

# **BUILDING & MAINTAINING AN ESG LEGAL REGISTER**

**A PRACTICAL GUIDE  
FOR ORGANIZATIONS**

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# ECOVERIX SOLUTIONS PRIVATE LIMITED



**E**NERGY CONSERVATION & ESG

**C**OST SAVINGS & COMPLIANCE

**O**PERATIONAL EXCELLENCE

**V**ALUE CREATION

**E**FFICIENCY IMPROVEMENT

**R**ISK MANAGEMENT & RESILIENCE

**I**NNOVATION & INTEGRITY

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## Introduction: The Purpose and Importance of an ESG Legal Register

In an era where Environmental, Social, and Governance (ESG) factors are at the core of sustainable business strategies, organizations must navigate an increasingly complex web of legal requirements. A well-structured **ESG Legal Register** serves as the foundation of legal compliance and risk management.

An ESG Legal Register is more than a static list of laws; it is a dynamic, living document that identifies, organizes, and tracks all applicable legal and regulatory obligations related to ESG themes. It helps organizations ensure compliance, prepare for audits, reduce legal risks, and demonstrate transparency to stakeholders, investors, and regulators.

Incorporating an ESG Legal Register into your compliance management system not only fulfills regulatory demands but also enhances reputation, fosters trust, and drives long-term value.

This book offers a detailed roadmap to create, maintain, and embed an ESG Legal Register tailored to your organization.

## Chapter 1: Environmental Regulations & Compliance Requirements

### Understanding Environmental Obligations

Environmental compliance covers multiple domains:

- **Air emissions control** (e.g., National Ambient Air Quality Standards, permits)

Air emissions control is a critical part of environmental compliance for any organization operating in India. It is governed by a robust legal framework aimed at preventing, controlling, and abating air pollution, thus protecting human health and the environment.

Air emissions control compliance under Indian law is about more than just keeping emissions within limits – it includes:

- Obtaining and renewing consents.
- Installing and maintaining pollution control equipment.
- Monitoring, recording, and reporting emissions.
- Contributing to national air quality goals.

**A robust air emissions register** should track:

- Applicable laws & standards
- Permit numbers and expiry dates
- Stack details and emission limits
- Monitoring schedules and compliance status

#### **1 National Ambient Air Quality Standards (NAAQS)**

**Issued by:** Central Pollution Control Board (CPCB) under the Ministry of Environment, Forest and Climate Change (MoEF&CC).

**Legal basis:** Section 16(2)(h) of the *Air (Prevention and Control of Pollution) Act, 1981*.

These standards set permissible limits for ambient (outdoor) air concentrations of major pollutants, including:

- Particulate Matter (PM<sub>10</sub>, PM<sub>2.5</sub>)
- Sulphur Dioxide (SO<sub>2</sub>)
- Nitrogen Dioxide (NO<sub>2</sub>)
- Carbon Monoxide (CO)
- Ozone (O<sub>3</sub>)
- Lead, Ammonia, Benzene, and others

**Purpose:**

- Define targets for air quality monitoring and improvement plans.
- Guide pollution control boards in enforcing regulations and issuing permits.

**2 Consent Mechanism: Consent to Establish (CTE) & Consent to Operate (CTO)**

**Legal basis:** *Air (Prevention and Control of Pollution) Act, 1981* (Section 21).

All industrial units or processes likely to emit air pollutants **must**:

- Obtain **Consent to Establish (CTE)** before setting up or expanding operations.
- Obtain **Consent to Operate (CTO)** before commencing production.

**Process:**

- Submit application to State Pollution Control Board (SPCB) with details like process flow, stack details, pollution control equipment.
- Pay applicable fees.

- Comply with conditions mentioned in the consent order (e.g., stack height, monitoring frequency, use of pollution control devices).

**Renewal:** CTO must be renewed periodically (usually every 5 years; varies by state and industry type).

### **3 Emission Standards for Industries**

**Issued by:** CPCB under Environment (Protection) Act, 1986.

**Key requirements:**

- Maximum allowable limits for pollutants in process emissions, specified for different industries (e.g., cement, power plants, foundries, chemicals).
- Requirements for stack monitoring, continuous emission monitoring systems (CEMS) for certain sectors.
- Special norms for highly polluting industries (classified under “Red category”).

**Examples:**

- Stack emission limit for PM: e.g., 150 mg/Nm<sup>3</sup> for certain small boilers; lower for large units.
- Use of low sulfur fuels.

### **4 Additional Legal Requirements & Compliance Practices**

**Monitoring and reporting:**

- Install monitoring systems (manual or automatic).
- Submit regular environmental statements and compliance reports (Form V under Environment Protection Rules).

**Environmental Impact Assessment (EIA):**

- New projects or expansions in specified categories require an EIA, which includes air quality modelling and impact assessment.

**Green Belt & Buffer Zones:**



- Maintain green belts to mitigate fugitive emissions.

**Emergency Response:**

- Have action plans to manage accidental emissions.

**Recordkeeping:**

- Maintain data logs, stack monitoring reports, and calibration certificates.

**5 Key Indian Laws & Notifications Relevant to Air Emissions Control**

Law / Rule	Purpose
Air (Prevention and Control of Pollution) Act, 1981	Main law to control air pollution
Environment (Protection) Act, 1986	Umbrella law empowering MoEF&CC to issue emission standards
National Ambient Air Quality Standards (NAAQS), 2009	Ambient air quality targets
Various CPCB / SPCB directions and industry-specific standards	Sector-specific norms

**• Water pollution prevention (e.g., Water Act, discharge standards)**

Protecting water resources is a cornerstone of environmental governance in India. Organizations must comply with several laws and standards to prevent pollution of surface water, groundwater, and coastal areas.

**1 The Water (Prevention and Control of Pollution) Act, 1974**

**Purpose:**

To prevent and control water pollution and to maintain or restore the wholesomeness of water.

**Applicability:**

Covers any industry, process, or operation that discharges effluent directly or indirectly into water bodies, sewers, or on land.

**Regulatory bodies:**

- Central Pollution Control Board (CPCB)
- State Pollution Control Boards (SPCBs)

**Key Compliance Requirements under the Water Act****A. Consent Mechanism**

- **Consent to Establish (CTE):** Required before setting up any facility that may generate liquid effluents.
- **Consent to Operate (CTO):** Must be obtained before starting operations.
- Issued by SPCBs; typically, valid for 3–5 years (duration varies).

**B. Compliance with Discharge Standards**

- Discharge standards are notified under the **Environment (Protection) Rules, 1986**.
- Effluent must meet parameters for:
  - pH, Biological Oxygen Demand (BOD)
  - Chemical Oxygen Demand (COD)
  - Total Suspended Solids (TSS)
  - Oil & grease, heavy metals, and other sector-specific pollutants

**C. Installation & Operation of Effluent Treatment Plant (ETP)**

- Mandatory for facilities with significant liquid effluent.
- Must ensure treated effluent consistently meets standards.

**D. Recordkeeping and Reporting**

- Maintain logs of effluent characteristics and treatment processes.

- Submit annual Environmental Statement (Form V).
- SPCBs may require periodic submission of test reports.

## **2 The Environment (Protection) Act, 1986 & Related Rules**

**Under this umbrella act, the MoEF&CC and CPCB have:**

- Issued sector-specific standards (e.g., distilleries, tanneries, power plants).
- Defined zero liquid discharge (ZLD) requirements for highly polluting industries.
- Established guidelines for treated water reuse.

## **3 Groundwater Regulations**

**Regulated by:**

- Central Ground Water Authority (CGWA)
- State-level water resource departments

**Requirements:**

- Industries must obtain permission to extract groundwater.
- Install digital water meters for monitoring.
- Submit periodic groundwater extraction and recharge reports.

## **4 Coastal & River Regulations**

**For facilities near coastal or riverine areas:**

- Comply with **Coastal Regulation Zone (CRZ) Notification, 2011**.
- Prevent discharge into coastal waters beyond permissible limits.
- Undertake measures for shoreline protection and marine ecosystem conservation.



