

THE SOCIAL AUDITOR

YOUR INSIGHT JOURNAL



February 2024



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

Social Stock Exchange

SEBI vide its notification dated 25th July, 2022 has made amendments in the SEBI (ICDR) Regulations, 2018, and SEBI (LODR) Regulations, 2015. Copies of these amendments are being circulated with this communique. These amendments have been made to provide Social Enterprises with additional avenues to raise funds through the Social Stock Exchange (SSE), which is a novel concept in India. It provides eligibility of organizations to raise funds through Social Stock Exchange, eligibility of entities to be classified as “Not for Profit Organization”, eligibility of entities to be classified as “For Profit” Social Enterprises, means through which Social Enterprises can raise funds, and obligations of Social Enterprises.

Furthermore, to strengthen the governance framework in these entities, & provide better confidence to such investors, SEBI has introduced the concept of Annual Impact Report by a Social Auditor. The purpose of this Social Audit is to ascertain the impact made by the Social Enterprise through its activities, intervention, programs or projects implemented during the reporting period. The annual impact report shall be audited by a Social Auditor.

ICMAI Social Auditors Organisation (ICMAI SAO)

To enroll & regulate the Social Auditors and also to prescribe the Social Audit Standards, the Institute of Cost Accountants of India, in compliance with SEBI Regulations, has incorporated a section 8 company titled ICMAI Social Auditors Organization. The ICMAI SAO will enroll eligible CMAs & others as Social Auditors and focus on their capacity building through continuous professional advancement with emphasis on adherence to the highest ethical standards and compliance with the Social Stock Exchange requirements.



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

THE SOCIAL AUDITOR



YOUR INSIGHT JOURNAL

February 2024



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

GOVERNING BOARD

CHAIRMAN

CMA Ashwin G Dalwadi

NOMINEE DIRECTORS

CMA Bibhuti Bhushan Nayak

CMA Neeraj Dhananjay Joshi

CMA Rajendra Singh Bhati

CMA T C A Srinivasa Prasad

CMA K Ch A V S N Murthy

CMA Avijit Goswami

CMA A S Durga Prasad

CMA R K Gupta

Shri Harsh Jaitli

CHIEF EXECUTIVE OFFICER

CMA S K Gupta

EDITOR & PUBLISHER

CMA S K Gupta

Mr. Nitin Singh Gusain

FEBRUARY 2024

IN THIS ISSUE...

MESSAGE

FROM THE CHAIRMAN'S DESK	1
FROM THE CEO'S DESK	2

PROFESSIONAL DEVELOPMENT PROGRAMS	3-4
--	------------

ARTICLES

• Green Supply Chain - From awareness to action	6-12
• Growing Footprints of Carbon Credit Trading in India	13-14
• Sustainable Finance	15-16
• Blended Finance - Catalyst for Green Economy	17-18
• CSR: A Journey from Philanthropy to Sustainability	19-20
• Understanding CARBON ACCOUNTING	21-22

OTHER READINGS

• Draft Disclosure Framework Climate related Financial Risks	24-35
• Climate Finance Terminologies	36-45
• CCPA - Draft greenwashing prevention guidelines	46-53

SNAPSHOTS

PROCEDURE FOR REGISTRATION OF A MEMBER WITH ICMAI SAO	57-60
--	--------------

DETAILS REGARDING SOCIAL AUDITORS EXAMINATION CONDUCTED BY NISM

Social Auditors Certification Examination	62
Frequently Asked Questions (Social Auditors)	63-65

MULTIPLE CHOICE QUESTIONS

66-68

FROM THE CHAIRMAN'S DESK

CMA Ashwinkumar G. Dalwadi
Chairman
ICMAI Social Auditors Organisation

The Sustainable Development Goals (SDGs) – a set of intuitive targets to transform the world – act as a blueprint for creating a more peaceful, prosperous and sustainable world for all. Fulfilling this agenda by 2030 requires the support of and coordination between different stakeholders, steered by governments at the central, state and local levels. With one-sixth of humanity and the scale of its ambition, India is driving global progress on the SDGs.

The social sector is an important sector in India and includes several important components such as education, health and medical care, drinking water and sanitation, social security, environment, food and nutrition security, women and child development, livelihoods and skill development, etc. that play a vital role in human development. Over the years, the social sector in India has shown notable success with vast number of developmental interventions by different stakeholders, especially the Central Ministries and State Governments. These have displayed innovative approaches, effective strategies, long-lasting impact, and sustainability in reaching out to the most marginalized sections of the population.

Organizations need to think about the right organizational vehicle for the impact they seek, and choose their position on the “impact spectrum” accordingly. It is not appropriate to take a blind ideological position of either a market approach or a charity being unambiguously better. The choice of model should be dependent what works best for the stage at which the organization is at as well as the nature of the impact and the target beneficiaries. While being closer to the business end of the impact spectrum can often enable an organization to do more with a certain pool of resources, the feasibility of this depends on the problem you are trying to solve. Sometimes market failures are unsurmountable, and a social enterprise or even a pure charity approach indeed best.

FROM THE CEO'S DESK

CMA (Dr.) S K Gupta
Chief Executive Officer
ICMAI Social Auditors Organisation

The social sector is incredibly important in today's world as it helps to build a more equitable and socially just society. It provides support to vulnerable communities, creates positive change in the form of new policies and programs, and works to create a better quality of life for all. The social sector plays a crucial role in providing resources and services to those in need. Organizations such as charities, non-profits, and social enterprises are essential in providing access to basic needs such as food, shelter, and clothing. They also help to create a more equitable society by providing access to education and healthcare, as well as advocating for social change through campaigns and public policy initiatives. The social sector also works to create a more inclusive society by providing support for marginalized groups, promoting diversity and inclusion, and creating safe spaces for those who have been discriminated against. This is especially important in today's world where racism, sexism, and other forms of discrimination still exist.

India, as a nation, has always been progressive, in constant pursuit of achieving a better tomorrow for all its citizens. The social sector, driven by non-governmental organisations (NGOs) and civil society organisations (CSOs), has been playing a vital role in this transformative journey by serving as a catalyst for inclusive development in all communities. NGOs operate across various sectors, including agriculture, gender, education, healthcare, and climate change, among others, and contribute to the overall well-being of the nation. India, with its vast population, varied cultures, and complex socio-economic landscape, greatly relies on NGOs to bridge gaps, uplift marginalised communities, and foster holistic development. As the Indian philanthropic sector is witnessing a significant transformation, NGOs in India need to manage their own well-being so they can improve their human resources, finances, communications, and information technology operations to ensure their own sustainability.



PROFESSIONAL DEVELOPMENT PROGRAMS



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

PROFESSIONAL DEVELOPMENT PROGRAMS

FEBRUARY 2024

Date & Time	Name of Program
07th February 2024 [Wednesday] From 04.00 pm to 05.30 pm	The Five Ws of Sustainable Financing
10th February 2024 [Saturday] From 02.30 pm to 03.30 pm	ESG Mutual Funds
11th February 2024 [Sunday] From 04.00 pm to 05.30 pm	Green Supply Chain
17th February 2024 [Saturday] From 04.00 pm to 05.30 pm	Accounting for Carbon Credits
18th February 2024 [Sunday] From 04.00 pm to 05.30 pm	Leveraging CSR for Enhancing Pro ESG Actions
20th February 2024 [Tuesday] From 04.00 pm to 05.30 pm	ESG controversies and Greenwashing behavior of firms
22nd February 2024 [Thursday] From 04.00 pm to 05.30 pm	Carbon Footprint Carbon Credits and Climate Change
24th February 2024 [Saturday] From 04.00 pm to 05.30 pm	Critical Requirements for BRSR Disclosures - points to consider for preparing BRSR Disclosures

UPCOMING PROGRAM

Date & Time	Name of Program
02nd-03rd March 2024 [Saturday - Sunday] From 10.00 am to 05.00 pm	16th Online Batch Preparatory Course for Social Auditors Examination



Articles

Green Supply Chain - From awareness to action

Dr. S K Gupta

Chief Executive Officer - ICAI Social Auditors Organisation

The Perspective

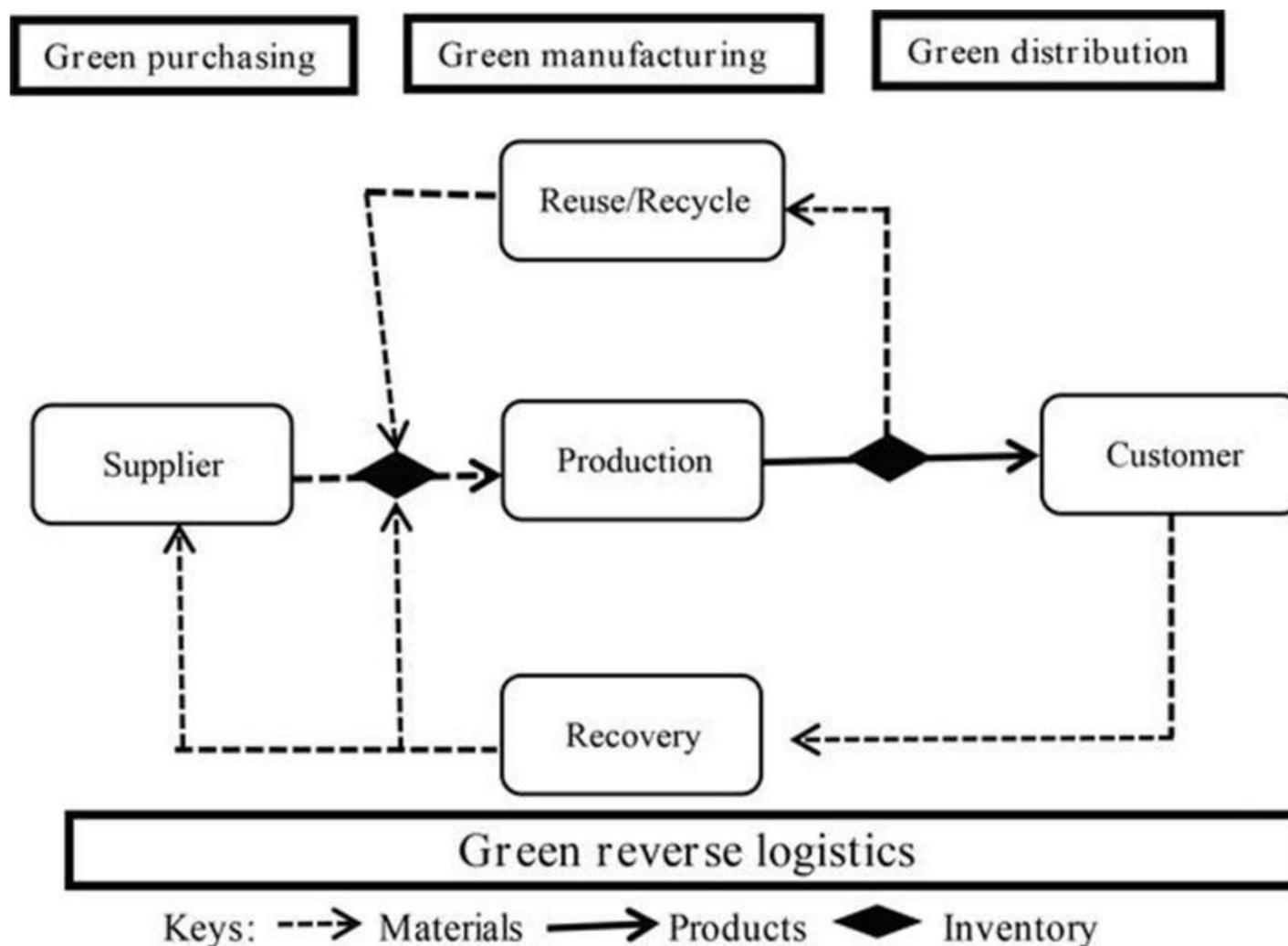
Since last couple of decades, growing impacts of global warming, climate change, waste and air pollution issues have involved increasing world-wide attention of experts worldwide. Today, one of the top priorities of an organization's modern corporate strategy is to portray itself as socially responsible and environmentally sustainable. As a focal point of sustainability initiatives, green supply chain management has emerged as a key strategy that can provide competitive advantages with significant parallel gains for company profitability. In designing a green supply chain, the intent is the adoption of comprehensive and cross-business sustainability principles, from the product conception stage to the end-of-life stage. In this context, green initiatives relate to tangible and intangible corporate benefits. Sustainability reports from numerous companies reveal that greening their supply chains has helped reduce operating cost, thus boosting effectiveness and efficiency while increasing sustainability of the business.

Green Supply Chain

Green supply chain management can be defined as Integrating environmental thinking into supply chain management, including ecological design of products, purchasing green materials and components, reengineering of manufacturing steps towards eco-friendly, reverse logistics management of the product after its useful life. The Global Supply Chain Forum defines SCM as "the integration of key business processes from end users through original suppliers that provide products, services, and information that add value for customers and other stakeholders". Green supply chain makes the applications of the key sustainable development strategy outstand. It emphasizes how green practices can be adopted in firms to mitigate the environmental degradations and increase the economic and operational performance of firms.



Integrating environmental thinking into supply chain management, including ecological design of products, purchasing green materials and components, reengineering of manufacturing steps towards eco-friendly, reverse logistics management of the product after its useful life. Building a green supply chain involves making trade-offs between minimizing your supply chain environmental impact and other business objectives including agility, efficiency, profitability, and customer service. Green supply chain management is achievable by organizations of any size and in any industry.



Green supply chain management is an extension of supply chain management. It refers to assimilating environment thinking into supply chain management, comprising product design, sourcing and selection of material, process of manufacturing the product, delivery of the same, and management of the product after its usage. Green supply chain management not only improves operations but also agility, adaptability and promotes alignment. This process is eco-friendly and becomes a part of the corporate social responsibility.

Many in the supply chain world assume that fast, low-cost supply chain options are incompatible with a green supply chain. This, however, may not be the case. That's because green initiatives can often be cost savers. For example:

- Reduction in shipping typically means less fossil fuel is burned.
- By consolidating and optimizing material and packaging usage, fewer packing products are consumed.
- When hazardous materials are taken out of the supply chain, lower costs are associated with handling and disposing of the materials.
- When waste is minimized, so too are the costs associated with purchasing and disposal.

