news/2021-06-15-india-forest-cover-increased-one-fourth-of-country-area-modi)
- [17. https://www.crews-initiative.org/en](https://www.crews-initiative.org/en)
- [18. www.maplecroft.com](http://www.maplecroft.com)
- [19. https://www.esgtoday.com/leading-banks-pledge-support-for-transparency-initiative-to-address-massive-sustainable-infrastructure-funding-gap/](https://www.esgtoday.com/leading-banks-pledge-support-for-transparency-initiative-to-address-massive-sustainable-infrastructure-funding-gap/)



Sonal Verma leads the ESG Practice in the firm as a Partner and Global Leader – Markets & Strategy. With his crossroad working with business & laws – he brings advice & technology for effective change management in the journey of ESG. Sonal is well acclaimed for his work in regulatory & compliance programs over the last decade. He had in the past worked with 1800 plus clients in India and 61 other countries globally. He has worked with the top 3 unicorns and many Fortune 500 companies. His clients have been across different industries, viz. Automotive and OEMs, Pharma and Life Sciences, Manufacturing, Chemical Industry, BFSI, Infrastructure and Utilities (including state-owned PSUs), e-Commerce and Fintech Companies, Diversified Conglomerates etc.



Fauzia Khan is an Associate with the firm working in the ESG domain. With the emerging change in the business landscape and awareness around sustainability, she contributes her expertise to help clients understand and adapt responsible and sustainable strategies with respect to compliance and ethics in the ESG realm.