## 5 Typical Effluent Discharge Standards (Examples)

Parameter	General Standard (mg/L)
pH	5.5 – 9.0
BOD (3 days, 27°C)	≤ 30
COD	≤ 250
TSS	≤ 100
Oil & Grease	≤ 10

(Actual limits vary based on industry type and receiving water body class)

## 6 Linking Compliance to Operations

- Map discharge points and treatment plants.
- Define roles: ETP operator, environmental manager, maintenance team.
- Schedule:
  - Daily checks on pH and flow
  - Weekly composite sampling
  - Quarterly monitoring by approved laboratories

## 7 Best Practices & Emerging Trends

- Adoption of Zero Liquid Discharge (ZLD) systems.
- Use of treated wastewater for gardening, cooling towers.
- Installation of online continuous effluent monitoring systems (OCEMS).
- Periodic training of staff on spill management and emergency protocols.

## 8 Other Relevant Laws & Notifications

Law/Rule	Purpose
Water (Prevention and Control of Pollution) Cess Act, 1977	Levy of water cess to incentivize conservation
Environment (Protection) Rules, 1986	Sector-specific effluent standards
CGWA Guidelines	Groundwater extraction permissions
CRZ Notification	Regulate industrial activities in coastal zones

## 9 What to include in your Water Pollution Legal Register:

S. No.	Applicable Law	Requirement	Facility/Process	Frequency	Responsible Person	Status
1	Water Act, 1974	Maintain valid CTO	Effluent discharge point	Annual	EHS Manager	Compliant
2	EPA, 1986	Meet discharge limits	ETP outlet	Daily/Monthly	Lab Technician	Compliant
3	CGWA	Groundwater extraction permit	Borewell	Annual	Maintenance Head	Renewal due

## Waste management (e.g., Hazardous Waste Rules, EPR obligations)

### Legal Framework & Compliance under Indian Law

Waste management in India is governed by a comprehensive legal system that aims to protect human health and the environment by ensuring responsible handling, storage, transportation, recycling, and disposal of various categories of waste.

This section explains:

- Key laws
- Compliance obligations
- Sector-specific rules
- Practical implementation steps for organizations

## 1 Key Legal Framework

Law / Rule	Purpose
Environment (Protection) Act, 1986	Umbrella law empowering MoEF&CC to issue rules & standards
Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016	Management & disposal of hazardous waste
E-Waste (Management) Rules, 2016	EPR and safe disposal of electronic waste
Plastic Waste Management Rules, 2016 (amended 2022)	EPR & recycling targets for plastic packaging
Bio-Medical Waste Management Rules, 2016	Management of biomedical waste from healthcare facilities
Solid Waste Management Rules, 2016	General management of municipal solid waste

## **2 Hazardous Waste Management: Key Compliance Requirements**

**Governing Rule:** Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

### **A. Authorization from SPCB**

- Mandatory for industries generating, storing, transporting, or disposing hazardous waste.
- Renewal required periodically (usually 5 years).

### **B. Waste Identification & Classification**

- Classify hazardous waste as per Schedules I, II, and III of the Rules.
- Maintain up-to-date inventory.

### **C. Storage Requirements**

- Store in secure, labelled containers.
- Prevent leaks, spills, and fire hazards.
- Max storage period: typically, 90 days (with exceptions).

### **D. Manifest System (Form 10)**

- Use color-coded manifest system during transportation to track movement of waste.
- Maintain records for 5 years.

### **E. Disposal**

- Send only to authorized Common Hazardous Waste Treatment, Storage & Disposal Facilities (TSDF).
- No open dumping or burning.

### **F. Annual Reporting**

- Submit annual return (Form 4) to SPCB by June 30 for the preceding financial year.

### **G. Accidents & Emergency Response**

- Report accidents immediately to SPCB.

- Maintain emergency preparedness plan.

### **3 Extended Producer Responsibility (EPR): Sector-Specific**

EPR shifts the responsibility of post-consumer waste management to producers, importers, and brand owners (PIBOs).

#### **a) E-Waste Management Rules, 2016**

**Applicability:** Producers, manufacturers, refurbishers, recyclers

**Obligations:**

- Obtain EPR authorization from CPCB.
- Meet annual collection & recycling targets (linked to production volume).
- Ensure environmentally sound recycling via registered recyclers.
- Submit annual returns online.

#### **b) Plastic Waste Management Rules, 2016 (amended 2022)**

**Applicability:** Producers, importers, brand owners, plastic waste processors

**EPR Key Points:**

- Register on CPCB's centralized portal.
- Fulfil category-wise targets:
  - Category I: Rigid plastic packaging
  - Category II: Flexible plastic
  - Category III: Multilayer packaging
  - Category IV: Compostable plastic
- Targets increase yearly.
- Provide evidence of recycling or end-of-life disposal.

#### 4 Other Waste Streams & Their Requirements

Waste Type	Key Rules	Obligations
Biomedical Waste	Bio-Medical Waste Management Rules, 2016	Segregate, label, store safely; send to authorized CBWTF; maintain records; submit annual report
Municipal Solid Waste	Solid Waste Management Rules, 2016	Segregation, reduction, composting or recycling, scientific landfill
Used Oil	Under Hazardous Waste Rules	Label, store, sell to authorized recyclers/reprocessors

#### 5 Practical Compliance Steps for Organizations

1. Identify & categorize all types of waste generated.
  2. Obtain required SPCB authorizations and EPR registrations.
  3. Train staff on waste segregation and labeling.
  4. Maintain:
    - Waste inventory (Form 3 for hazardous waste)
    - Transport manifests (Form 10)
    - Disposal certificates
- Submit periodic reports to CPCB/SPCB.  
Audit compliance status regularly; include in ESG reporting.

#### 6 Sample Legal Register Entry: Waste Compliance

S. No	Law	Requirement	Facility/Process	Frequency	Responsible	Status
1	Hazardous Waste Rules	Obtain authorization	Paint shop	5 years	EHS Manager	Compliant
2	Hazardous Waste Rules	Maintain manifest records	All units	Ongoing	Compliance Officer	Compliant



3	Plastic Waste Rules	Register & meet EPR targets	Packaging	Annual	Packaging Lead	Renewal due
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## **7 Emerging Trends & Best Practices**

- Digital tracking of waste movement (barcodes, GPS).
- Waste-to-energy and co-processing in cement kilns.
- Reuse and circular economy initiatives.
- Third-party audits to verify compliance.
- Publishing waste data in ESG or sustainability reports.

## **Energy Management: Legal Framework & Compliance in India**

Energy management is a core part of ESG strategy and operational excellence. In India, it is governed by a robust legal and institutional framework aimed at promoting energy efficiency, reducing greenhouse gas emissions, and supporting sustainable industrial growth.

### **1 The Energy Conservation Act, 2001 (and amendments)**

#### **Purpose:**

To provide a legal framework to promote energy efficiency and conservation.

#### **Administered by:**

- Bureau of Energy Efficiency (BEE), under the Ministry of Power.

#### **Key compliance requirements:**

##### **1. Designation of Energy Managers & Energy Auditors**

- Every “Designated Consumer” must appoint an Energy Manager certified by BEE.

- Must also get energy audits conducted by BEE Accredited Energy Auditors.

## 2. Conduct of Energy Audits

- Periodic energy audits are mandatory for Designated Consumers.
- Submission of energy audit reports to BEE and State Designated Agencies.

## 3. Reporting

- Annual report of energy consumption and savings in Form 1 to BEE.
- Targets under Perform, Achieve and Trade (PAT) scheme.

## 4. Implementation of Energy Saving Measures

- Develop internal projects to achieve mandatory or voluntary energy saving targets.
- Upgrade old equipment, improve systems, and install monitoring instruments.

## **2** Designated Consumers (DCs) under Energy Conservation Act

The law classifies high energy-consuming industries as **Designated Consumers**, including:

- Thermal power plants
- Cement
- Fertilizer
- Iron & Steel
- Aluminium
- Railways, Textiles, Chlor-alkali, Pulp & Paper, and more

### **Threshold:**

Consumption exceeding specified limits (varies by sector).

DCs have **stricter compliance obligations**, such as:

- Achieving energy consumption reduction targets.
- Participating in the PAT scheme: tradeable certificates for over- or under-performance.

### **3 Bureau of Energy Efficiency (BEE): Roles & Tools**

- Develops policies and standards.
- Certifies Energy Managers & Energy Auditors.
- Maintains the list of Accredited Energy Auditors (required for audits of DCs).
- Runs national programs, e.g., Standards & Labelling, ECBC for buildings.

### **4 ISO 50001: Energy Management Systems (EnMS)**

#### **Purpose:**

An international voluntary standard to help organizations systematically improve energy performance.