With the help of Green Supply Chain practices operational efficiencies can be improved. Following are some of the benefits that can be realized out of this initiative which is termed as CI benefits:-

- **(CI) Continuous Innovations** – It helps to alleviate risk and gives momentum to innovations.
- **(CI) Continuous Improvements** – Analysing GSCM activities generally leads to innovative processes and regular improvements
- **(CI) Continuous Interactions** – It involves negotiating policies with all the stakeholders like suppliers and customers, resulting into better alignment of business processes and principles.

THERE ARE A FEW TERMINOLOGIES YOU MUST
KEEP A FEW THINGS IN MIND REGARDING GREEN
SUPPLY CHAIN MANAGEMENT



- **Green Supply Chain Management:** The greening of supply chain processes to reduce negative environmental impacts
- **Green washing :** The act of making false or misleading claims about the environmental benefits of a product or service
- **Sustainable supply chain management :** A holistic approach to SCM that takes into account social, economic, and environmental concerns.
- **Life Cycle Assessment :** A tool to evaluate the environmental impacts of a product or service over its entire life cycle
- **Carbon footprint :** A measurement of carbon dioxide (CO₂) and other greenhouse gases emitted by an individual, organisation, event, or product.

Green practices in supply chain management

Some well-known green practices adopted by companies worldwide are as follows;

Green material sourcing

Green sourcing means sourcing or purchasing materials and components which have eco-friendly characteristics as reusability, recyclability and nonuse of hazardous/dangerous chemicals. With more and more concerns on environmental protection, procurement professionals have been motivated to reconsider their existing sourcing, purchasing strategy and their impact on environmental sustainability.

Green marketing

Green marketing encompasses a broad range of marketing activities (e.g., planning, production,, process, price, promotion and after-sale service) designed to focus on the goal of organization to mitigate the harmful effects of their products. Green marketing practice promotes the products with environmental friendly properties. It contains the activities that can satisfy human desires of minimum negative effects on the environment.

Green distribution and warehousing

Green distribution and warehousing can reduce the waste and play an important role in energy reduction besides significantly improving overall performance of organization with better corporate image

Green manufacturing

Green manufacturing practices involve socially and environmentally accountable practices to mitigate harmful effects of manufacturing. Green practices reduce waste and improve the efficiency of manufacturing processes

Ecological design

Research has highlighted that 80% impacts on environment from product and related processes could be controlled with the adoption of ecological design in supply chain management. Ecological design incorporates many ideas like using cleaner technology processes, green raw material and components. Green design of products also supports reusing, recycling and remanufacturing of products, which not only helps firms to improve their environmental performance but also provide opportunity to reduce their costs

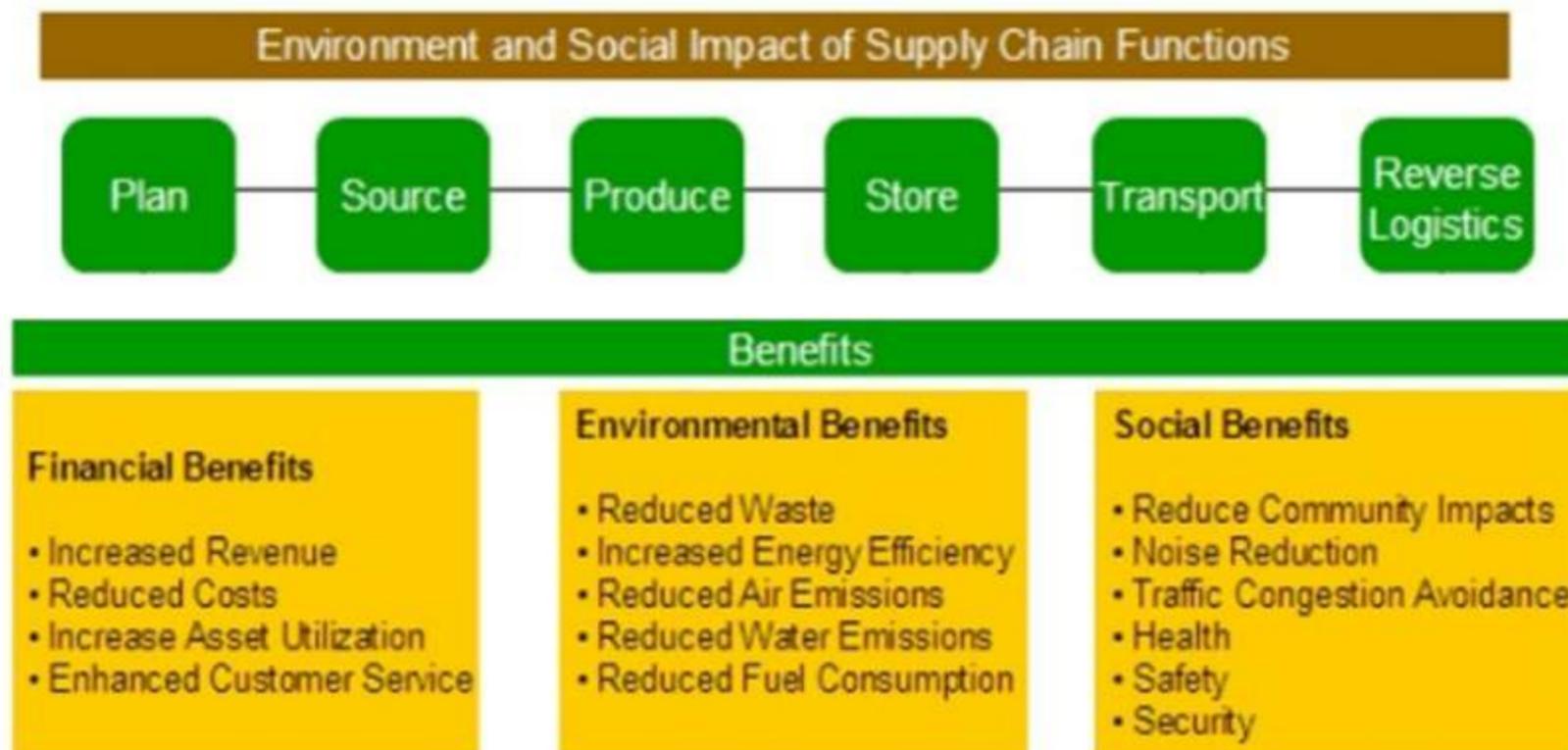
Green transportation and reverse logistics

Green transportation and reverser logistics practices provide opportunity to organizations to reduce their costs. Logistics overheads can be reduced through promoting efficiency of transportation system. The logistics activities integrated with rehabilitation comprise the practice of reverse logistics (reusing, recycling, and remanufacturing), which can produce the products that can be used again for customers.

Renewable energy and biofuels

Global logistics and supply chain operations mainly depend on energy as well as fossil fuel, which are the main cause of climate change, global warming and pollution with greater carbon and greenhouse gas emissions. Use of renewable energy and biofuels reduces carbon emissions and facilitate sustainable environmental and economic growth

BENEFITS OF GREEN SUPPLY CHAIN MANAGEMENT



Green Supply Chain Principles

- **Reduce environmental impact of all products, processes and materials.**
 - Reduce environmental impact over the full life cycle of all products, processes, and materials by measuring, setting reduction goals and monitoring progress.
 - Develop products and processes that are less harmful to the environment.
- **Minimize adverse environmental impact on air, land, and water.**
 - Reduce greenhouse gas emissions in production, logistics and other processes, by establishing a baseline, setting reduction goals and monitoring progress.
 - Minimize and properly manage waste.
 - Minimize water consumption and water-related risks.
- **Minimize the consumption of natural resources, raw materials, and fossil fuel inputs.**
 - Promote recycling and evaluate the potential to use recycled or used materials when they are available.
 - Design and deliver to all customers, the most sustainable packaging by assessing its quality and cost over the full life cycle.

Greening the Supply Chain

Here's what you can do to adopt a 'Green Supply Chain Strategy.'

Commitment :

- Gain executive commitment and sponsorship to visibly support program goals, strategies, and execution plans.
- Identify an accountable program champion.
- Define metrics and benchmark environmental impact in areas like waste generation, energy consumption, emissions, etc.
- Set targets and devise policies that offer guidance on how to achieve targets at every level of the enterprise and across the product life cycle.
- Ensure policy compliance goal/target achievement across the extended enterprise leveraging executive support.
- Develop a green corporate culture by offering training and workshops to employees and stake holders, as well as incentives and recognition.
- Consider acquiring green certifications and performing green audits.

Supply Chain Visibility and Monitoring :

- Map your supply chain end-to-end to gain visibility to your multi-tier supplier network and sub-tier suppliers.
- Consider using a third-party supplier on boarding/network mapping service to reduce the cost of implementation and ongoing updates.
- Monitor supply network for environment-related news such as chemical spills and environmental compliance breaches

Green Procurement:

- Procure materials/parts from suppliers who adhere to green principals and processes (e.g. lean manufacturing) and have a strong green policy and standards.
- Deal with suppliers who acquire ISP14000, OHSAS18000, RoHS directives and behest stringent norms to control hazardous substances.
- Ensure that the material being purchased is non-toxic and recyclable.
- Perform quality checks at material inflow points.
- Implement inventory control strategies selectively to reduce stock and eliminate warehousing costs.

Green Manufacturing:

- Incorporate manufacturing processes that curb or control pollution/wastage.
- Design and redesign products to minimize production complexity, reduce energy consumption, and increase the product life span.
- Use non-toxic, lead-free materials for manufacturing.
- Incorporate lean manufacturing to:
 1. Reduce defects and rework
 2. Control machine and process breakdowns
 3. Control inventory
 4. Reduce manufacturing space required

Green packaging:

- Downsize packaging to reduce material consumption.
- Use recyclable, reusable, non-toxic, and bio-degradable packaging material.
- Design warehouses to reduce energy consumption.

Green logistics:

- Hire vehicles designed to control for carbon emissions.
- Plan the transportation route to reduce mileage.
- Plan reverse logistics to collect used products and packaging from customers to recycle/reuse

The latest green supply chain practices

The following supply chain trends and practices are helping organizations achieve greener operations and promote a more sustainable future for our planet:

- **Minimizing air freight** : Shipping by air is extraordinarily efficient in terms of transporting goods quickly. Unfortunately, it's far from energy efficient. More organizations are seeing the value of using air freight to meet only immediate demand, while relying on ocean freight and rail transport to meet planned ongoing needs. Developing the right freight and transportation mix helps ensure you're equipped to meet customer demand while minimizing your environmental impact.
- **Investing in transportation infrastructure** : Improvements to ports, railways, and roads, especially in emerging markets like Southeast Asia, are enabling more efficient transportation. That, in turn, has led to fewer carbon emissions. The next step? Building more charging stations for heavy electric trucks. The West Coast Electric Highway, a network of electric vehicle fast-charging stations that crosses California, Oregon, and Washington, is a good start in North America. But experts say that this infrastructure needs to develop at a faster pace throughout the world to keep up with demand for green trucks.
- **3D printing** : Every day, 3D printing gains new applications across a range of industries—from aerospace to medical device manufacturing. What's more, 3D printing is more energy efficient and cost efficient than other equipment and processes used in the manufacturing industry. Why? For one, 3D printers are precise and lead to almost no material waste. For two, they enable manufacturers to create products on demand, reducing the chance of overproduction. By minimizing energy use and waste, 3D printers help lower carbon emissions. It's even possible to turn recycled materials into new products using a 3D printer.
- **Circular supply chains** : Circular supply chains focus on recovering and recycling waste materials to turn them into saleable products. This approach can take many forms—from refurbishing old products for resale, as Apple does with its iPhones, to reprocessing old components to make brand-new products. Needless to say, adopting the circular economy model reduces waste and helps keep valuable materials out of landfills. And it can also be quite profitable for companies.

- **Carbon emissions trading** : Carbon trading is the process of exchanging carbon credits among nations to minimize CO2 emissions. Each country has a cap on the amount of CO2 it can release. Nations with higher carbon emissions can then buy carbon credits from countries with lower carbon emissions, gaining the right to release more CO2 into the atmosphere. Individual companies can also engage in trading. The idea behind this system is that using fossil fuels comes with many hidden costs—from environmental degradation to health care needs resulting from poor air quality. Putting a price tag on the right to emit carbon gives nations and corporations a financial incentive to reduce their emissions. In fact, emissions trading systems around the world are growing in number.

Conclusion

In the world, as the environmental awareness is increasing, firms are facing huge pressure from different stakeholders including government and customers to mitigate their harmful effect on the environment. Indeed, corporate sector needs to consider integrating their business practices in service and manufacturing industry with sustainability and reducing end-to-end supply chain costs and associated undesirable outcomes to achieve competitive advantage. The main barriers to implementing GSCM can be identified as technology, knowledge, finances, outsourcing and management. Designing and to implementing a nature-friendly supply chain will help, in the long term, the planet, consumers and companies. Green supply chain can reduce the environmental pollution and production costs and it also can spur economic growth, create competitive advantage in terms of greater customer satisfaction, positive image and reputation and provide better opportunity to export products in pro-environmental countries.

References

- A. Paulraj Understanding the relationships between internal resources and capabilities, sustainable supply management and organizational sustainability *Journal of Supply Chain Management*, 47 (1) (2011), pp. 19-37
- C.R. Carter, D.S. Rogers A framework of sustainable supply chain management: moving toward new theory *International Journal of Physical Distribution and Logistics Management*, 39 (5) (2008), pp. 360-387
- J. Sarkis A strategic decision making framework for green supply chain management *Journal of Cleaner Production*, 11 (4) (2003), pp. 397-409
- K.W. Green Jr., P.J. Zelbst, J. Meacham, V.S. Bhadauria Green supply chain management practices: impact on performance *Supply Chain Management: An International Journal*, 17 (3) (2012), pp. 290-305
- <https://www.intechopen.com/chapters/63678>
- <https://hbr.org/2020/03/a-more-sustainable-supply-chain>
- <https://www.edureka.co/blog/green-supply-chain-management>
- <https://www.gocomet.com/blog/green-supply-chain-management-and-its-importance>
- <https://www.trademo.com/blog/what-is-green-supply-chain-and-its-benefits>
- <https://porteeconomicsmanagement.org/pemp/contents/part2/green-supply-chain-management-ports/>
- <https://stockarea.io/blogs/what-is-green-supply-chain-management>
- <https://www.softeq.com/blog/green-supply-chain-management-use-cases-and-benefits>
- <https://www.sciencedirect.com/science/article/pii/S2212827114008488>

Growing Footprints of Carbon Credit Trading in India

Mr. Hargovind Sachdev

Independent Director , Ex GM, State Bank of India

“The first thing we can do as individuals and as communities, as a school, university or temple, is cut our energy use to protect Mother India.”

As a leadership step during the G-20 Presidency, India’s parliament authorised the establishment of a domestic carbon credit trading scheme six months ago. The bill permitted public entities to generate carbon credits to reduce emissions.

The progress has been slow but steady during the period. As per the law, Carbon credits in India are now tradable permits or certificates providing the right to emit a specific amount of greenhouse gases (GHGs), primarily carbon dioxide (CO₂), into the atmosphere. The carbon credit certificates are now traded between companies, governed through a compliance market. Consistent with India’s climate goals, carbon credits are banned for export.

Carbon dioxide is the primary GHG created by burning fossil fuels—coal, oil and gas. Scientists at the U.N. Intergovernmental Panel on Climate Change (IPCC) state that increased levels of greenhouse gases (GHG) in the atmosphere are warming the planet. The emissions make extreme weather changes. Reducing carbon dioxide is paramount to reducing further damage to our climate.

Carbon credits are standard statutory permits that allow the owner to emit carbon dioxide. Each carbon credit certificate permits the right to emit greenhouse gases equivalent to one ton of carbon dioxide, equal to a 2,400-mile drive. Companies that pollute can buy credits to continue to pollute up to a specific limit. The limit is reduced periodically. Carbon credits act as market-based tools to create financial incentives to cut carbon footprints and invest in cleaner, more sustainable practices. Private companies either pay the fine or buy carbon credits from companies with surplus credits.

Carbon credits have different prices depending on the location and markets. The average cost for carbon credits is \$4.33 per ton. The price went up to \$5.60 per ton before settling at an average of \$4.73. In the Indian market, the price is around Rs.500 per Credit.

The carbon credit system leads to measurable, verifiable emission reductions from certified climate action projects that reduce, remove, and avoid greenhouse gas emissions. Under this system, known as the compliance carbon market, companies cap the total greenhouse gas emissions they can emit within a certain period.

McKinsey predicts that the demand for annual carbon credits will increase to 2.0 gigatons of carbon dioxide (GtCO₂) by 2030 and 13 GtCO₂ by 2050. In monetary terms, it can go between \$30 billion and \$50 billion in market value in 2030.

Various emission-removing projects like reforestation, renewable energy installations, carbon capture cum storage, and carbon farming practices also generate Carbon credits. Entities seeking to offset their emissions can purchase the credits generated by those projects. The dedicated projects that demand voluntary carbon credits are growing exponentially.

Carbon credits are also created through the agricultural or forestry sector by planting and protecting standing trees. Acquiring carbon credits for trees translates to engaging in projects that promote afforestation, reforestation, or sustainable forest management practices. These projects seek to enhance forests' carbon sequestration potential by capturing and storing CO₂ in biomass.

In general, carbon credit projects come up in four phases:

- 1. Project Development :** Initiate a project that lowers emissions or enhances carbon sequestration, whether carbon farming or renewable energy installation. Then, define project activities, location, baseline emissions, expected reductions and other environmental impacts.
- 2. Verification and Validation :** Work with recognised carbon standard organisations and independent auditors to verify and validate the project's environmental benefits. Then, it calculates emission reductions and increased carbon sequestration using reliable methodologies.
- 3. Carbon Credit Issuance :** Carbon credits are issued based on the project's carbon reductions after verification.
- 4. Registry and Trading :** After the Credits are issued, they are registered in registries to make them available for trading. Interested buyers can buy the credits from the registries to offset their emissions.

Besides trading in carbon exchange marketplaces, corporations deal with buyers through negotiated transactions. The interaction gives additional flexibility in setting prices and agreements. Corporates also partner with carbon offset service providers and offer credits via their platforms, addressing a wider audience.

In the growing Indian economy, carbon credits are a game-changer against emissions. Generating and trading these credits helps reduce carbon footprints. The government initiative to establish a functional trading market enables entrepreneurs to make meaningful profits from carbon credit sales while striding towards a greener future. Incentivising polluting entities to invest in sustainable practices and carbon trading makes the Indian environment safer. We must strive hard to produce net zero carbon for a clean ambience.

Rightly said, “ When the carbon contents begin to swell, the atmosphere is compelled to rebel.”

Sustainable Finance

Mr. Vikas Gupta

Corporate and Investment Banker

Last year's UN Climate Change Conference, the COP 28 in Dubai, was one of the biggest conferences on climate change, ESG and Sustainability so far. There were more than 150 Heads of State and Government, representatives of national delegations, businesses, and international organizations who attended this conference. The COP, amongst other resolutions, established new funding arrangements for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, in responding to loss and damage.

One of the key areas brought out so far in the multiple COPs, and understandably so, is the promotion of Green Financing or Sustainable Finance. Sustainable financing refers to financial products and services that support environment friendly and socially responsible initiatives. This includes green bonds, sustainability-linked loans, and impact investments both in debt and equity, addressing sustainable financing, has surged as investors recognize the urgency of addressing climate change, biodiversity loss, and social inequalities. The sovereign governments and corporates are vehemently turning to sustainable financing to fund renewable energy projects, climate adaptation measures, gender diversity & inclusion and social welfare programs.

Several factors are driving the growth of sustainable green financing. Regulatory initiatives, such as the Paris Agreement and the Sustainable Development Goals (SDGs), have created frameworks and incentives for businesses to adopt sustainable practices. Consumer preferences are also shifting towards eco-friendly products and services, prompting companies to align their operations with sustainability goals. Moreover, investors are increasingly integrating ESG considerations into their decision-making processes, leading to greater demand for sustainable investment options which is driving the shift to sustainable businesses on a large scale.

In addition to the government and companies, there is increased interest from banks, NBFCs, venture capitalists and PE funds in green finance opportunities. Green finance is gaining momentum in the Indian economy as a crucial tool for transitioning toward net zero emissions. The integration of environmental considerations into financial decision-making is crucial for sustainable development. Moreover, initiatives like green bonds, carbon pricing, and sustainable investment strategies are driving the shift toward a greener economy in India.

As one of the world's largest emitters of greenhouse gases, India requires a budget of over USD10 Trillion to accomplish its net zero emissions target by 2070. Several measures are underway in the public and the private sector, leading to increased investment and financing opportunities. One of them being green finance— a sustainable or responsible finance that effectively finances projects with environmental benefits, such as reducing greenhouse gas emissions, improving energy efficiency, or enhancing the circular economy. As sustainability moves towards becoming a national policy, and a sector-wide agenda, there is growing awareness of the crucial role of green finance in India's transition to a net zero economy. It's anticipated that regulations around sustainability compliance and incentivization shall percolate to MSEs and SMBs over a period of time - as of now, BRSR and GRI reporting is mandatory only for the listed companies.

The concept of green finance has begun to evolve in India. For instance, some of the banks have now started offering green loans with favorable terms for businesses that invest in sustainable projects. Institutional and other investors buy debt securities such as green bonds that finance environmentally friendly projects. Venture capital firms and private equity investors actively fund ventures and early-stage companies that focus on sustainability and reducing environmental and social impact. These are, however, primitive days, and various organizations as well as policymakers are at different stages

of the sustainability journey. But the realization across the board is that the strategies to transition to ‘net zero’ will require significant investment. With companies in India exploring various financing options to support the development of capital-intensive technologies such as hydrogen or carbon capture, green finance is gathering speed.

India requires approximately USD 2.5 Billion of annual Foreign Direct Investment (FDI) in renewable energy alone, as per the Ministry of New and Renewable Energy’s report on financial constraints in the sector. To address this, the government has authorized 100% annual FDI for renewable power generation and distribution projects. Private sector companies are investing in green projects as they see the potential for long-term returns and positive environmental impact. The market for Green Social, Sustainability and Sustainability-linked (GSSS) bonds, which includes green, yellow (solar) and blue (marine) bonds, is gradually expanding. According to a report by Fitch Ratings, GSSS-linked debt bonds accounted for USD20 Billion in the Indian debt market as of January 2023.

As reporting norms such as the BRSR and GRI take shape in India, bond-issuing companies will likely witness higher credit ratings, expanding the market for such debt instruments. According to a World Bank report, keeping spaces cool using alternative and innovative energy-efficient technologies can open an investment opportunity of USD1.6 trillion by 2040. Besides government agencies and domestic companies, international organizations such as Asian Development Bank and World Bank have also increased their funding for green projects in India to reduce the gap in commercial investments in renewable energy and boost the confidence of various stakeholders.

Given the government’s push for sustainable development and the increasing need among businesses and investors to develop strong sustainability credentials, the Reserve Bank of India has introduced guidelines for banks and non-bank financial companies (NBFCs) to accept “green deposits”. The purpose is to ensure funds are utilized for energy efficiency, clean transportation, climate change adaptation, sustainable water and waste management, green buildings, and terrestrial and aquatic biodiversity conservation. As the demand for green finance grows, India is expected to see more innovative financing solutions and investment opportunities in the green sector.

Recently SEBI has also introduced an ESG category of mutual funds. Asset management companies in India can now launch more than one ESG fund, and as reporting on such parameters improves, the increased rigor and transparency will boost investor confidence. While anticipating government action on green financing, including tax breaks for low-carbon technologies, policy pushes for green financing instruments etc., it is equally important for private sector organizations to adopt internal carbon pricing and promote investment in green technologies and solutions.

These are early days and as processes mature, green finance and other modes of investments will gain standardized definitions and measurement frameworks. Visibility in performance and impact assessment will improve the comparison and selection of funds and companies. The intersection of the use of technology in tracking emissions, tighter reporting requirements, and better governance will help to fine-tune as well as to improve transparency in companies’ green credentials, which will, in turn, strengthen investor confidence and quell fears of greenwashing.

While green finance may not be the only solution for addressing environmental and social challenges, it is critical to promote sustainable and responsible investment practices and to encourage companies to help augment the Government’s larger agenda of a shift towards a Net Zero Economy by 2070. For that to happen, every individual and every stratum of society will have to play their part in unison.

Blended Finance

Catalyst for Green Economy

Ms. Priya Gupta

(Founder Sarvpriye Foundation)

In the quest for sustainable development, the importance of green financing cannot be overstated. As the world grapples with environmental challenges like climate change, resource depletion, and pollution, innovative solutions are needed to drive the transition towards a greener economy. Blended finance emerges as a powerful tool in this endeavour, offering a unique approach to mobilize capital and promote environmentally friendly projects.

The urgency of addressing environmental issues is evident in the alarming pace. According to the World Bank, global greenhouse gas emissions continue to rise, reaching record levels year after year. Meanwhile, the Intergovernmental Panel on Climate Change (IPCC) warns of catastrophic consequences if immediate action is not taken to curb emissions and limit global warming. In this context, financing plays a crucial role. Transitioning to a green economy requires substantial investment in renewable energy, sustainable infrastructure, clean transportation, and nature-based solutions. However, traditional financing mechanisms often fall short in providing the necessary capital for such projects, leading to a financing gap.

Blended Finance: Bridging the Gap

Blended finance offers a promising solution to bridge this gap by combining public, private, and philanthropic capital to fund sustainable initiatives. By blending different types of capital, such as concessional finance, commercial loans, equity investments, and grants, blended finance structures can attract additional investment while mitigating risks for private investors.

One notable example of blended finance in action is the Green Climate Fund (GCF). Established under the United Nations Framework Convention on Climate Change (UNFCCC), the GCF mobilizes resources from both public and private sources to support climate mitigation and adaptation projects in developing countries. Through its innovative financing mechanisms, the GCF has facilitated investments in renewable energy, energy efficiency, and climate-resilient infrastructure.

The success of blended finance depends on effective partnerships between governments, development finance institutions (DFIs), private investors, and civil society organizations. By leveraging the strengths and resources of each stakeholder, blended finance initiatives can maximize impact and drive sustainable development at scale.

Consider a smallholder farmer in Sub-Saharan Africa who struggles to adapt to changing weather patterns. With support from a blended finance initiative led by a DFI, the farmer gains access to affordable loans to invest in climate-smart agricultural practices and resilient crops. As a result, the farmer's yields improve, household income rises, and community resilience strengthens, demonstrating the transformative potential of blended finance in tackling climate change and poverty simultaneously.

Beyond addressing environmental challenges, green financing through blended finance unlocks new opportunities for economic growth, job creation, and poverty alleviation. According to the International Finance Corporation (IFC), investing in renewable energy alone could create millions of jobs globally and generate significant economic returns.

Moreover, as investors increasingly prioritize environmental, social, and governance (ESG) criteria, green finance presents attractive investment opportunities. Sustainable businesses and projects not only deliver positive environmental outcomes but also demonstrate resilience to climate-related risks, making them more attractive to investors in the long run.

Clearly, Green financing in the form of blended finance is a powerful tool for promoting a sustainable and inclusive green economy. By leveraging diverse sources of capital and fostering partnerships, blended finance initiatives can unlock resources, drive innovation, and accelerate the transition to a low-carbon, resilient future. As we confront the urgent challenges of climate change and environmental degradation, embracing the potential of blended finance is essential to create a more sustainable world for current and future generations.

CSR: A Journey from Philanthropy to Sustainability

Ms. Rupali Agarwal

Head CSR | Knorr Bremse India Pvt. Ltd.