#### **Key features:**

- Establish an **energy baseline** and identify significant energy uses.
- Develop an **Energy Policy** and action plan.
- Set measurable energy objectives and KPIs.
- Monitor, measure, and analyze energy data.
- Periodic management review and continuous improvement.

#### **Benefits:**

- Aligns with legal requirements under Energy Conservation Act.
- Prepares organizations to meet or exceed PAT targets.
- Demonstrates commitment to sustainability to investors and customers.

## **5 BEE Certified Energy Audit: Detailed Requirements**

### **When is it required?**

- Mandatory for Designated Consumers.
- Recommended (and sometimes required by clients or financiers) for other large energy users.

### **Who can do it?**

- Only BEE Accredited Energy Auditors (empanelled by BEE).

### **Scope:**

- Identify areas of high energy consumption.
- Suggest cost-effective energy-saving opportunities.
- Provide a plan to improve energy efficiency.

### **Reporting:**

- Detailed audit report with:
  - Baseline data
  - Identified savings potential
  - Financial viability (ROI, payback period)

## **6 Legal & Policy Framework Supporting Energy Management**

<b>Law / Policy / Program</b>	<b>Objective</b>
Energy Conservation Act, 2001	Legal mandate for efficiency
Energy Conservation (Amendment) Act, 2022	Includes carbon credit trading & mandates for large buildings
Perform, Achieve and Trade (PAT) scheme	Market-based mechanism to improve efficiency in DCs
Standards & Labelling Program	For energy-intensive appliances
Energy Conservation Building Code (ECBC)	Energy performance norms for commercial buildings

## 7 Linking Compliance to Business Processes

- **Operations & Maintenance:** Daily monitoring of consumption.
- **Projects:** Evaluate new equipment for energy performance.
- **Finance:** Budget for energy-saving projects.
- **EHS/Compliance teams:** Maintain audit reports & submit annual data to BEE.

## 8 What to include in your Energy Compliance Legal Register

S. No	Law/Standard	Requirement	Applicability	Frequency	Responsible	Status
1	Energy Conservation Act	Appoint certified Energy Manager	Designated Consumer	One-time	Plant Head	Compliant
2	BEE Regulations	Conduct certified energy audit	Designated Consumer	Every 3-4 years	EHS/Projects	Compliant
3	PAT Scheme	Meet energy saving targets & report	Designated Consumer	Annual	Compliance Team	Achieved
4	ISO 50001	Implement & maintain EnMS	Voluntary	Continuous	Energy Manager	Certified

## ISO Standards for Environment (ESG - E section)

ISO Standard	Title	Purpose / Focus
ISO 14001:2015	Environmental management systems – Requirements with guidance for use	Framework to establish, implement & improve an EMS
ISO 14004:2016	EMS – General guidelines on principles, systems and support techniques	Guidance on implementing & maintaining EMS

<b>ISO 14006:2020</b>	Eco-design	Guidelines to include eco-design in EMS
<b>ISO 14015:2022</b>	Environmental assessment of sites and organizations (EASO)	Identify environmental aspects during due diligence
<b>ISO 14031:2013</b>	Environmental performance evaluation	Guidelines on measuring & reporting environmental performance
<b>ISO 14044:2006</b>	Life cycle assessment – Requirements & guidelines	Conducting LCA studies
<b>ISO 14046:2014</b>	Water footprint	Principles, requirements & guidelines
<b>ISO 14064-1:2018</b>	Greenhouse gases – Part 1	Organizational-level GHG quantification & reporting
<b>ISO 14064-2:2019</b>	Greenhouse gases – Part 2	GHG projects quantification & reporting
<b>ISO 14064-3:2019</b>	Greenhouse gases – Part 3	Validation & verification of GHG statements
<b>ISO 14067:2018</b>	Carbon footprint of products	Quantification & communication
<b>ISO 14068 (under development)</b>	Climate change management	Neutrality & net zero guidance
<b>ISO 14020:2000</b>	Environmental labels & declarations	General principles
<b>ISO 14021:2016</b>	Self-declared environmental claims	Type II environmental labeling
<b>ISO 14024:2018</b>	Type I environmental labeling	Principles & procedures
<b>ISO 14025:2006</b>	Type III environmental declarations	Environmental product declarations (EPD)
<b>ISO 14040:2006</b>	Life cycle assessment – Principles & framework	Basis for LCA methodology
<b>ISO 50001:2018</b>	Energy management systems	Requirements & guidance for use



<b>ISO 50002:2014</b>	Energy audits	Requirements for auditing process
<b>ISO 50003:2021</b>	Requirements for bodies auditing and certifying EMS	
<b>ISO 50004:2020</b>	Guidance for implementation of EnMS	
<b>ISO 50006:2021</b>	Measuring energy performance using energy baselines & indicators	
<b>ISO 50015:2014</b>	Measurement & verification of energy performance	
<b>ISO 14090:2019</b>	Adaptation to climate change	Principles, requirements & guidelines
<b>ISO 14091:2021</b>	Vulnerability, impacts & risk assessment	
<b>ISO 14092:2020</b>	Adaptation – Requirements and guidance at local government/community level	
<b>ISO 24510:2007</b>	Activities relating to drinking water & wastewater	Guidelines for service improvement
<b>ISO 24511:2007</b>	Guidelines for wastewater utility management	
<b>ISO 24512:2007</b>	Guidelines for drinking water utility management	

**Note:**

For Detailed Energy Audit (BEE Certified Auditor) and ISO 50001 Energy Management, ISO 14001 System Certification Audit connect with us at

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# ISO & Other Management System Consultancy



ISO 9001 QMS	ISO 14001 EMS	ISO 50001 EnMS
ISO 13485 QMS Medical Device	ISO 27001 ISMS	ISO 22301 BCMS
ISO 28001 SCSMS	ISO 14064 GHG	ISO 31000 ERM
SA 8000 & SEDEX	ISO 22716 GMP Cosmetics	ISO 15378 GMP PPM
Supplier Audit	ESG Compliance Audit	GCP Audit
ISO 45001 OHSMS	ISO 22000 FSMS	cGMP Audit
ISO / IATF 16949	ISO 55001	ISO 15378

A photograph showing a group of business professionals in a modern office setting, engaged in a meeting around a conference table with a large screen in the background.

## Chapter 2: Social Regulations

### 2.1 Core Social Themes in Compliance

- Labor laws (e.g., minimum wages, working hours, contract labor)**

Labor laws in India are designed to balance employee welfare, workplace safety, and industrial harmony. For organizations, understanding and complying with these laws isn't just a legal obligation — it is essential for ethical governance, social responsibility, and risk management.

#### **1 Minimum Wages**

##### **Governing Law:**

- *Minimum Wages Act, 1948*
- Now largely integrated into the *Code on Wages, 2019* (yet to be fully enforced nationwide)

##### **Purpose:**

To ensure workers receive wages sufficient for basic needs and to prevent exploitation.

**Key Compliance Requirements:**

- Pay at least the government-notified minimum wages.
- Rates vary by:
  - Skill level (unskilled, semi-skilled, skilled)
  - Industry or scheduled employment
  - State and sometimes district
- Review wage revisions regularly (typically twice a year by state governments).
- Maintain registers of wages (Form IV, Form X etc.).
- Display wage rates on notice boards.

**Penalties for non-compliance:**

Fines and potential imprisonment under the Act.

## **2 Working Hours & Leave**

**Governing Laws:**

- *Factories Act, 1948*
- *Shops and Establishments Acts* (State-specific)

**Key Compliance Requirements:**

- **Maximum working hours:**
  - 9 hours per day
  - 48 hours per week
- **Overtime:**
  - Paid at twice the ordinary rate
- **Weekly rest day:** At least one day (typically Sunday)

- **Annual leave with wages:** Generally, 1 day for every 20 days worked (Factories Act)
- **Other leaves:** Casual leave, sick leave as per company policy or State laws
- **Maintenance of records:** Attendance registers, overtime records, leave registers

### 3 Contract Labor

#### Governing Law:

- *Contract Labour (Regulation and Abolition) Act, 1970*

#### Purpose:

To regulate employment of contract labor and ensure fair working conditions.

#### Key Compliance Requirements:

- Principal employer must obtain a **Certificate of Registration** from the Labor Department.
- Contractor must obtain a **License** to supply labor.
- Principal employer must ensure:
  - Payment of wages
  - Provision of canteen, restrooms, drinking water, first aid
  - Compliance with statutory benefits (PF, ESI)
- Maintain registers and submit periodic returns.