CSR is not new to India, it has a long history from charity to philanthropy by big business houses like TATA, Birla, Godrej, Bajaj, etc. who were spending a substantial amount on charitable activities with the sole motive to ‘Give back to society’. However, after 2013, CSR became mandatory for certain Companies in India through the incorporation of Section 135 in the Companies Act. The step has been a breakthrough to take CSR from a mere voluntarism-based approach to an important agenda point in the Board meetings of the Corporates. The emphasis laid by the Act is mere on the spending from the profit earned by the corporate, the Act is silent on the ways and means by which the profit has been earned. Spending the profit to how the profit has been earned is a journey from CSR (as per the Companies Act) to the Sustainability.

In India, the Companies Act allows CSR to work for external stakeholders’ only i.e. community outside the business, with a philanthropy-based approach where the main intent is to leverage the strength of the Private sector to address the developmental challenges of the country. Though the strategy is appropriate in terms of accelerating the efforts of the Welfare State to bring positive change at the grass-root level. However, with this strategy the other aspects of the Corporate get neglected. Aspects like the negative implication of the business on the environment and society, marginalized stakeholders in the value chain, ethical governance of business, etc. In the present form, CSR is just about spending 2% of the business profit outside the business on any of the social causes. This approach has limited the scope of CSR and has diluted the social and ethical responsibility of the corporates. Furthermore, the increasing reporting requirements are posing extra pressure and a reason behind disinterest in CSR among Corporates.

However, CSR is still in the evolving phase. Though it’s been around 10 years since the Act came into existence, still all stakeholders including Government are under constant learning and making amendments in the Act accordingly. However, there are different dichotomies in understanding of the CSR like philanthropy versus strategic CSR; global framework versus Indian framework; shared values versus mitigating risk; internal versus external stakeholder; CSR versus Sustainability; ESG versus CSR and so on. The reason behind these differences is based on the different interpretation of CSR in India and other parts of the world. Globally CSR is defined by ISO26000 and is aligned with the Sustainability framework that talks about the triple bottom line.

In the present competitive world, the success of the business doesn’t depend solely on financial planning & management. However, the non-financial performance of the Company is gaining more importance. In the era of digital marketing and social media, stakeholders are becoming more aware and have started considering aspects like social accountability and ethical governance before investing their money in any brand. Thus, around the globe businesses have started recognizing the importance of non-financial parameters by incorporating them into business planning. It’s a huge paradigm shift or a radical transformation in the business approach. Corporate Social Responsibility (CSR) is one such tool contributing towards the positioning of the business.

Today, the world is facing huge social and environmental challenges which are a great threat to humanity. It requires everyone to be more aware, sensitive, and ready to contribute in their capacity to mitigate these challenges. Collective efforts are required to achieve the Sustainable Development Goals (SDGs) by 2030. Corporate social responsibility shall be seen holistically as ‘S’ of the ESG or a part of the triple bottom line that shall broaden the purview of social responsibility and cover every social component of the business positioned at the bottom of the pyramid whether it’s within the business or

outside the business. For instance, the labour working at minimum wages in the manufacturing unit, diversity & inclusion of everyone in the business, ensuring social compliance, use of natural resources, waste disposal, energy consumption etc. CSR should be in consideration with the materiality aspect of the business in terms of risks and opportunities, through identification, analysis, and developing mitigation strategies. It's important to ensure that how the business has earned the profit and how the social aspects are getting addressed.

Holistic approach towards CSR is crucial for the sustainability of the business and society at large. This requires greater awareness and sensitization among decision-makers to recognize the true spirit of CSR, to think beyond meeting compliance, and to see a higher purpose by aligning CSR with the business. Then only CSR would be able to transform business along with uplifting the society and to sustain business for future.

Understanding CARBON ACCOUNTING

Mr. Mohit Gaba

Social Impact Assessor, Peer Reviewer (ICAI), Cert. IND AS(ICAI),
Cert. BRSR(ICAI), Cert. FAFD(ICAI)

Carbon Accounting is governed by the generally accepted Green House Gases (GHG) accounting principles. GHGs comprises of six gases which are:

1. Carbon Dioxide (CO₂);
2. Methane (CH₄);
3. Nitrous Oxide (N₂O);
4. Hydrofluorocarbons (HFCs);
5. Perfluorocarbons (PFCs); and
6. Sulphur Hexafluoride (SF₆)

The generally accepted GHG accounting principles are intended to underpin and guide GHG accounting and reporting to ensure that the reported information represents a faithful, true, and fair account of a company's GHG emissions.

GHG accounting and reporting shall be based on the following principles:

1. Relevance

Ensure the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company. An important aspect of relevance is the selection of an appropriate inventory boundary that reflects the substance and economic reality of the company's business relationships, not merely its legal form. The choice of the inventory boundary is dependent on the characteristics of the company, the intended purpose of information, and the needs of the users. When choosing the inventory boundary, a number of factors should be considered such as Organizational structures, operational boundaries, business context.

2. Completeness

Account for and report on all GHG emission sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusions. All relevant emissions sources within the chosen inventory boundary need to be accounted for so that a comprehensive and meaningful inventory is compiled.

3. Consistency

Use consistent methodologies to allow for meaningful comparisons of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series. Users of GHG information will want to track and compare GHG emissions information over time in order to identify trends and to assess the performance of the reporting company. The consistent application of accounting approaches, inventory boundary, and calculation methodologies is essential to producing comparable GHG emissions data over time. The GHG information for all operations within an organization's inventory boundary needs to be compiled in a manner that ensures that the aggregate information is internally consistent and comparable over time.

4. Transparency

Transparency relates to the degree to which information on the processes, procedures, assumptions, and limitations of the GHG

inventory are disclosed in a clear, factual, neutral, and understandable manner based on clear documentation and archives (i.e., an audit trail). Information needs to be recorded, compiled, and analyzed in a way that enables internal reviewers and external verifiers to attest to its credibility. Address all relevant issues in a factual and coherent manner, based on a clear audit trail. Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.

5. Accuracy

Data should be sufficiently precise to enable intended users to make decisions with reasonable assurance that the reported information is credible. GHG measurements, estimates, or calculations should be systemically neither over nor under the actual emissions value, as far as can be judged, and that uncertainties are reduced as far as practicable. Ensure that the quantification of GHG emissions is systematically neither over nor under actual emissions, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable assurance as to the integrity of the reported information.

Reference : The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard

OTHER READINGS



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

Draft Disclosure framework on Climate-related Financial Risks, 2024

RBI/2023-24/

DOR.SFG.REC. /30.01.021/2023-24

February 28, 2024

All Scheduled Commercial Banks (excluding Local Area Banks, Payments Banks and Regional Rural Banks)

All Tier-IV Primary (Urban) Co-operative Banks (UCBs)

All All-India Financial Institutions (viz. EXIM Bank, NABARD, NaBFID, NHB and SIDBI)

All Top and Upper Layer Non-Banking Financial Companies (NBFCs)

Madam/ Dear Sir,

Climate-related risks are one of the emerging risks and are expected to significantly impact the regulated entities (REs) as well as have implications on financial stability.

2. Given the increasing threat of climate change and the associated physical damage, changes in market perception and the transition towards more environment-friendly products and services, the impact of climate change on REs is inevitable. The REs also play an important role in financing the transition towards an environmentally sustainable economy. It is therefore imperative for the REs to implement a robust climate-related financial risk management policies and processes to effectively counter the impact of climate-related financial risks.

3. There is a need for a better, consistent and comparable disclosure framework for REs, as inadequate information about climate-related financial risks can lead to mispricing of assets and misallocation of capital by them. Accordingly, it has been decided to put in place a standard Disclosure framework for REs on Climate-related Financial Risks.

Yours faithfully,

(Sunil T. S. Nair)
Chief General Manager

Draft Disclosure framework on Climate-related Financial Risks, 2024

1. Introduction

One of the most significant risks that REs face today relates to climate change. The [Discussion Paper on Climate Risk and Sustainable Finance issued on July 27, 2022](#)¹ had delineated in detail the sources of climate risk as also potential impact arising therefrom on the REs. It had also detailed therein the need for all REs to have appropriate governance, strategy and risk management structure to manage climate change risk. Climate-related disclosures by REs is an important source of information for different stakeholders (e.g., customers, depositors, investors and regulators) to understand relevant risks faced and approach adopted to address such issues. The REs are already required to disclose information on material risks as a part of their Pillar 3 disclosures. Given the growing importance of climate-related financial risks, there is a need for REs to disclose a more structured information about their climate-related financial risks.

2. Short Title

These guidelines shall be called the Disclosure Framework on Climate-related Financial Risks, 2024.

3. Purpose/ rationale

The REs should disclose information about their climate-related financial risks and opportunities for the users of financial statements. It will foster an early assessment of climate-related financial risks and opportunities and also facilitate market discipline.

4. Applicability

The guidelines shall be applicable to the following entities, collectively referred to as REs:

- (a) All Scheduled Commercial Banks (excluding Local Area Banks, Payments Banks and Regional Rural Banks)
- (b) All Tier-IV Primary (Urban) Co-operative Banks (UCBs)
- (c) All All-India Financial Institutions (viz. EXIM Bank, NABARD, NaBFID, NHB and SIDBI)
- (d) All Top and Upper Layer Non-Banking Financial Companies (NBFCs)

The REs shall disclose the information detailed in these guidelines on a standalone basis and not consolidated basis. Foreign banks shall make disclosures specific to their operations in India. Adoption of these guidelines is voluntary in case of REs other than those detailed in (a), (b), (c) and (d) above.

¹ [Reserve Bank of India - Publications \(rbi.org.in\)](https://www.rbi.org.in)

5. Powers Exercised

The Reserve Bank, being satisfied that it is necessary and expedient in the public interest so to do, has issued these guidelines in exercise of the powers conferred by Sections 21 and 35A of the Banking Regulation Act, 1949 read with Section 56 of the Banking Regulation Act, 1949; Chapter IIIB of the Reserve Bank of India Act, 1934; and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987.

6. Definitions

In these guidelines, unless the context states otherwise, the terms herein shall bear the meaning assigned to them below:

(a) “Climate-related financial risks²” means the potential risks that may arise from climate change or from efforts to mitigate climate change, their related impacts and economic and financial consequences.

(b) “Climate resilience³” means the capacity of an RE to adjust to climate-related changes, developments or uncertainties. It involves the capacity to manage climate-related risks and benefits from climate-related opportunities, including the ability to respond and adapt to climate-related physical and transition risks. It includes both strategic and operational resilience of RE to climate-related changes, developments or uncertainties.

(c) “CO₂ equivalent⁴” means the universal unit of measurement to indicate the global warming potential of each greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide. This unit is used to evaluate releasing of (or avoiding releasing of) different greenhouse gases against a common basis.

(d) “Financed emissions⁵” are the portion of gross greenhouse gas emissions of an investee or counterparty attributed to the loans and investments made by an RE to the investee or counterparty.

(e) “Greenhouse gases (GHGs)⁶” are those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of thermal infrared radiation emitted by the earth’s surface, by the atmosphere itself, and by clouds. This property causes the greenhouse effect. Carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O) are the primary greenhouse gases in the earth’s atmosphere.

² BCBS (2021), [Climate-related financial risks – measurement methodologies](#), April.

³ IFRS (2023), [Climate-related Disclosures](#), June.

⁴ IFRS (2023), [Climate-related Disclosures](#), June.

⁵ IFRS (2023), [Climate-related Disclosures](#), June.

⁶ BCBS (2021), [Climate-related financial risks – measurement methodologies](#), April.

- (f) “Material risk takers” shall have the same meaning as assigned in the [Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff dated November 4, 2019](#).
- (g) “Physical risk⁷” means the economic costs and financial losses resulting from the increasing severity and frequency of:
- extreme climate change-related weather events such as floods, heatwaves, landslides, storms and wildfires known as acute physical risks;
 - longer-term gradual shift of the climate such as changes in precipitation, extreme weather variability, ocean acidification, and rising sea levels and average temperatures known as chronic physical risks; and
 - indirect effects of climate change such as loss of ecosystem services (e.g., water shortage, degradation of soil quality, or marine ecology).
- (h) “Scenario analysis⁸” is a tool used to enhance critical strategic thinking. A key feature of the scenario analysis is to explore alternatives that may significantly alter the basis for “business-as-usual” assumptions. Accordingly, they need to challenge conventional wisdom about the future.
- (i) “Scope 1⁹ greenhouse gas emissions” are direct greenhouse gas emissions that occur from sources that are owned or controlled by the RE.
- (j) “Scope 2¹⁰ greenhouse gas emissions” are indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the RE. Purchased and acquired electricity is electricity that is purchased or otherwise brought into the RE’s boundary. These emissions physically occur at the facility where electricity is generated.
- (k) “Scope 3¹¹ greenhouse gas emissions” are indirect greenhouse gas emissions (not included in Scope 2 greenhouse gas emissions) that occur in the value chain of an entity, including both upstream and downstream emissions¹².
- (l) “Transition risk¹³” means the risks related to the process of adjustment towards a low-carbon economy, viz. (i) Changes in climate-related policies and regulations, (ii) Emergence of newer technologies (iii) Shift in customers’ preferences and behavior.

⁷ BCBS (2021), [Climate-related financial risks – measurement methodologies](#), April.

⁸ BCBS (2021), [Climate-related financial risks – measurement methodologies](#), April.

⁹ IFRS (2023), [Climate-related Disclosures](#), June.

¹⁰ IFRS (2023), [Climate-related Disclosures](#), June.

¹¹ IFRS (2023), [Climate-related Disclosures](#), June.

¹² Includes financed emissions which commonly refer to the greenhouse gas (GHG) emissions associated, in the case of REs, with loans and investments.

¹³ Adopted from BCBS (2021), [Climate-related financial risks – measurement methodologies](#), April.

Words and expressions used but not defined in these guidelines but defined in the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949, the National Housing Bank Act, 1987, and the Companies Act, 2013, shall have the meanings respectively assigned to them in those Acts, as amended from time to time.

7. Thematic Pillars of Disclosure

The disclosures by the REs shall cover the following four thematic areas (Pillars):

7.1 Governance – It should detail the governance processes, controls and procedures used by the RE to identify, assess, manage, mitigate, monitor and oversee climate-related financial risks and opportunities. The REs shall *inter alia* disclose:

- (a) The Board's oversight of climate-related risks and opportunities;
- (b) Senior Management's role in assessing and managing climate-related risks and opportunities.

7.2 Strategy – It should detail the RE's strategy for managing climate-related financial risks and opportunities. The REs shall *inter alia* disclose:

- (a) the identified climate-related risks and opportunities over short, medium and long term;
- (b) the impact of climate-related risks and opportunities on the RE's businesses, strategy and financial planning;
- (c) the resilience of the RE's strategy taking into consideration the different climate scenarios.

7.3 Risk Management – It should detail the RE's processes to identify, assess, prioritize and monitor climate-related financial risks and opportunities, including whether and how those processes are integrated into and inform the RE's overall risk management process.

The REs shall *inter alia* disclose:

- (a) the processes and related policies to identify, assess, prioritise and monitor climate-related financial risks;
- (b) the processes used for managing climate-related risks;
- (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related financial risks and opportunities are integrated into and inform the overall risk management.

7.4 Metrics and Targets – The disclosures on metrics and targets should detail the RE's performance in relation to its climate-related financial risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by statute or regulation. The REs shall *inter alia* disclose:

- (a) the metrics used to assess the climate-related financial risks and opportunities in line

- with its strategy and risk management process;
- (b) Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions and the related risks;
- (c) the targets used to manage climate-related risks and opportunities and performance against targets.

The REs shall disclose at the minimum, key disclosures under the aforementioned four “*Thematic Pillars of Disclosure*” as detailed in [Annex 1](#).

8. Commencement

The glide path for detailed disclosures by the REs on the areas of “Governance”, “Strategy”, “Risk Management” and “Metrics and Targets” are as under:

	Governance, Strategy, and Risk Management	Metrics and Targets
SCBs, AIFIs, Top and Upper layer NBFCs	FY 2025-26 onwards	FY 2027-28 onwards
Tier IV UCBs	FY 2026-27 onwards	FY 2028-29 onwards
Disclosure requirements for the other REs shall be announced in due course		

The REs shall also disclose assumptions/ proxies and external assurance taken, if any, for the disclosed metrics.

9. Validation /scrutiny of the disclosures

9.1 The disclosures shall be subject to appropriate internal control assessments and shall be reviewed by the Board of Directors or a Committee of the Board.

9.2 The disclosures must be included and disclosed as a part of the RE’s financial results/ statements on its website.

Annex 1

Thematic Pillars of Disclosure¹⁴

Thematic Pillar	Details of the Disclosures
Governance	<p>REs shall disclose the following information:</p> <p>Baseline disclosure</p> <ul style="list-style-type: none"> - Governance structure (which could be Board, Committee or equivalent body(ies) or individual positions) responsible for the oversight of climate-related issues; - Responsibilities for climate-related issues in the terms of reference, mandates, role descriptions and other related policies applicable to the body(ies) or individual position(s); - Whether appropriate competencies and skills are available or will be developed by the body(ies) or individual positions to oversee the strategies for responding to climate-related issues; - The processes and frequency by which the body(ies) or the individual position(s) is informed about climate-related issues; - The role of management in the governance processes, controls and procedures and whether it is delegated to a specific management-level position or a Committee and how is the oversight exercised over that position or Committee. <p>Enhanced disclosure</p> <ul style="list-style-type: none"> - Whether the body(ies) or the individual position(s) consider climate-related issues while (a) reviewing and guiding strategy, major plans of action, risk management policies, annual budgets and business plans (b) setting the organisation's performance objectives, monitoring implementation and performance, and (c) overseeing their strategy, major capital expenditures, acquisitions, and divestitures, risk management processes and related policies; - How the body(ies) or the individual position(s) oversees the setting of targets and monitors the progress to achieve those targets related to climate-related issues. If so are the performance metrics factored in the remuneration policies; - Whether key aspects and issues of climate-related issues are discussed and reviewed by the body(ies) or the individual positions during the financial year; - Whether senior management uses controls and procedures for oversight and, if so how, are they integrated with other internal functions for climate-related issues; <p>- Whether the RE is required to make/ has voluntarily adopted any climate-related financial disclosures as per any national standards¹⁵ (as applicable)</p>

¹⁴ SCBs, AIFIs and NBFCs to whom these guidelines are applicable should report both baseline and enhanced disclosures. UCBs to whom these guidelines are applicable, should report baseline disclosures at the minimum, while the enhanced disclosures are voluntary.

¹⁵ Such as National Guidelines on Responsible Business Conduct, as notified by the Ministry of Corporate Affairs, Government

Thematic Pillar	Details of the Disclosures
	or international disclosure standards ¹⁶ .
Strategy	<p>REs shall disclose the following information:</p> <p>Baseline disclosure</p> <ul style="list-style-type: none"> - Climate-related issues that could reasonably be expected to affect the RE’s prospects (in terms of strategy, business model, decision-making, revenue, costs, assets, etc.)¹⁷; - Description of what they consider is ‘short term’, ‘medium term’ and ‘long term’ horizon and how are these definitions linked to the planning horizon for strategic decision-making; - Description of specific climate related issues that would arise over various time horizons (short/ medium/ long term) and the material impact it could have on the RE; - Description of the current and anticipated effects of climate-related financial risks and opportunities on the business model of the RE. <p>Enhanced disclosure</p> <ul style="list-style-type: none"> - The effects (and the anticipated effects) of climate-related issues on the financial position and financial performance for the financial year, over short, medium and long term, taking into consideration how those climate-related issues have been factored into financial planning; - The climate resilience of RE’s strategy including the business model to climate-related changes, developments and uncertainties; - The significant areas of uncertainty considered in the assessment of climate resilience and the RE’s capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term. This shall include (a) the availability of and flexibility in the existing financial resources to respond to the effects identified in the climate scenario analysis for addressing climate-related financial risks as also to take advantage of climate-related opportunities, and (b) the effect of the current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience; - The current and anticipated changes to the business model, including resource allocation to address climate-related financial risks and opportunities; - The current and anticipated direct (like adopting energy efficient methods) and indirect (such as, by working with counterparties) mitigation and adaptation efforts; - The information on the available resources and the plan to raise/ develop resources to identify, assess, monitor and manage the climate-related issues;

of India, Business Responsibility and Sustainability Reporting (BRSR) as notified by the Securities and Exchange Board of India and amended from time to time.

¹⁶ Such as GRI Standards 2021, IFRS S2 Climate-related Disclosures by International Sustainability Standards Board.

¹⁷ These impacts may be described in qualitative, quantitative, or a combination of both qualitative and quantitative terms. REs are encouraged to include quantitative information, where data and methodologies allow.

Thematic Pillar	Details of the Disclosures
	<ul style="list-style-type: none"> - The quantitative and qualitative information about the progress of plans to raise/ develop resources, disclosed in previous financial years, along with an analysis in case of non-achievement; - The plans of RE to achieve any climate-related targets, including any greenhouse gas emission reduction targets; - Does the RE has any climate-related transition plan, and if yes, information about the key assumptions used in developing and factors which would influence the transition plan; - Whether climate-related financial risks are identified, quantified and those assessed as material over relevant time horizons are incorporated into the Internal Capital and Liquidity Adequacy Assessment Processes, including their climate scenario analysis programmes, where appropriate; - How and when the climate scenario analysis was carried out, along with the information on (i) climate scenarios used for the analysis and source of the scenarios, (ii) whether it included a diverse range of climate scenarios, (iii) whether it was associated with climate-related transition risks or physical risks, (iv) whether it included a scenario aligned to the Nationally Determined Contribution, (v) the reasons for choosing the climate scenarios (i.e., why they are relevant to assessing the RE's resilience to climate-related changes, developments or uncertainties), (vi) the time horizons used in the analysis, (vii) the scope of climate scenario analysis; (viii) the assumptions used like the climate-related policies at the national/ state levels, macroeconomic trends, national/ state-level variables.
Risk Management	<p>REs shall disclose the following information:</p> <p>Baseline disclosure</p> <ul style="list-style-type: none"> - How the nature, likelihood and magnitude of effects of climate-related financial risks are assessed (for example, whether the RE considers qualitative factors/ quantitative thresholds/ a combination of both); - Whether credit risk management systems and processes considered material climate-related financial risks and how the impact of climate-related risk drivers on the credit risk profiles are assessed; - Methodologies employed to understand the impact of climate-related risk drivers on the market risk positions (how the potential risk of losses on and increased volatility of the portfolio are evaluated); - Methodologies employed to understand the impact of climate-related risk drivers on the liquidity risk profiles (including impacts of climate-related financial risks on net cash outflows like increased drawdowns of credit lines, accelerated deposit withdrawals or the value of assets comprising their liquidity buffers); - Methodologies employed to understand the impact of climate-related risk drivers on the operational risk;

Thematic Pillar	Details of the Disclosures
	<ul style="list-style-type: none"> - Whether and how the impact of climate-related risk drivers on other risks¹⁸ are considered; - Whether and how climate-related financial risks are incorporated into the internal control framework across the three lines of defence to ensure sound, comprehensive and effective identification, measurement and mitigation of material climate-related financial risks; - How the climate-related financial risks are monitored; - Whether the climate-related financial risks are prioritized over other types of risks and, if yes, describe the process adopted for the same. <p>Enhanced disclosure</p> <ul style="list-style-type: none"> - The inputs and parameters used to identify, assess, prioritise and monitor climate-related financial risks (for example, information about data sources, economic sectors covered, counterparties covered, etc.); - How the processes for identifying, assessing, prioritizing and monitoring climate-related financial risks and opportunities are integrated into the overall risk management process; - Has the RE changed the processes for management of climate-related financial risks it used compared to the previous financial year and, if yes, provide the details; - Whether the climate scenario analysis is used for identification of climate-related financial risks; - The processes used to identify, assess, prioritize and monitor climate-related opportunities, including information if and how climate scenario analysis/ climate stress testing is used for identification of climate-related opportunities.
<p>Metrics and Targets</p>	<p>REs shall disclose the following information:</p> <p>Baseline disclosure</p> <ul style="list-style-type: none"> - The targets set and required to be met by statute or regulation for mitigating/ adapting to climate-related financial risks. The information on metrics used by the governance body or management to measure progress towards these targets; - The objective of the target (for example, mitigation/ adaptation/ conforming to the science-based initiatives¹⁹); - The metric used to (a) set the target, (b) period for which the target is related and the base period from which progress is measured, (c) the milestones and interim targets set, if any, if the target is an absolute greenhouse gas emission target or a greenhouse gas emission intensity target (emission intensity per unit revenue) (d) whether the target and the methodology for setting the target have been validated by a third party, (e)

¹⁸ Examples include strategic, reputational, regulatory, and litigation or liability risk.

¹⁹ REs may refer to resources published by the Science Based Targets Initiative (SBTi), Glasgow Financial Alliance for Net Zero (GFANZ), Net Zero Banking Alliance (NZBA) established under the Principles for Responsible Banking initiative of the United Nations Environment Programme Finance Initiative (UNEP FI), etc. and to the scenarios published by the Intergovernmental Panel on Climate Change (IPCC), International Energy Agency (IEA), Network for Greening of Financial System (NGFS), etc.

Thematic Pillar	Details of the Disclosures
	<p>the processes adopted for reviewing the target, (f) the metrics used to monitor progress towards reaching the target and (g) if the metrics have third party validation, any revisions to the target and an explanation for those revisions). Also disclose if the targets are aligned with India's Nationally Determined Contribution;</p> <ul style="list-style-type: none"> - Information about the performance against each climate-related target and an analysis of trends or changes in the RE's performance; - RE shall disclose which greenhouse gases are covered by the target, and whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions²⁰ are covered by the target. <p>Enhanced disclosure</p> <ul style="list-style-type: none"> - Absolute gross greenhouse gas emissions generated during the financial year, expressed as metric tonnes of CO₂ equivalent (Scope 1 and 2 greenhouse gas emissions). Scope 3 greenhouse gas emissions may be disclosed in so far as data and methodologies permit; - Disclose the categories included within the measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories²¹ described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); - Absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for each industry²² by asset class²³. If the RE does not have the skills/ capabilities/ data availability/ resources to provide that information, RE may disclose by stating the reasons for not providing the information; - Disclose the approach, inputs and assumptions used to measure the greenhouse gas emissions alongwith the reasons; - Disclose if any changes are made to the measurement approach, inputs and assumptions during the financial year alongwith the reasons therefor; - Disclose its gross exposure²⁴ to each industry by asset class; - Disclose the percentage of the gross exposure included in the financed emissions calculation. If the percentage of the gross exposure included in the financed emissions calculation is less than 100 per cent, disclose information that explains the exclusions, including the type of industry/ assets excluded. For fund-based exposures, exclude from gross

²⁰ Measure the greenhouse gas emissions in accordance with the standards prescribed by the Greenhouse Gas Protocol.

²¹ Scope 3 greenhouse gas emissions are categorised into 15 categories (as per the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011):

(1) purchased goods and services; (2) capital goods; (3) fuel- and energy-related activities not included in Scope 1 greenhouse gas emissions or Scope 2 greenhouse gas emissions; (4) upstream transportation and distribution; (5) waste generated in operations; (6) business travel; (7) employee commuting; (8) upstream leased assets; (9) downstream transportation and distribution; (10) processing of sold products; (11) use of sold products; (12) end-of-life treatment of sold products; (13) downstream leased assets; (14) franchises; and (15) investments.

²² RE shall use National Industrial Classification – 2008 (as updated from time to time) for classifying the counterparties

²³ RE shall disclose loans, project finance, investments and undrawn loan commitments.

²⁴ Gross exposure shall include the fund-based exposures and the undrawn exposures

Thematic Pillar	Details of the Disclosures
	<p>exposure impacts of risk mitigants, if applicable. Disclose the percentage of undrawn loan commitments included in the financed emissions calculation;</p> <ul style="list-style-type: none"> - Disclose the methodology used to calculate financed emissions, including method of allocation to attribute its share of emissions in relation to the size of its gross exposure; - Disclose the climate-related physical and transition risks - amount and percentage of assets vulnerable to both the risks; - Disclose the climate-related opportunities - amount and percentage of assets aligned with climate-related opportunities; - Disclose the capital deployment - amount of financing or investment deployed towards climate-related risks and opportunities; - Disclose whether and how climate-related considerations are factored into remuneration of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers. Also disclose the percentage of remuneration recognised in the current financial year that is linked to climate-related considerations.