**Note:** Some states prohibit contract labor in core activities (as per notification).

### 4 Payment of Wages

#### Governing Laws:

- *Payment of Wages Act, 1936*

- *Code on Wages, 2019*

#### **Key Requirements:**

- Timely payment (before 7th or 10th of the following month, depending on workforce size)
- No unauthorized deductions
- Payment via bank transfer, cheque, or digital modes (cash discouraged)

### **5 Social Security & Welfare**

#### **Governing Laws:**

- *Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (EPF)*
- *Employees' State Insurance Act, 1948 (ESI)*
- *Payment of Gratuity Act, 1972*
- *Payment of Bonus Act, 1965*

#### **Key Compliance Requirements:**

Benefit	Applicability	Key Provisions
EPF	Establishments with $\geq 20$ employees	12% of wages contributed by employer & employee
ESI	Establishments with $\geq 10$ employees earning $\leq$ specified threshold	Medical benefits, maternity, disability
Gratuity	$\geq 10$ employees	Payable after 5 years of service
Bonus	$\geq 20$ employees	Minimum bonus 8.33% of salary, subject to conditions

## **6 Equal Opportunity & Prevention of Harassment**

### **Governing Laws:**

- *Equal Remuneration Act, 1976*
- *Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)*

### **Key Requirements:**

- Equal pay for equal work irrespective of gender.
- Establish an **Internal Complaints Committee (ICC)** under POSH.
- Conduct annual employee sensitization and training.
- File annual POSH compliance report with the district officer.

## **7 Equal Opportunity & Prevention of Harassment**

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S. No	Law	Requirement	Applicability	Frequency	Responsible	Status
1	Minimum Wages Act	Pay at least minimum wages	All employees	Ongoing	HR/Payroll	Compliant
2	Factories Act	Limit working hours & overtime pay	Manufacturing units	Daily/Monthly	Production/HR	Compliant
3	Contract Labor Act	Obtain registration & license	Using contractors	Annual	HR/Compliance	Renewal due
4	POSH Act	Form Internal Committee & train employees	≥10 employees	Annual	HR	Compliant

## • Occupational health & safety

Occupational Health & Safety is a cornerstone of sustainable and responsible business operations. In India, the legal framework aims to protect the life, health, and welfare of workers across manufacturing, construction, service, and other sectors.

### 1 Core Legal Framework for OHS in India

Law / Code	Scope	Purpose
Factories Act, 1948	Manufacturing units with $\geq 10$ workers (with power) or $\geq 20$ (without power)	Safety, health & welfare of workers
Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996 (BOCW Act)	Construction sites & projects	Safety & welfare of construction workers
Mines Act, 1952	Mining sector	Worker safety & health
Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code)	Consolidates 13 labor laws (incl. Factories Act, BOCW Act)	Holistic OHS regulation (notified but full enforcement pending)

### 2 Factories Act, 1948: Key OHS Provisions

#### a) Health

- Cleanliness: Removal of waste daily, adequate drainage.
- Ventilation & temperature control.
- Dust & fume control through local exhaust systems.
- Provision of adequate lighting and drinking water.
- Separate washing facilities for men and women.

### **b) Safety**

- Fencing of machinery to prevent accidental contact.
- Provision of safety appliances (e.g., goggles, gloves).
- Periodic examination of pressure vessels.
- Precautions against fire and explosions.
- Safety measures for work at heights, confined spaces.

### **c) Welfare**

- Canteen (mandatory if  $\geq 250$  workers).
- Restrooms & lunchrooms.
- Crèche facilities if  $\geq 30$  women workers.
- First aid appliances & trained staff.

## **3 Administrative & Compliance Obligations under Factories Act**

- **Registration & license** before starting operations.
- Appointment of:
  - **Safety Officer** (mandatory if  $\geq 1000$  workers or as prescribed).
  - **Welfare Officer** ( $\geq 500$  workers).
- Maintenance of:
  - Accident registers.
  - Health records & medical examination reports.
  - Annual return under Section 110.
- Annual health check-ups for workers exposed to hazardous substances.
- Display statutory notices and posters (e.g., emergency numbers, safety policies).

#### **4 BOCW Act, 1996: Key Safety Requirements**

Applies to construction sites with  $\geq 10$  workers.

- Provide personal protective equipment (PPE): helmets, safety harnesses, gloves.
- Safety of scaffolds, ladders, and formwork.
- Measures to prevent fall of materials.
- First aid and emergency arrangements on site.
- Safety training & induction for new workers.
- Welfare measures: drinking water, toilets, canteens, crèche.

Contractors and principal employers share responsibility for compliance.

#### **5 Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code)**

This new Code consolidates 13 existing laws and aims for uniformity.

##### **Highlights:**

- Extends coverage to all establishments  $\geq 10$  workers.
- Annual health check-ups for all employees (prescribed by rules).
- Safety committees for establishments  $\geq 500$  workers.
- National and state-level Occupational Safety Boards.
- Electronic registration, licensing & returns.
- Enhanced penalties for violations.

(Note: Full implementation awaits notification of detailed rules by the government.)

## 6 Special Sector-Specific Laws & Rules

Sector	Law / Rule	Key Requirements
Chemicals	Manufacture, Storage & Import of Hazardous Chemicals Rules, 1989	Safety audits, emergency plans
Dock work	Dock Workers (Safety, Health & Welfare) Regulations, 1990	PPE, training
Mining	Mines Act, 1952 & Mines Rules, 1955	Safety officers, rescue stations
Boilers	Indian Boilers Act, 1923	Annual inspection, certification

## 7 Other Important Requirements & Best Practices

- **Formulate and display a Health & Safety Policy** (mandatory if ≥50 workers).
- Conduct periodic safety audits.
- Safety training & mock drills (e.g., fire, chemical spill).
- Reporting of accidents and dangerous occurrences to authorities.
- Investigation of near-misses & corrective actions.
- Maintenance of Material Safety Data Sheets (MSDS) for hazardous substances.

## 8 Example: Legal Register Entry for OHS Compliance

S. No	Law	Requirement	Applicability	Frequency	Responsible	Status
1	Factories Act	Appoint Safety Officer	≥1000 workers	One-time	HR/Compliance	Compliant
2	Factories Act	Conduct annual medical check-up	Workers in hazardous process	Annual	Factory Medical Officer	Compliant

3	BOCW Act	Provide PPE & maintain records	All construction workers	Ongoing	Site Manager	Compliant
4	OSH Code	File annual return	≥10 workers	Annual	HR	Pending rules

- **Diversity and inclusion** (e.g., POSH Act for prevention of sexual harassment)

Building a diverse, inclusive, and respectful workplace is not only a social responsibility – it is increasingly required by law and critical for sustainable business performance.

In India, key laws support diversity, protect employees from discrimination and harassment, and help organizations design inclusive policies.

#### 1 Core Legal Framework Supporting D&I

Area	Key Law / Rule	Purpose
Gender equality & prevention of sexual harassment	Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act)	Safe, harassment-free workplace for women
Equal pay	Equal Remuneration Act, 1976	Equal pay for men and women doing same/similar work



Rights of persons with disabilities	Rights of Persons with Disabilities Act, 2016 (RPWD Act)	Equal opportunity, non-discrimination, and accessibility
Transgender rights	Transgender Persons (Protection of Rights) Act, 2019	Inclusion and non-discrimination based on gender identity
Maternity benefits	Maternity Benefit (Amendment) Act, 2017	Paid leave & workplace support for pregnant women and new mothers

## 2 POSH Act, 2013: Key Legal Requirements

### Purpose:

To prevent and address sexual harassment of women at the workplace.

### A. Applicability

- All workplaces (public, private, NGOs, educational institutions).
- Applies even if the organization has <10 employees.

### B. Mandatory Compliance Steps

Requirement	Details
Internal Complaints Committee (ICC)	Must establish at each office with $\geq 10$ employees. Chairperson must be a senior woman employee; one external NGO/expert member is mandatory.
Policy	Create & communicate an internal policy against sexual harassment. Must define harassment, redressal process, and support mechanisms.

Training & awareness	Conduct regular workshops and awareness programs for employees and ICC members.
Annual report	File an annual POSH compliance report with the District Officer.
Confidentiality	Protect identity of complainant, respondent, and witnesses during investigation.

### C. Complaint Handling

- Complaint must be filed within 3 months of incident (extendable).
- ICC to complete inquiry within 90 days.
- ICC can recommend:
  - Warning, transfer, deduction from salary, or dismissal.
  - Compensation to be paid to the complainant.

### 3 Equal Remuneration Act, 1976 (merged into Code on Wages, 2019)

#### Key Points:

- Prohibits discrimination in pay on grounds of sex for same or similar work.
- Also prohibits discrimination in recruitment, promotions, or transfers.

### 4 RPWD Act, 2016: Inclusion of Persons with Disabilities

**Applicability:** All establishments with  $\geq 20$  employees.

#### Requirements:

- Frame Equal Opportunity Policy and display on website and notice boards.
- Appoint a Liaison Officer to oversee implementation.
- Provide accessible infrastructure (ramps, lifts, accessible toilets).
- Maintain records and submit periodic reports to government.

## 5 Transgender Persons (Protection of Rights) Act, 2019

### Key Compliance Points:

- Prohibit discrimination in employment (hiring, promotions, training).
- Provide safe and inclusive work environment.
- Recognize gender identity as declared by employee.

## 6 Maternity Benefit Act, 1961 (amended 2017)

Provision	Details
Paid maternity leave	26 weeks (for first two children)
Work from home option	Where possible, after maternity leave
Crèche facility	Mandatory if organization has ≥50 employees
Non-dismissal	Illegal to dismiss a woman during maternity leave

## 7 What to include in your D&I Legal Register

S. No	Law	Requirement	Applicability	Frequency	Responsible	Status
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1	POSH Act	Establish ICC & train employees	≥10 employees	Annual	HR/Compliance	Compliant
2	POSH Act	File annual report to District Officer	All	Annual	ICC Chairperson	Pending
3	Equal Remuneration Act	Ensure equal pay	All	Ongoing	Payroll/HR	Compliant
4	RPWD Act	Equal Opportunity Policy & accessibility audit	≥20 employees	Annual	HR/Admin	In progress

## 8 Best Practices Beyond Legal Requirements

- Conduct anonymous employee surveys on inclusion.
- Celebrate diversity days (e.g., International Women's Day, Disability Day).
- Provide inclusive health benefits (mental health, LGBTQ+ support).
- Set diversity targets in hiring & leadership roles.
- Publish gender/diversity data in ESG or sustainability reports.

- **Human rights (e.g., child labor prohibition)**

Human rights compliance is not only a constitutional and ethical imperative but also a critical element of ESG strategy for businesses. Indian law provides a robust framework to protect fundamental rights at the workplace, with special focus on prohibiting child labor, forced labor, discrimination, and ensuring dignified working conditions.

Human rights compliance in India requires organizations to:

- Prohibit child and forced labor.
- Prevent discrimination.
- Ensure safe, humane, and inclusive workplaces.
- Respect dignity and freedom of workers.

This is legally mandatory **and** critical for building a sustainable, responsible business.

## **1 Constitutional Foundation of Human Rights in India**

- **Fundamental Rights under the Constitution of India:**
  - Article 14: Right to equality
  - Article 15: Prohibition of discrimination
  - Article 21: Protection of life and personal liberty
  - Article 23: Prohibition of human trafficking and forced labor
  - Article 24: Prohibition of employment of children in hazardous jobs

These rights form the base on which detailed laws and policies are built.

## 2 Child Labor: Prohibition & Regulation

### Governing Law:

- *Child and Adolescent Labour (Prohibition and Regulation) Act, 1986* (amended in 2016)

### Purpose:

To prohibit employment of children and regulate employment of adolescents in non-hazardous occupations.

#### A. Who is covered:

Category	Age	Rule
Child	Below 14 years	Complete prohibition in any occupation or process
Adolescent	14–18 years	Permitted only in non-hazardous processes, subject to regulation

#### B. Key Compliance Obligations:

- **Zero tolerance** for employment of children under 14 years.
- For adolescents (14–18 years):
  - Cannot be employed in hazardous occupations (as per Schedule in the Act).
  - Ensure working hours do not interfere with education.
- Maintain age verification documents (birth certificate, Aadhaar, school certificate).
- Display notices at the workplace about prohibition of child labor.
- Submit periodic returns to local labor authorities if employing adolescents.

#### C. Penalties:

- Fines up to ₹50,000 and/or imprisonment.
- Higher penalties for repeat offenders.

### 3 Forced Labor & Bonded Labor

Law	Purpose
Bonded Labour System (Abolition) Act, 1976	Abolishes all forms of bonded labor
Article 23 of Constitution	Prohibits forced labor, human trafficking
Indian Penal Code (IPC) Sections 370 & 374	Punishment for trafficking, forced labor

#### Key Compliance Points:

- Ensure that employment is free and voluntary.
- No wage advances that bind workers to forced conditions.
- No confiscation of identity documents.
- Monitor supply chain to avoid indirect use of forced labor.

### 4 Prohibition of Discrimination

#### Governing Laws:

Law	Key Focus
Equal Remuneration Act, 1976	No discrimination in pay and conditions based on gender
Transgender Persons (Protection of Rights) Act, 2019	Prohibits discrimination on grounds of gender identity
Rights of Persons with Disabilities Act, 2016	Inclusion of persons with disabilities
Article 15 of Constitution	Prohibits discrimination based on religion, race, caste, sex, place of birth



### Compliance Steps:

- Document and implement equal opportunity policies.
- Train hiring managers and staff.
- Provide reasonable accommodations for disabled employees.
- Track and monitor diversity metrics.

### 5 Working Conditions & Right to Dignity

#### Relevant Laws:

Law	Focus
Factories Act, 1948	Safe and humane working conditions
Contract Labour Act, 1970	Prevents exploitation of contract workers
POSH Act, 2013	Protection from sexual harassment

#### Practical Compliance:

- Ensure fair wages and humane hours.
- Provide clean facilities, rest areas, drinking water.
- Respect for cultural and religious practices.
- Mechanisms for grievance redressal.

## 6 What to include in your Human Rights Legal Register

S. No	Law	Requirement	Applicability	Frequency	Responsible	Status
1	Child Labour Act	Zero child labor; verify age	All sites	Ongoing	HR/Compliance	Compliant
2	Bonded Labour Act	No forced/bonded labor	All sites	Ongoing	HR	Compliant
3	Equal Remuneration Act	Equal pay for equal work	All	Ongoing	Payroll	Compliant
4	POSH Act	Internal Complaints Committee	≥10 employees	Annual	HR	Compliant

## 7 Best Practices for ESG & Human Rights

- Publish a **Human Rights Policy** aligned with UN Guiding Principles on Business and Human Rights.
- Conduct **supplier due diligence** for child/forced labor risks.
- Establish confidential grievance channels.
- Integrate human rights risk assessment in enterprise risk processes.
- Include human rights data in ESG, GRI, and BRSR reports.

## 8 Why it matters for ESG

- Addresses the “S” in ESG: Social responsibility.
- Protects reputation and market access, especially in global supply chains.
- Aligns with SDGs, especially:
  - SDG 8 (Decent work and economic growth)
  - SDG 5 (Gender equality)
  - SDG 10 (Reduced inequalities)

## **Key Legal Requirements for Safety in India**

### **1. The Factories Act, 1948 (as amended)**

- **Chapter IV: Safety – covers:**

- Fencing of machinery
  - Work on or near machinery in motion
  - Employment of young persons on dangerous machines
  - Safety of buildings and machinery
  - Precautions against dangerous fumes, gases, dust, etc.
  - Precautions in case of fire
- **Sections 21-41H** focus specifically on safety.
  - Mandates appointment of Safety Officers (Section 40-B).

### **2. The Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code)**

- Consolidates 13 central labour laws related to safety, health, and working conditions.
- Key provisions:
  - Duties of employers, manufacturers, and employees.
  - Workplace safety measures and risk assessment.
  - Health and welfare facilities.
  - Safety committees and officers.
  - Reporting of accidents and dangerous occurrences.

### **3. The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996**

- Safety during scaffolding, excavation, lifting appliances, ladders, electricity, etc.
- Mandatory safety training.
- Use of PPE (helmets, harnesses, gloves).

### **4. Electricity Act, 2003 & Central Electricity Authority (Measures Relating to Safety and Electric Supply) Regulations, 2010**

- Safety in handling, operation, and maintenance of electrical installations.
- Periodic inspections and testing.