ESG Current State Assessment

nahfanabil

A current state assessment checklist for ESG is essential for organizations to understand where they stand in terms of sustainability and responsible business practices.

So this guide, will take you through a checklist that organizations and individuals can use to assess their current state in ESG.

Feel Free to add or update as you see fit for your activities

nahfanabif

Environmental:

- Energy Consumption: Do you monitor and track energy consumption?
- Carbon Footprint: Have you calculated your organization's carbon footprint?
- Waste Management: Do you have waste reduction and recycling programs in place?
- Water Usage: Are water conservation measures implemented?
- Sustainable Sourcing: Do you source materials and products sustainably?
- Environmental Compliance: Are you in compliance with environmental regulations?
- Biodiversity and Land Use: Does your operation impact biodiversity and land use, and if so, how are these impacts mitigated?
- Greenhouse Gas Emissions: Do you track and aim to reduce your greenhouse gas emissions?
- Pollution Prevention: Are there measures in place to prevent or mitigate pollution (air, water, soil)?
- Renewable Energy Usage: Is there an initiative to use renewable energy sources?

nahfanabil

Social:

- Employee Well-being: Are there programs in place to support employee health and well-being?
- Diversity and Inclusion: Is there a policy and measurable goals related to diversity and inclusion?
- Labor Practices: Are labor practices in line with international standards?
- Community Engagement: Does the organization engage in community development or philanthropy?
- Customer Satisfaction: Are there measures in place to ensure customer satisfaction and safety?
- Supply Chain Labor Standards: Are suppliers held to ethical labor standards?
- Customer Satisfaction: How does the organization ensure and measure customer satisfaction and safety?
- Employee Training and Development: Are there opportunities for employee skill development and career growth?
- Human Rights Compliance: Is the organization compliant with international human rights principles?



Governance:

- Board Diversity: Is there diversity in the organization's board of directors?
- Ethical Conduct Policies: Are there policies in place for ethical conduct and anti-corruption?
- Transparency and Reporting: Does the organization practice transparency in reporting financials and ESG efforts?
- Stakeholder Engagement: Are there processes for engaging with stakeholders on ESG issues?
- Risk Management: Is there a process for identifying and managing ESG risks?
- Stakeholder Engagement: How does the organization engage with stakeholders (shareholders, employees, suppliers, etc.)?
- Transparency and Reporting: Is there transparency in ESG reporting and disclosure practices?
- Data Privacy and Security: Are there robust policies and mechanisms for data privacy and security?
- Compliance with Laws and Regulations: Is the organization fully compliant with all relevant laws and regulations?
- Whistleblower Policies: Are there effective policies and systems for whistleblowing and reporting misconduct?



General

- ESG Strategy: Is there a clear ESG strategy in place?
- ESG Goals and Targets: Have specific ESG goals and targets been set?
- ESG Reporting: Does the organization publish an annual ESG or sustainability report?
- Third-party Certifications: Has the organization obtained any third-party certifications or accolades for sustainability?
- Stakeholder Involvement: How does the organization involve stakeholders (employees, customers, suppliers, community, shareholders) in its ESG strategy and goals?
- Integration in Corporate Culture: Is the commitment to ESG values reflected in the corporate culture and everyday business practices?
- Governance Structure: Are there specific governance structures, like committees or task forces dedicated to overseeing ESG issues?
- Climate Risk Assessment: Does the organization conduct regular assessments of climate-related risks and opportunities?

nahfarabil

We've explored a general ESG checklist, but it's crucial to tailor this checklist to the specific needs and characteristics of a company or industry.

So I will tailor this checklist to a Food Production Industry

From farm to fork, we'll dive into the unique ESG checklist to consider for a company called **Mission Zero Foods**, lets start.

Feel Free to Add or remove as you deem necessary, this is only a high level guide.

nahfanabil

Environmental:

- Carbon Neutral Goals: Has **Mission Zero Foods**, set specific goals for achieving carbon neutrality?
- Renewable Energy Transition: Is there a timeline for transitioning to 100% renewable energy in production facilities?
- Sustainable Ingredient Sourcing: Are there policies for sourcing ingredients that are certified sustainable or organic?
- Biodiversity Conservation: Does **Mission Zero Foods** engage in or support initiatives to conserve biodiversity in agricultural regions?
- Chemical Management: Are there protocols for minimizing and safely managing the use of chemicals in food production?
- Climate Change Adaptation: Has **Mission Zero Foods** assessed climate risks and developed adaptation strategies for its supply chain?
- Green Building Standards: Are production facilities built or renovated according to green building standards (e.g., LEED, ESTIDAMA)?



Social:

- Wages: Does **Mission Zero Foods** ensure that all employees, including those in the supply chain, receive a livable wage?
- Employee Wellness Programs: Are there comprehensive wellness programs available to employees?
- Human Rights in the supply chain: Are human rights assessments conducted throughout the supply chain?
- Consumer Health Initiatives: Does **Mission Zero Foods** engage in initiatives to promote healthy eating and lifestyles among consumers?
- Cultural Sensitivity: Are products and marketing culturally sensitive and inclusive?
- Fair Trade Sourcing: Does **Mission Zero Foods** ensure that ingredients are sourced from suppliers that adhere to fair trade practices?
- Worker Safety and Hygiene: Are there strict safety and hygiene standards in place for workers in **Mission Zero Foods** production facilities?
- Stakeholder Mapping: Has **Mission Zero Foods** conducted a stakeholder mapping exercise to identify key stakeholders and their interests?



Governance:

- Third-party Audits: Does **Mission Zero Foods** undergo third-party audits for food safety, labor practices, and environmental compliance?
- Board Oversight of ESG: Is there direct board-level oversight of ESG issues and performance?
- Whistleblower : Are there policies and mechanisms to allow whistleblowing & protect whistleblowers within the company?
- Sustainable Procurement Policy: Is there a formal policy that guides sustainable procurement practices?
- Conflict of Interest Policy: Are there policies to manage conflicts of interest among executives and employees?
- Business Continuity : Does **Mission Zero food** have a business continuity process in place, to ensure non business interruption during crisis
- GMO Labeling: If genetically modified ingredients are used, is this clearly labeled on products?
- Allergen Management: Are there strict controls and clear labeling for allergens in products?



CCPA/28/2023-CCPA

Central Consumer Protection Authority

In exercise of the powers conferred by sub-clause (1) of sub-section (2) of section 18 of the Consumer Protection Act 2019 (35 of 2019), it is proposed to issue Guidelines for Prevention and Regulation of Greenwashing.

2. The Department of Consumer Affairs (DoCA) constituted a committee of stakeholders for consultation on "Greenwashing" on vide OM dated 2nd November, 2023. The committee comprise with NLUs, law firms, Government and Voluntary Consumer Organizations (VCO's) and all the major industry associations.
3. Three meetings of the committee were held to finalizing the **Draft Guidelines for Prevention and Regulation of Greenwashing**. The last meeting was held on 10th January 2024 wherein draft of proposed guidelines was discussed with the committee members. The **Draft Guidelines for Prevention and Regulation of Greenwashing** have been framed after detailed deliberations with all committee members and now being put up for public consultation. Proposed Guidelines shall be issued under section 18 (2) (1) of the Consumer Protection Act 2019.
4. The Central Authority seeks views/comments/suggestions of the public on the proposed Guidelines and views/comments/suggestions on the proposed Guidelines may be sent within 30 days (by 21th March 2024) by email to com-ccpa@gov.in. Draft Guidelines for Prevention and Regulation of Greenwashing are attached as Annexure-A.



Anupam Mishra
Commissioner

Central Consumer Protection Authority
Krishi Bhawan, New Delhi
Tel No. 011-23386666

CENTRAL CONSUMER PROTECTION AUTHORITY
NOTIFICATION

F. No.-CCPA/28/2023-CCPA – (Reg). — In exercise of the powers conferred by Section 18 of the Consumer Protection Act, 2019 (35 of 2019), the Central Consumer Protection Authority hereby issues the following guidelines for the Prevention and Regulation of Greenwashing namely:-

1. Short title and commencement — (a) These guidelines may be called the Guidelines for the Prevention and Regulation of Greenwashing, 2024.

(b) It shall come into force on the date of its publication in the Official Gazette.

2. Definitions - (1) In these guidelines, unless the context otherwise requires,-

a. “Act” means the Consumer Protection Act, 2019 (35 of 2019);

b. “Advertisement” shall have the same meaning as defined under the Act.

c. “Advertiser” shall have the same meaning as defined under the Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022;

d. “Advertising agency” shall have the same meaning as defined under the Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022;

e. "Greenwashing" means-

- (i) any deceptive or misleading practice, which includes concealing, omitting, or hiding relevant information, by exaggerating, making vague, false, or unsubstantiated environmental claims.
- (ii) use of misleading words, symbols, or imagery, placing emphasis on positive environmental aspects while downplaying or concealing harmful attributes.

but shall not include (i) use of obvious hyperboles, puffery, or (ii) the use of generic colour schemes or pictures; either not amounting to any deceptive or misleading practice.

f. “Environmental claims’ means: any representation, in any form, regarding:

(i) a good (either in its entirety or as a component), the manufacturing process, packaging, the manner of use of the good, or its disposal;

(ii) a service (or any portion thereof) or the process involved in providing the service, Suggesting environmentally friendly attributes.

Explanation - It may include, but not limited to:

- (i) having a neutral or positive impact on the environment or contributing to sustainability;
- (ii) causing less harm to the environment compared to a previous version of the same product or service;
- (iii) causing less harm to the environment than competing goods or services;
- (iv) being more beneficial to the environment or possessing specific environmental advantages;

all aimed at conveying a sense of environmental responsibility or eco-friendliness associated with the good or service."

g. “Service Provider” shall have the same meaning as defined under Guideline 2(1)(g) of the Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022;

(2) All words and expressions used herein, defined in the Act, shall have the same meaning as respectively assigned to them in the Act, unless explicitly defined herein.

3. Application — These guidelines shall apply to —

a. all advertisements regardless of form, format or medium;

b. a service provider, product seller, advertiser, or an advertising agency or endorser whose service is availed for the advertisement of such goods or services

4. **Non-Applicability** — These guidelines shall not apply to any advertisements or communication that is not specific to any product or service, unless the advertisement or communication directly or indirectly links to any product or service.

To Illustrate: A Company in its Mission Statement makes a statement that “its growth will be based on sustainability principles”. For the purpose of these guidelines this will not be treated as environmental claim.

However, if the Company further makes a statement that “and all its products are manufactured in sustainable manner”, then such an environmental claim will be examined for greenwashing.

5. **Prohibition against engaging in greenwashing** — No person to whom these guidelines apply shall engage in greenwashing.

6. **Substantiation of Environmental Claims** — All advertisement making Environmental claims shall comply with following obligations:-

(a) Generic terms such as 'clean', 'green', 'eco-friendly', 'eco-consciousness', 'good for the planet', 'minimal impact', 'cruelty-free', 'carbon – neutral' and similar assertions shall not be used without adequate qualifiers and substantiation and adequate disclosure as provided under clause (9) of the guideline.

(b) While using technical terms like Environmental Impact Assessment (EIA), Greenhouse Gas Emissions, Ecological Footprint, one shall use consumer friendly language and explain the meaning or implications of technical terms.

(c) All environmental claims shall be backed by verifiable evidence.

7. **Adequate disclosures** —

(a) All environmental claims shall be accurate and disclose all material information either in the relevant advertisement or communication or by inserting a QR Code, URL (or any such technology or digital medium), which will be linked to relevant information.

(b) While making disclosures in relation to environmental claims, data from research shall not be cherry picked to highlight only favorable observations while obscuring others that are unfavorable.

(c) Any person making an environment related claim should specify whether it refers to the good (as a whole as part), manufacturing process, packaging,

manner of use of the good or its disposal; or service (or part thereof) or the process of rendering the service.

(d) Comparative environmental claims that compare one product or service to another must be based on verifiable and relevant data that is disclosed to the consumers. Comparative claims must disclose exactly what aspects are being compared.

(e) Specific environmental claims such as Carbon Offsets, carbon neutral, Compostable, Degradable, Free-of, Sustainability claims, Non-Toxic, 100% Natural, Ozone-Safe and Ozone-Friendly, Recyclable, Refillable, Renewable, and similar assertions must be supported by disclosure about credible certification, reliable scientific evidence, or independent third-party verification.

(f) The disclosures made in relation to the environmental claims shall:-

- (i) be easily accessible to the consumer.
- (ii) not contradict the relevant environmental claim.

8. **Other Claims** — Aspirational or futuristic environmental claims may be made only when clear and actionable plans has been developed detailing how those objectives will be achieved.

9. **Guidelines not in derogation of other laws** — Where greenwashing is regulated under any other specific law for the time being in force or the rules or regulations made thereunder, the provisions contained in these guidelines shall be in addition to and not in derogation of, such regulation in other laws, except where provisions of the other specific laws being in conflict with these guidelines, the specific law shall prevail.

10. **Interpretation** — In case of any ambiguity or dispute in interpretation of these guidelines, the decision of the Central Authority shall be final.

11. **Contravention of guidelines** — The provisions of the Act shall apply to any contravention of these guidelines.

GUIDANCE NOTE

The Guidelines for Prevention and Regulation of Greenwashing, 2024 have been issued by the Central Consumer Protection Authority.

In furtherance of the said Guidelines, this Guidance Note is issued to provide help and guidance the industry to enable them to comply with the Guidelines.

Guidance for making environmental claims

The following should be kept in mind while making environmental claims —

1. Truthfulness and accuracy — Environmental claims must be truthful and accurate. They must be based on verifiable information by means of certificates by statutory authorities, certificates by credible authorities or internal verifiable evidence.

Illustration 1: “Our packaging is made from 100% recycled materials.” Without verifiable evidence or certification, this claim might be misleading.

Illustration 2: “Energy-efficient technology for a greener tomorrow!” Without providing specific data or comparisons, this claim may lack substance.

2. Clarity and unambiguity — With respect to Clause 6 of the Guidelines, further guidance is provided below.

Illustration 1: “Go green with our product!” The claim is unclear and ambiguous, as it doesn’t specify what does the word ‘green’ convey or how the product is environmentally friendly. Hence case adequate qualifiers and substantiation should be provided.

Illustration 2: “Harnessing the power of sustainable technology!” In relation to such a claim, specific details about how the technology is sustainable should be disclosed.

Illustration 3: “Made with minimal impact on the environment!” Without specifying what “minimal impact” means, this claim may downplay or ignore certain environmental concerns associated with the product.

3. **Fair and meaningful comparisons** — With respect to Clause 9 (d) of the Guidelines, further guidance is provided below.

Illustration 1: “Our energy-efficient light bulbs outperform all others!” The claim lacks context and does not specify which bulbs are being compared. For fair and meaningful comparisons, the company should compare its bulbs to others with similar characteristics and intended uses.

Illustration 2: “Chemical-free cleaning for a safer environment!” This claim may mislead consumers by implying that other cleaning products are unsafe.

Illustration 3: “Our product is greener than the competition!” Without providing specific details about which environmental attributes being compared, this claim can be misleading.

4. **Claims should be absolute and relevant** — If a claim pertains to a specific feature, part or stage then the fact that the claim relates only to relevant feature, part or stage should be fully disclosed that is relevant for such product.

Illustration 1: “A packaged product is labelled with an unqualified claim, “recyclable.” It is unclear from the type of product and other context whether the claim refers to the product or its package.”

Illustration 2: “A product in a multi-component package, such as a paperboard box in a shrink-wrapped plastic cover, indicates that it has recycled packaging. The paperboard box is made entirely of recycled material, but the plastic cover is not it may be misleading. The accurate claim could be paperboard box-recycled packaging”.

Illustration 3:- “A marketer advertises on the bottle of its Hand wash as “biodegradable” without qualification. The advertisement shall make clear that only the Hand wash, and not the bottle, is biodegradable.”

5. **Use of imagery without substantive changes** — Any form of visual environmental claim attempting to manipulate the consumer into believing that a product or service is environmental responsibility or eco-friendliness, without providing relevant details or context.

Illustration 1: A detergent advertisement showcases a family happily playing in an open grass ground, with the tagline, "Gentle on Clothes, Gentle on Nature." Without directly stating environmental friendliness, the imagery implies a connection between the product and a more eco-conscious lifestyle.

6. Endorsement by environmental organizations or experts or other endorsers— Claims suggesting endorsements, certifications, or seals of approval that (i) are non-existent, (ii) are intentionally misleading, or (iii) originate from non-official bodies and lack recognition from credible authorities then it is misleading; shall not be made.

Illustration 1: "Recommended by leading environmental experts!" This claim implies an endorsement by environmental organizations. This may violate the Guidelines, if there is no backing as specified above.

Illustration 2:- Labelling a product as "certified organic" without proper certification from recognized organic certifying bodies, creating a false advertisement.

Illustration 3:- An electronic product affixing counterfeit energy efficiency labels on appliances to give the impression that they meet certain standards when, in reality, they do not have.

SNAPSHOTS



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

**The Five Ws of Sustainable Financing
on 07th February 2024**



**Sustainability Standards Board of ICMAI
and
ICMAI Social Auditors Organisation**



**Webinar on
The Five Ws of Sustainable Financing**

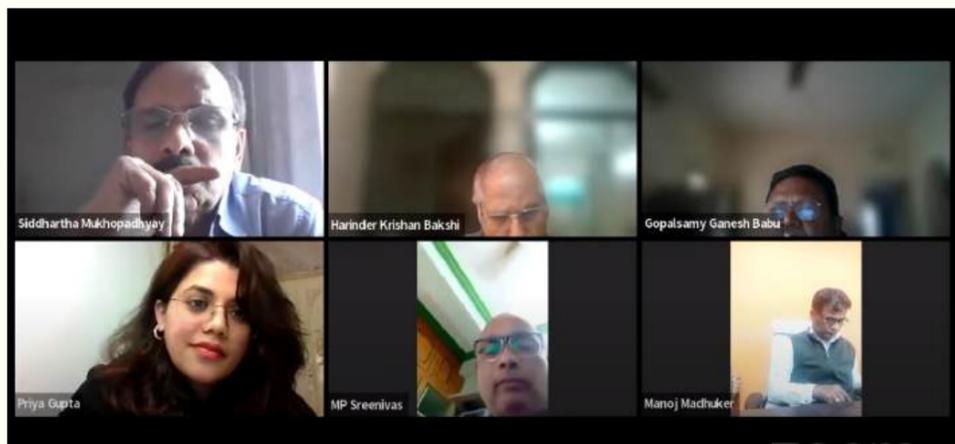
**Speaker
Ms. Priya Gupta
Founder Sarvpriye Foundation**

**07th February 2024 (Wednesday)
From 04.00 pm to 05.30 pm**

Fees : No Participation fee Mode : Online (Zoom Platform)

CEP : 1 hr. (for CMAs)

For more details, you may also call us at 9411469499, 8586985549
or email : ceo@saoicmai.in or sao@saoicmai.in



**ESG Mutual Funds
on 10th February 2024**



**Sustainability Standards Board of ICMAI
and
ICMAI Social Auditors Organisation**



ESG MUTUAL FUNDS

**Speaker
Sunny Revankar
Author- Understand ESG & Sustainability**

Saturday, 10th Feb 2024 02:30 PM to 03.30 PM

Fees : No Participation fee Mode : Online (Zoom Meeting Platform)

Free Register

For more details, you may also call us at 9411469499, 8586985549,
or email : sao@saoicmai.in or ceo@saoicmai.in



Green Supply Chain on 11th February 2024



**Sustainability Standards Board of ICMAI
and
ICMAI Social Auditors Organisation**



GREEN SUPPLY CHAIN

**Speaker
Ramu Kumar Singh
ESG consultant**

11th February 2024 (Sunday) From 04.00 pm to 05.30 pm

CEP : 01 hrs (For CMAs) **REGISTER NOW**

Contact us : 9411469499, 8586985549,
or email : sao@saoicmai.in or ceo@saoicmai.in



Accounting for Carbon Credits on 17th February 2024



Sustainability Standards Board of ICMAI
And
ICMAI Social Auditors Organisation



Organized Webinar on

Accounting for Carbon Credits

Speaker

Mr. Harsha Sabbana
ESG Expert

17th February 2024 (Saturday) From 04.00 pm to 05.30 pm

CEP : 01 hrs (For CMAs)

[REGISTER NOW](#)

Contact us : 9411469499, 8586985549,
or email : sao@saoicmai.in or ceo@saoicmai.in

Leveraging CSR for Enhancing Pro ESG Actions on 18th February 2024



Sustainability Standards Board of ICMAI
And
ICMAI Social Auditors Organisation



Organized Webinar on

Leveraging CSR for Enhancing Pro ESG Actions

Speaker

Mr. Rishi Meena
ESG Expert

[REGISTER NOW](#)

CEP : 01 hrs (For CMAs)

18th February 2024 (Sunday) From 04.00 pm to 05.30 pm

Contact us : 9411469499, 8586985549,
or email : sao@saoicmai.in or ceo@saoicmai.in

Carbon Footprint Carbon Credits and Climate Change on 22nd February 2024



Sustainability Standards Board of ICMAI
and
ICMAI Social Auditors Organisation



Carbon Footprint Carbon Credits and Climate Change

Speaker

Dr Aprajita Singh

Head Communications, Sustainability Strategy and CSR
Namo eWaste Management Limited

[REGISTER NOW](#)



22nd February 2024 (Thursday)
From 04.00 pm to 05.30 pm

CEP : 01 hrs (For CMAs)

Contact us : 9411469499, 8586985549,
or email : sao@saoicmai.in or ceo@saoicmai.in

Critical Requirements for BRSR Disclosures - points to consider for preparing BRSR Disclosures on 22nd February 2024



Sustainability Standards Board of ICMAI
and
ICMAI Social Auditors Organisation



Critical Requirements for BRSR Disclosures - points to consider for preparing BRSR Disclosures

Speaker

Jyotsna Belliappa
CSR and ESG expert

[Free Register](#)



Saturday, 24th Feb 2024



04:00 PM to 05.30 PM

CEP : 01 hrs (For CMAs)

For more details, you may also call us at 9411469499, 8586985549,
or email : sao@saoicmai.in or ceo@saoicmai.in

Carbon Footprints Carbon Credits & Climate Change



By: Dr Aprajita Singh
Head Communications Sustainability
Strategy and CSR
NAMO e-Waste Management
Limited



Approach Note on Sustainability Reporting
(ESG)
BRSR Disclosures

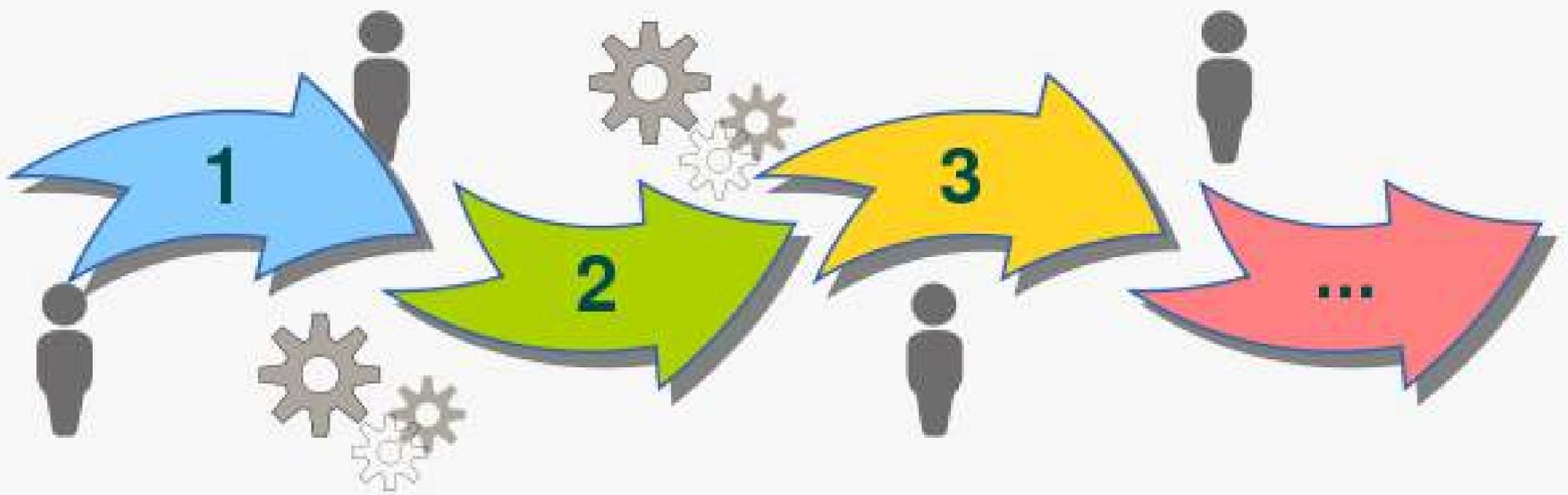
For Sustainability Standards Board of ICMAI
And
ICMAI Social Auditors Organisation



Accredited, Independent
Social Impact Assessment
Body



PROCEDURE FOR REGISTRATION OF A MEMBER WITH ICMASAO



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

PROCEDURE FOR REGISTRATION OF A MEMBER WITH ICMAI SAO

Eligibility Criteria for Social Auditor

A. An Individual if he

- holds the required qualification and experience;
- have attended a course at the National Institute of Securities Markets (NISM) and received a certificate of completion after successfully passing the course examination; and
- is registered with a Self-Regulatory Organisation (SRO) [e.g., ICMAI Social Auditors Organization]

B. A Firm/Institution that has partners/employees who meet with the criteria for being a social auditor and has a track record of minimum three years for conducting social impact assessment.

Eligibility Qualification & Experience for Social Auditor

- Post-graduates from universities recognized by the University Grants Commission (UGC) with a minimum of 3 years of experience in the development sector, or
- Graduates from universities recognized by the UGC with a minimum of 6 years of experience in the development sector, or
- Cost and management Accountant, Chartered Accountant, or Company Secretary holding valid Certificate of Practice.

No individual shall be eligible to be registered as a Social Auditor if he:-

- is a minor;
- is not a person resident in India;
- does not have the qualification and experience specified in SEBI notification;
- has been convicted by any competent court for an offence punishable with imprisonment for a term exceeding six months or for an offence involving moral turpitude, and a period of five years has not elapsed from the date of expiry of the sentence.

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be registered;

- he is an undischarged insolvent, or has applied to be adjudicated as an insolvent;
- he has been declared to be of unsound mind; or
- he is not a fit and proper person.

Explanation: For determining whether an individual is fit and proper ICMAI SAO may take account of any consideration as it deems fit, including but not limited to the following criteria-

- integrity, reputation and character,
- absence of convictions and restraint orders, and
- competence,

Procedure for Enrolment as a member

Entry of Application : Entry for application received for registration of social auditor is to be made in a register maintained by ICMAI SAO followed by stamping of application mentioning date of reception it.

Acknowledgement of Application : Every application received is to be acknowledged to the applicant within 7 working days of its receipt via mail.

One Time Enrolment fee : Rs. 3,000/- Plus GST @18%

Membership fees : Rs. 5,000 plus GST @18% for three years

Internal Verification of application along with fee and supporting documents as mentioned in enrolment Form.

- Registered form – duly completed
- Passport-size photo

- Copy of proof of residence
- Self – attested copy of Aadhar card, PAN card and Passport (if available).
- Copies of documents in support of educational qualifications, professional Qualification, Experience, and Social Auditors examination
- Copy of proof of payment of Admission/Enrolment Fee and Annual Fee
- Copy of Self Declaration, the format of the same is annexed with the Enrolment form (Annexure – 1).