### **5. Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 (under Environment Protection Act, 1986)**

- Safety measures in storage, handling, transportation of hazardous chemicals.
- On-site and off-site emergency plans.
- Safety data sheets (SDS).

### **6. Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996**

- Setting up crisis groups (local and district levels).
- Preparation of safety reports.

### **7. Explosives Act, 1884 & Explosives Rules, 2008**

- Licensing, storage, transport, and handling of explosive materials.

#### **8. Petroleum Act, 1934 & Petroleum Rules, 2002**

- Storage and handling of petroleum products.
- Fire safety norms.

#### **9. Biological Safety**

- Guidelines under Biosafety Rules, 1989 (for biotech and pharma labs).
- Compliance with ICMR, DBT, and WHO norms.

#### **10. Mines Act, 1952 and Mines Rules, 1955**

- Safety and health standards in mining operations.
- Appointment of safety officers and managers.
- Inspection protocols.

#### **11. Dock Workers (Safety, Health and Welfare) Act, 1986 & Regulations, 1990**

- Covers handling of cargo, lifting machinery, and dock safety.

#### **12. Indian Boilers Act, 1923 & Indian Boiler Regulations, 1950**

- Inspection, testing, and certification of boilers.

#### **13. National Policy on Safety, Health and Environment at Workplace, 2009**

- Framework encouraging industries to adopt:
  - Safety Management Systems
  - Periodic safety audits
  - Training and capacity building

S. No	Law / Standard & Requirement	Applicability	Frequency	Responsible	Status
1	<b>Factories Act, 1948</b> – Safety provisions (machine guarding, fire safety, fencing, employment restrictions)	All factories employing ≥10 workers with power / ≥20 without power	Continuous; Safety audit annually	Safety Officer / Plant Head	☑ / ✕
2	<b>Section 40-B</b> – Appointment of qualified Safety Officer	Factories with ≥1000 workers or as per state rules	One-time (review annually)	HR / Plant Head	☑ / ✕
3	<b>OSH Code, 2020</b> – Safety policy, risk assessment, safety committee	All establishments as per threshold	Update policy annually; committee meetings quarterly	EHS Head	☑ / ✕
4	<b>Building and Other Construction Workers Act, 1996</b> – PPE, safety measures, training	Construction sites with ≥10 workers	PPE: daily; Training: yearly	Project Manager / Safety Officer	☑ / ✕
5	<b>Electricity Act, 2003 &amp; CEA Safety Regulations, 2010</b> – Periodic testing, earthing, inspection	All users of electrical equipment	Inspection annually / as per rules	Electrical Engineer	☑ / ✕
6	<b>Petroleum Act, 1934 &amp; Rules, 2002</b> – License renewal, storage compliance	Industries storing/handling petroleum	License renewal annually; storage check daily	Safety Officer / Stores	☑ / ✕
7	<b>Explosives Act, 1884 &amp; Rules, 2008</b> – Safe storage, record maintenance	Industries storing/using explosives	License renewal annually; record daily	Production / Safety	☑ / ✕
8	<b>Manufacture, Storage &amp; Import of Hazardous Chemicals Rules, 1989</b> – On-site emergency plan	Factories using hazardous chemicals	Plan update annually; mock drill every 6 months	EHS Head	☑ / ✕
9	<b>Chemical Accidents Rules, 1996</b> – Crisis group formation, reporting	Industries with hazardous chemicals	As notified; reports annually	EHS Head	☑ / ✕
10	<b>Mines Act, 1952 &amp; Rules</b> – Safety inspections, training	Mining operations	Safety inspection monthly; training annually	Safety Officer	☑ / ✕
11	<b>Dock Workers Safety Act, 1986 &amp; Regulations</b> – Machinery inspection	Ports, docks	Inspection quarterly	Safety Officer	☑ / ✕
12	<b>Indian Boilers Act, 1923 &amp; IBR</b> – Boiler inspection & certification	Industries using boilers	Certification annually	Maintenance Head	☑ / ✕
13	<b>ISO 45001:2018 / OHSAS 18001</b> – OHS Management System	Voluntary; most industries for best practice	Surveillance audit yearly	EHS Manager / MR	☑ / ✕
14	<b>Safety Committee Meetings</b> (as per Factories Act & OSH Code)	Factories with ≥250 workers	Quarterly	Safety Officer	☑ / ✕

15	<b>Accident Reporting &amp; Investigation</b>	All establishments	Immediate (within 24 hours to authorities)	Safety Officer	☑ / ✕
16	<b>Emergency Drill / Mock Drill</b>	Units with hazardous processes	Every 6 months	EHS Head	☑ / ✕
17	<b>Safety Training / Refresher</b>	All employees	Annually	HR / EHS	☑ / ✕
18	<b>Health Register &amp; Dangerous Occurrence Register</b>	All factories	Update as incident occurs	Safety Officer	☑ / ✕
19	<b>PPE Compliance &amp; Inspection</b>	All workers in risk areas	Daily check	Supervisors / Safety	☑ / ✕
20	<b>Display of Safety Policy &amp; Signs</b>	All factories / establishments	Review annually	Admin / Safety	☑ / ✕

## Safety Law & Regulation Compliance Chart (India)

### General Safety Compliance Requirements

Applicable across industries:

- Formulation & implementation of:
  - Safety Policy
  - Safety Manual
  - Standard Operating Procedures (SOPs)
  - Job Safety Analysis (JSA)
- Safety committee (statutory under Factories Act for factories with >250 workers)
- Regular safety audits & risk assessments.
- Mandatory display of safety instructions and posters.
- Accident reporting and investigation.
- Training & awareness programs.
- Provision and use of PPE.
- Maintenance of registers:



- Accident Register
- Dangerous Occurrence Register
- Health Register

## 2.2 Mapping Social Obligations

- Create a register aligned to HR, facility management, and supply chain processes.
- Include timelines, reporting requirements, and responsible persons.

## ISO & other standards for the Social (S) section of ESG

Standard	Type	Title / Focus	Purpose / Scope
ISO 26000:2010	Guidance	Guidance on Social Responsibility	Covers human rights, labor practices, consumer issues, community involvement, fair operating practices
ISO 30414:2018	Guidelines	Human capital internal and external reporting	Helps organizations measure & report HR / social metrics (turnover, diversity, pay equity, etc.)
ISO 30415:2021	Guidelines	Diversity and inclusion	Provides framework to embed D&I into HR and organizational culture
ISO 45001:2018	Certification	Occupational health & safety management systems	Reduces workplace incidents, improves OH&S performance
ISO 37301:2021	Certification	Compliance management systems	Includes social compliance obligations (labor, ethics, anti-harassment, etc.)
ISO 10018:2020	Guidelines	People engagement & competence	Focuses on employee engagement

<b>ISO 20400:2017</b>	Guidance	Sustainable procurement	Addresses labor and social responsibility in supply chains
<b>ISO 37001:2016</b>	Certification	Anti-bribery management	Indirectly supports social aspects (fair treatment, ethical business)
<b>ISO 44001:2017</b>	Certification	Collaborative business relationship management	Focuses on trust, shared values, and stakeholder collaboration
<b>ISO 27501:2019</b>	Guidance	Human-centred organizations	Addresses well-being, health & safety, and empowerment

#### Other leading international standards & frameworks (Social focus)

Standard / Framework	Focus	Details
<b>SA8000:2014 (Social Accountability International)</b>	Social accountability & labor standards	Covers child labor, forced labor, health & safety, freedom of association, discrimination, working hours, remuneration, management systems
<b>Sedex SMETA (4-pillar audit)</b>	Ethical trade & social audit	Labor standards, health & safety, environment, business ethics
<b>UN Guiding Principles on Business &amp; Human Rights (UNGPR)</b>	Human rights	Framework for companies to respect and remedy human rights
<b>OECD Guidelines for Multinational Enterprises</b>	Human rights & responsible business	Includes social & labor standards

<b>AA1000SES (Stakeholder Engagement Standard)</b>	Stakeholder engagement	Guides how to engage with employees, communities, suppliers
<b>Ethical Trading Initiative (ETI) Base Code</b>	Labor rights	Widely used code for ethical sourcing
<b>BSCI (Business Social Compliance Initiative)</b>	Supply chain	Code of conduct & audit methodology
<b>Global Reporting Initiative (GRI) Standards – Social topics</b>	Disclosure framework	GRI 401–419 (employment, labor/management relations, health & safety, training, diversity, human rights, community, customer health & safety, marketing, etc.)
<b>ILO Conventions &amp; Recommendations</b>	International labor standards	Core conventions: freedom of association, collective bargaining, abolition of forced labor, elimination of child labor, anti- discrimination
<b>IFC Performance Standards (PS2, PS4)</b>	Labor & working conditions, community health & safety	Used in ESG due diligence, especially in project finance
<b>Social Fingerprint (SAI)</b>	Social management system maturity model	Helps organizations benchmark and improve

## **Chapter 3: Governance Laws**

### **3.1 Scope of Governance Compliance**

#### **• Corporate Governance in India – Detailed Overview**

##### **1. Legal Framework**

Indian Corporate Governance is primarily governed by:

- **Companies Act, 2013**
- **Securities and Exchange Board of India (SEBI) Regulations**
  - Mainly SEBI (LODR) Regulations, 2015 (and amendments)
- **Accounting Standards & Secretarial Standards**
- Other guidelines by:
  - Institute of Company Secretaries of India (ICSI)
  - Institute of Chartered Accountants of India (ICAI)
- Sector-specific regulators (e.g., RBI for banks, IRDAI for insurance)

#### **2. Companies Act, 2013 – Key Compliance Requirements**

##### **a) Board Structure & Composition**

- Minimum number of directors:
  - Public company:  $\geq 3$
  - Private company:  $\geq 2$
- Maximum: 15 directors (can be increased via special resolution)
- At least:
  - 1 Woman Director (for certain classes of companies)
  - 1 Resident Director (resident in India  $\geq 182$  days)

##### **b) Independent Directors**

- Listed companies must have:

- At least 1/3 of board as independent directors
- Audit Committee & Nomination & Remuneration Committee must include independent directors

### **c) Committees**

- **Audit Committee**
- **Nomination & Remuneration Committee**
- **Stakeholders Relationship Committee** (for companies with > 1000 shareholders/debenture holders/other security holders)
- **Corporate Social Responsibility (CSR) Committee** (for eligible companies)

### **d) Meetings & Disclosures**

- At least 4 board meetings a year, maximum gap 120 days between two meetings
- Disclosure of interest by directors (Section 184)
- Annual Board's Report including:
  - CSR activities
  - Directors' Responsibility Statement
  - Related Party Transactions (RPTs)
  - Risk management policies
- Maintenance of statutory registers and records

### **e) CSR Compliance**

- Companies meeting certain net worth/turnover/profit criteria must:
  - Spend  $\geq 2\%$  of average net profits on CSR
  - Disclose CSR policy & projects in the Board's report

### **3. SEBI (LODR) Regulations, 2015 – Key Requirements for Listed Entities**

#### **a) Board Composition**

- $\geq 50\%$  non-executive directors
- If Chairman is non-executive:  $\geq 1/3$  independent directors
- If Chairman is executive/promoter:  $\geq 1/2$  independent directors

#### **b) Committees**

- **Audit Committee:**
  - $\geq 3$  directors,  $2/3$  independent
- **Nomination & Remuneration Committee:**
  - $\geq 3$  directors, all non-executive,  $\geq 1/2$  independent
- **Risk Management Committee:**
  - Mandatory for top 1000 listed entities (by market capitalization)
- **Stakeholders Relationship Committee**

#### **c) Disclosures & Transparency**

- Quarterly financial results & limited review
- Shareholding pattern
- Corporate Governance Report (quarterly & annually)
- Related party transactions (material RPTs require shareholder approval)
- Annual secretarial compliance report
- Disclosure of resignation of auditors/ directors, with detailed reasons

#### **d) Code of Conduct & Ethics**

- Code for Board & senior management (Regulation 17(5))
- Code for Prevention of Insider Trading (SEBI PIT Regulations, 2015)

#### **e) Other SEBI Requirements**

- CEO & CFO certification of financial statements
- Disclosure of key managerial personnel compensation
- Business responsibility & sustainability report (BRSR) for top 1000 companies

#### **4. Other Key Compliance & Best Practices**

- Establishing whistleblower mechanism
- Annual evaluation of Board's performance
- Succession planning
- Training & familiarization programmes for independent directors
- Alignment with **Kotak Committee recommendations** on corporate governance
- Proactive engagement with shareholders & stakeholders

#### **5. Purpose & Objective**

The compliance framework aims to:

- Protect interests of shareholders & stakeholders
- Enhance accountability & transparency
- Promote ethical conduct
- Strengthen investor confidence
- Foster sustainable long-term growth



## 5. Summary Table

S. No	Compliance Item	Legal / Regulatory Reference	Frequency (Monthly / Quarterly / Annual / Event-based)	Responsibility
1	Board meeting	Companies Act, Sec 173	Quarterly	Company Secretary
2	Audit committee meeting	SEBI LODR	Quarterly	CS / CFO
3	Annual General Meeting (AGM)	Companies Act, Sec 96	Annual	Company Secretary
4	Disclosure of interest by directors	Companies Act, Sec 184	Annual / event	Company Secretary
5	Quarterly financial results	SEBI LODR	Quarterly	CFO
6	Annual Return (MGT-7)	Companies Act	Annual	CS
7	CSR committee meeting	Companies Act, Sec 135	Annual / as required	CS / CSR Head
8	Code of conduct declaration by directors	SEBI LODR	Annual	CS

9	Appointment / reappointment of directors	Companies Act	Event-based	CS
10	Shareholding disclosure	SEBI (SAST) / PIT	Event-based / annual	CS

## Anti-Corruption & Anti-Bribery Legal Framework (India & Global)

### 1. Primary Indian legislation

#### The Prevention of Corruption Act, 1988 (amended 2018)

- India's principal law against bribery and corruption.
- Criminalizes:
  - Accepting or soliciting bribes by public servants.
  - Offering bribes to public servants.
  - Commercial organizations failing to prevent persons associated with them from offering bribes to public servants.
- **2018 Amendment** introduced:
  - Corporate liability: Commercial organizations (including private companies) can be prosecuted if persons associated with them offer bribes.
  - Defence: Having **adequate procedures** (anti-bribery policies, training, compliance programmes) to prevent bribery.
  - Criminalization of both giving and receiving bribes.
  - Severe penalties and extended imprisonment.

## Indian Penal Code, 1860 (IPC)

- Sections covering:
  - Criminal breach of trust.
  - Cheating.
  - Forgery.
  - Fraudulent deeds & misappropriation.
- Supports prosecution of private-sector bribery not covered directly by the PCA.

## 2. Related Indian laws & guidelines

Law / Guideline	Purpose
Lokpal and Lokayuktas Act, 2013	Establishes independent bodies (Lokpal at the centre and Lokayuktas in states) to investigate corruption of public officials.
Companies Act, 2013 - Sec 134 & 177	Requires companies to establish internal financial controls; audit committees to oversee compliance and risk management, including anti-corruption measures.
Central Vigilance Commission (CVC) guidelines	CVC advises and monitors vigilance administration and corruption prevention in central government organizations.
Whistle Blowers Protection Act, 2014	Provides mechanism for receiving complaints and protecting whistleblowers.
Prevention of Money Laundering Act, 2002	Criminalizes laundering of proceeds of corruption; mandates reporting by financial institutions and intermediaries.

### 3. Relevant global anti-bribery laws affecting Indian companies

If an Indian company or subsidiary:

- has operations abroad,
  - is listed overseas,
  - or makes payments to foreign officials,
- then these may apply:

Law	Jurisdiction	Key points
<b>UK Bribery Act, 2010</b>	Extra-territorial	Prohibits bribery of any person (public or private); includes strict liability for companies failing to prevent bribery; "adequate procedures" defence.
<b>US Foreign Corrupt Practices Act (FCPA), 1977</b>	Extra-territorial	Prohibits bribery of foreign public officials; requires internal controls and accurate books; applies to issuers listed in the US, US companies, and foreign companies doing business in the US.
<b>OECD Anti-Bribery Convention</b>	44 countries	Requires signatories to criminalize bribery of foreign public officials.
<b>UN Convention against Corruption (UNCAC)</b>	Global	Comprehensive international treaty against corruption, ratified by India.

### 4. Compliance obligations for companies

To comply with these frameworks, companies are expected to:

- Establish a written **Anti-bribery and Anti-corruption (ABAC) policy**.
- Implement **risk assessments** to identify exposure.
- Conduct **due diligence** on third parties, agents, and business partners.
- Provide **employee training** and awareness programmes.

- Monitor, audit, and improve the anti-bribery programme regularly.
- Set up **whistleblowing / grievance mechanisms**.
- Maintain proper **books, records, and internal controls**.

## 5. Enforcement & penalties

Area	Penalties
Prevention of Corruption Act	Individuals: imprisonment (3–7 years), fines; Companies: heavy fines, blacklisting, potential winding up.
Companies Act	Penalties on directors/officers; disqualification; fines.
Global laws	Severe fines, disgorgement of profits, imprisonment of responsible persons; reputational damage; debarment from government contracts.

## Data protection & cybersecurity

### 1. Indian legal framework for data protection & cybersecurity

#### a) Digital Personal Data Protection Act, 2023 (DPDP Act)

- The first comprehensive personal data protection law in India.
- Applies to:
  - Processing of *digital personal data* in India.
  - Foreign entities processing Indian data if offering goods/services to individuals in India.
- **Key features:**
  - Personal data to be processed for *specific, lawful purposes* only.

- Consent-based processing: notice must be clear, in multiple languages if needed.
- Data Principal rights: right to access, correction, grievance redressal.
- Obligations of **Data Fiduciary** (the organization): data minimization, reasonable security, grievance mechanism.
- Significant Data Fiduciaries: extra compliance (Data Protection Officer, data audits, risk assessments).
- Data Protection Board: empowered to inquire and impose penalties (up to INR 250 crore per breach).
- No express right to be forgotten yet, but framework moves towards global best practices.

## **b) Information Technology Act, 2000 & rules**

- Still remains the primary cyber law.
- Key provisions:
  - **Section 43A:** companies handling sensitive personal data must implement "reasonable security practices".
  - **Section 72A:** penalty for unauthorized disclosure of personal information.
- **IT (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011:**
  - Defines "Sensitive Personal Data" (financial data, health data, biometric data, etc.).
  - Requires privacy policy, consent, data retention limits, grievance officer.
  - Recognizes ISO/IEC 27001 as an example of "reasonable security practice".

- **c) Sector-specific guidelines**

Sector	Regulation	Issued by
Banking & NBFC	Cyber Security Framework for Banks	RBI
Insurance	Guidelines on Information & Cyber Security	IRDAI
Telecom	Telecom Security Practices	DoT
SEBI regulated	Cyber Security & Cyber Resilience Framework	SEBI for stock brokers, MIIs

## 2. International frameworks influencing Indian organizations

Framework	Key features	Relevance
<b>EU GDPR</b> (General Data Protection Regulation)	Strongest data protection law: data subject rights, cross-border transfer rules, data breach reporting	Indian companies processing EU data or serving EU residents must comply
<b>US laws</b> (e.g., HIPAA, CCPA)	Sectoral approach	If serving US healthcare, consumer data, etc.
<b>OECD Privacy Guidelines</b>	Principles (collection limitation, purpose specification, security safeguards)	Global best practices

### 3. Management systems & standards

#### ISO/IEC 27001:2022 – Information Security Management System (ISMS)

- International standard to manage information security risks.
- Covers:
  - Organizational context & stakeholder expectations.
  - Risk assessment & treatment.
  - Information security objectives & policies.
  - Controls (114 controls grouped under themes like access control, cryptography, operations, etc.).
- Certification demonstrates reasonable security practices (recognized under Indian IT rules).
- Mandatory documents: Statement of Applicability, risk assessment methodology, security policy, incident management, etc.

#### Other related standards:

Standard	Focus
ISO/IEC 27701	Privacy Information Management System (extension to ISO 27001)
ISO/IEC 27002	Implementation guidelines for ISO 27001 controls
ISO/IEC 22301	Business Continuity Management System
NIST Cybersecurity Framework	Identify, Protect, Detect, Respond, Recover



## ISO Standards for Governance section of ESG

ISO STANDARD FOR G			
Standard	Type	Title / Focus	Scope / Purpose
<b>ISO 37000:2021</b>	Guidance	Governance of organizations	Global benchmark; guides boards & leadership on purpose, values, culture, accountability, and oversight
<b>ISO 37301:2021</b>	Certification	Compliance management systems	Establishes a system to ensure compliance with laws, regulations, and internal codes
<b>ISO 37001:2016</b>	Certification	Anti-bribery management systems	Prevent, detect and respond to bribery
<b>ISO 31000:2018</b>	Guidance	Risk management	Principles and framework for enterprise risk management
<b>ISO 19600:2014</b> (superseded by ISO 37301)	Guidance	Compliance management	(Earlier non-certifiable standard)
<b>ISO 27001:2022</b>	Certification	Information security management	Protect confidentiality, integrity, availability of information

<b>ISO 27701:2019</b>	Certification	Privacy information management	Extension to ISO 27001, aligns data privacy & governance
<b>ISO 37002:2021</b>	Guidance	Whistleblowing management systems	Set up trusted and effective whistleblower systems
<b>ISO 9001:2015</b>	Certification	Quality management systems	Supports governance through documented processes, leadership, accountability
<b>ISO 20400:2017</b>	Guidance	Sustainable procurement	Ensures governance in supply chain decisions
<b>ISO 44001:2017</b>	Certification	Collaborative business relationships	Focus on trust, transparency, governance between business partners
<b>ISO 19011:2018</b>	Guidance	Guidelines for auditing management systems	Ensures internal audit governance
<b>ISO 55001:2014</b>	Certification	Asset management systems	Governance of assets to deliver value
<b>ISO 22301:2019</b>	Certification	Business continuity management	Resilience & governance of continuity risks

### **3.2 Developing the Governance Register**

- Identify laws applicable to board operations, financial disclosures, and data security.
- Record obligations related to policies, disclosures, and training.

## **Identifying Applicable Laws and Mapping to Business Processes**

### **4.1 Step-by-Step Process**

1. Understand your organizational activities and geographies.
2. Use government portals, legal databases, and industry associations to identify laws.
3. Consult subject matter experts and legal counsel.
4. Document each law in a structured format.

### **4.2 Linking to Processes**

- Map each obligation to business functions (e.g., production, HR, procurement).
- Assign ownership to departments and define review frequencies.

## **Legal Risk Assessment, Compliance Monitoring & Updates**

### **5.1 Legal Risk Assessment**

- Identify high-risk areas based on severity, likelihood, and regulatory trends.
- Use a risk matrix to prioritize actions.

### **5.2 Compliance Monitoring**

- Develop internal audits, inspections, and control checklists.
- Track compliance status in the register.

### **5.3 Updating the Register**

- Schedule regular updates (quarterly or biannually).
- Monitor legal amendments, court rulings, and new regulations.

## **Best Practices & Digital Tools**

### **6.1 Best Practices**

- Keep the register concise but comprehensive.
- Train teams on compliance ownership.
- Integrate with sustainability reporting frameworks (e.g., GRI, CDP).

### **6.2 Digital Tools**

- Compliance management software.
- Legal update subscriptions.
- Dashboards and alerts for due dates.

### **6.3 ESG Reporting**

- Use the register to disclose compliance metrics.
- Align with sustainability targets and stakeholder communication.

## **Strengthen Your ESG Compliance & Sustainability Strategy with Ecoverix Solutions Pvt Ltd**

Are you planning to implement ESG Compliance Management or achieve ESG-related ISO Certifications?

Ecoverix Solutions Pvt Ltd offers **end-to-end support** to help your organization navigate the complex ESG landscape with confidence.

✓ **ESG Legal Framework & Legal Register** – Build a strong foundation by identifying and tracking applicable laws, regulations, and standards relevant to your industry.

✓ **ESG Compliance Management** – Develop and implement robust systems to ensure ongoing compliance, reduce risk, and drive accountability across your organization.

✓ **Emerging Trends & Best Practices** – Stay ahead by adopting the latest global ESG trends and proven industry practices tailored to your business needs.

✓ **Guidance on ESG-related ISO Certifications** – Align your ESG strategy with recognized international standards such as ISO 14001, ISO 50001, ISO 45001, ISO 26000, SA8000, Sedex SMETA 4-Pillar, and more.

Our experienced team helps you move beyond compliance, turning ESG into a source of operational excellence, stakeholder trust, and long-term value creation.

 **For expert consultation, contact us today:**

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Together, let's build a sustainable and responsible future for your organization.