Verifying Qualification and Experience

Copies of documents demonstrating qualification, employment and practice as –

- Cost and Management Accountant enrolled with the Institute of Cost Accountants of India.
- Company Secretary enrolled with the Institute of Company Secretaries of India,
- Chartered Accountant enrolled with the Institute of Chartered Accountants of India and/or empaneled with the Comptroller & Auditor General of India.
- Graduate / Post-Graduate from universities recognized by the University Grants Commission (UGC).
- Requisite experience of minimum of 3/6 years in the development sector
- Copies of certificate of employment from the employer(s), specifying the period of such employment.

Before registering a person as its Member ICAI SAO is required to verify the following:

- Whether the applicant holds requisite qualifications & experience as indicated above.
- Whether the applicant holds valid Certificate of Practice if he is a Cost and management Accountant, Chartered Accountant, or Company Secretary.
- Whether the applicant have attended a course at the National Institute of Securities Markets (NISM) and received a certificate of completion after successfully passing the course examination.
- Whether the individual/firm/institution holds requisite social sector experience in providing assurance of non-financial information. (e.g., nutrition, education, health, water & sanitation, energy conservation, environment and climate change, etc.)
- Whether the firm/institution has required number of partners/employees meeting the criteria for being social auditor and has a track record of minimum three years for conducting social impact assessment.
- Whether any disciplinary proceedings are pending, or any disciplinary action has been taken at any time in the preceding three years against the professional member or firm/institution by the ICAI, ICAI, ICSI, any SRO or any other regulator.
- Whether ICAI, ICAI, ICSI, any SRO or any other regulator has initiated any criminal proceeding against the professional member or firm/institution and is pending for disposal?
- Whether the professional member/ person had an unblemished service with the last employer if he was in employment? The applicant must submit a conduct certificate from his last employer.

External Verification

The applicants' particulars are sent to verifying authority (ICAI / ICAI/ICSI) to verify the following:

- Confirmation on verification of Membership Number provided by the Member
- Date of enrolment as member
- Number of years as member, whether he is continued to be member since his enrolment
- Information on whether the Member has ever been found Guilty of Misconduct. If his Membership was removed.
- COP Date
- COP Number
- Firm No.
- Firm Name

- **Years of Experience in Practice**
- **Whether the member is in full-time practice or part-time practice?**
- **Whether the Member has been in Practice continuously? If not, please mention the block of period during which the Member was in practice and the block of period for which Practice was discontinued**

(e) After examination of the application, ICMAI SAO shall give an opportunity to the applicant to remove the deficiencies, if any, in the application.

(f) ICMAI SAO may require an applicant to submit additional documents, information, or clarification that it deems fit, within reasonable time.

(g) ICMAI SAO may reject an application if the applicant does not satisfy the criteria for registration or does not remove the deficiencies or submit additional documents or information to its satisfaction, for reasons recorded in writing.

(h) The rejection of the application shall be communicated to the applicant stating the reasons for such rejection, within thirty days of the receipt of the application, excluding the time given for removing the deficiencies or presenting additional documents or clarification by the ICMAI SAO, as the case may be.

(i) The acceptance of the application shall be communicated to the applicant, along with the registration number.

Issuance of Certificate of Enrolment/Registration

Upon successful registration, Applicant is issued certificate of registration within 7 working days from the date of registration with ICMAI SAO (through courier and via mail)

DETAILS REGARDING SOCIAL AUDITORS EXAMINATION CONDUCTED BY NISM



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

Social Auditors Certification Examination

The examination aims to create a pool of social auditors who would assess the impact of social interventions of various social enterprises who raise funds through the Social Stock Exchange platform.

Examination Objectives

On successful completion of the examination the candidate should:

- Know the basics of social auditing, Code of conduct of Social Auditors.
- Understand the general concepts related to social stock exchange, social audit and social impact assessment.
- Know the Social Impact Reporting disclosures and regulations.

Assessment Structure

The examination consists of 85 multiple-choice and 3 case-based/caselet questions (each case having 5 questions) totaling to 100 marks. The assessment structure is as follows:

Multiple Choice Questions[85 questions of 1 mark each]

85*1 = 85

Case-based Questions[3 cases (each cases with 5 questions of 1 mark each)]

3*5*1 = 15

The examination should be completed in 2 hours. The passing score for the examination is 60. There shall be negative marking of 25 percent of the marks assigned to a question.

Test Details

Name of Module: NISM Series XXIII: Social Auditors Certification Examination

~ 85 multiple-choice and 3 case-based/caselet questions (each case having 5 questions) totaling to 100 marks.

*** Negative marking – 25% of the marks assigned to the question.**

+ Payment Gateway Charges extra.

Passing Certificate will be issued only to those candidates who have furnished/ updated their Income Tax Permanent Account Number (PAN) in their registration details.

Frequently Asked Questions (Social Auditors)

1. Who can take NISM-Series-XXIII: Social Auditors Certification Examination?

The following persons can take NISM-Series-XXIII: Social Auditors Certification Examination:

- Individuals registered as social auditors
- Employees of Social audit firm
- Students pursuing social work and interested in gaining more knowledge in Social Audit

2. How can I register for NISM-Series-XXIII: Social Auditors Certification Examination?

Candidates can register at <https://certifications.nism.ac.in/nismaol/>

After successful registration, candidates may select a test centre, date and time slot of their choice on the Test Administrator website. Candidates are required to follow further instructions available on the Test Administrator websites.

3. What is the fee structure?

The fees for “NISM-Series-VIII: Social Auditors Certification Examination” is Rupees One Thousand Five Hundred only (Rs. 1500/-) plus applicable GST.

4. What is the assessment structure?

The examination will be of 100 marks, will have 100 questions, and should be completed in 2 hours. There will be negative marking of 25% of the marks assigned to a question. The passing score for the examination is 60%.

5. Is there a study material available for preparing for this examination?

You will receive a soft copy of the workbook/study material after enrolment for the examination. For non-receipt of a soft copy of the workbook/study material, you may contact NISM at: certification@nism.ac.in

6. Do I have to pay for the study material?

You will receive a soft copy of the workbook/study material free of cost after enrolment for the examination. Candidate can buy printed workbooks from Taxmann Publications Private Ltd.

Visit <https://www.taxmann.com/bookstore> to place your orders for NISM workbooks.

If you prefer to order by phone, please call your nearest store directly to place your order. [Click here](#) to get the details of your nearest store.

7. I have passed NISM Social Auditors Certification Examination, when will I receive the certificate?

Only the candidates who have produced their Income Tax Permanent Account Number (PAN) during registration would receive the NISM Certificate within two weeks of appearing for the examination.

Candidates who produced other identification proofs would not receive the NISM certificate. They would receive only the temporary mark sheet at the end of the examination.

8. I have not provided my PAN information at the time of taking the certification examination. How do I obtain the certificate?

Candidates who have not provided their PAN information during registration may upload the same from their candidate dashboard from NISM's portal. After receiving and verifying PAN details, the candidate will receive the certificate from the Test Administrator they have registered with. No additional payments are necessary for obtaining the certificate.

9. I have passed NISM Social Auditors Certification Examination and also provided PAN details, however I have not received a certificate. Whom should I contact?

For non-receipt of certificate contact: certification@nism.ac.in

10. What is the validity period of the certificate?

The certificate will be valid for 3 years from the date of the examination.

11. Can I request for re-evaluation of NISM Certification Examinations?

NISM Policy on Re-evaluation of performance of candidates appearing for Certification Examination and resolution of doubts about the questions forming part of such examination, if any.

“No re-evaluation of the performance of candidates appearing for Certification Examination conducted by NISM (Mandatory & Non-Mandatory examination) is permitted since the assessment of answers, with respect to Certification Examinations questions which are in the nature of the selection of only one correct answer from multiple choices offered, is carried out in an objective manner by in-built system architecture created for Certification Examination without any scope for human intervention and subjectivity element. Also, considering the examination structure, no disclosure of the questions and/or answers is permitted as it will violate the confidentiality of the question bank, which is the essence of the examination.

In view of the above, no communication regarding re-evaluation, etc. will be entertained/serviced by NISM.” Subject to the above request/s received from a candidate for resolution of doubts about a question forming part of such examination will be considered as per the following policy.

(1) Candidate’s request/s will be considered only when he/she specifically mentions particular question or two which he/she thinks contain errors. Claims/ to recheck more than two questions shall normally be not permitted unless substantive material is provided by the candidate as to why he/she considers errors in such questions. In no case, claim/s to recheck all the questions appeared in his/her question paper shall be entertained.

(2) No request/s to disclose/discuss question/s and/or their answers shall be entertained as disclosure of the question/s will violate the essence of the question bank viz. breach the confidentiality/secretcy of the Question bank.

(3) Only those request/s made on-the-spot (before leaving the test center) will be considered for verification.

(4) When a valid request is received from a candidate at the Test Centre, it shall be forwarded by the respective TA to NISM. NISM’s team will look into claim relating to the contested question/s to verify whether there is a mistake in the question or answer. If it is prima facie found that the question or answer contains a mistake, no score will be computed and consequently no score card will be issued then at the Test Centre.

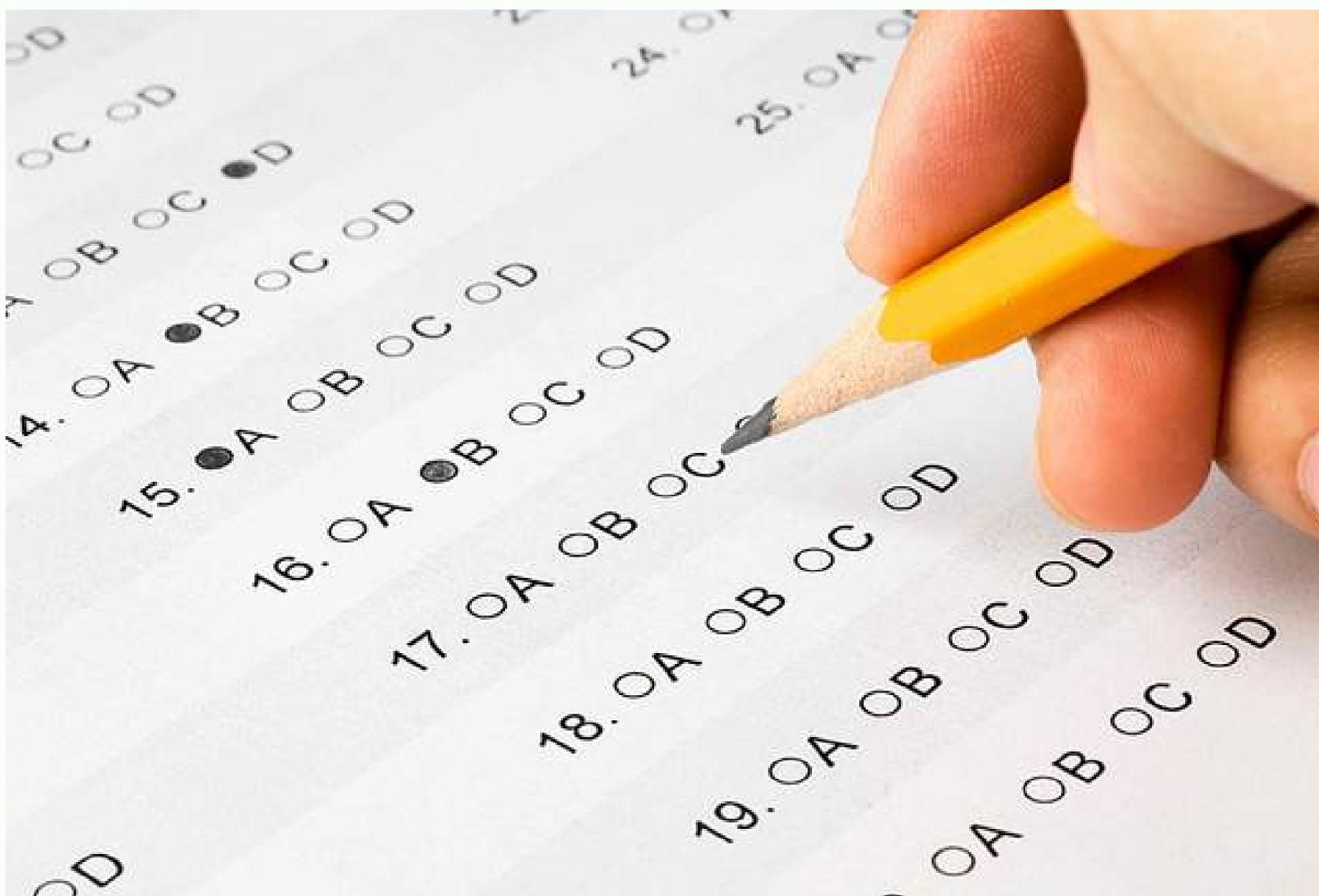
(5) Such matter will then be escalated with the question / answer to the Committee with the details of the nature of error, the correct version of the question or contested correct answer and system recognized correct answer. The Committee, after due diligence and proper scrutiny, will arrive at a conclusion whether the claim made by a candidate in relation to a question or answer is right. Such conclusion will be recorded in writing and put up for formal approval to the authority of NISM.

(6) Score computation, kept in abeyance as per point 4, shall be carried based on the approval as per point – 5. Such score card will then be issued to the candidate by TA/NISM.

(7) Even though NISM endeavours best efforts and has put in place a robust mechanism to review its question bank intermittently, attributable to continuous changes taking place emanating from dynamics of the market, encompassing products and features, and its regulatory framework, there is a possibility of inadvertently escaping some updation and/or escaping indirect impact on some question/answer. Therefore, to take care of such eventuality, the above process of entertaining request from the candidate in relation to the question/answer is put in place.

(8) The above policy and process will be subject to review from time to time and shall be binding and final in relation to any claim and/or matter when disposed off with the approval of the authority of NISM.

MULTIPLE CHOICE QUESTIONS



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

Compiled & Contributed by CMA Jacky Singh

(Cost Accountant, Registered Valuer, Social Auditor, Surveyor & Loss Assessor, Arbitrator, Independent Director)

Question 1 - What type of opinion is given when the auditor is unable to obtain sufficient appropriate audit evidence?

- A. Unqualified opinion
- B. Qualified opinion
- C. Disqualified opinion
- D. Neutral opinion

Answer - B. Qualified opinion

Question 2 - Which of the following model is used by social venture capital firms and/or impact investor to track regular progress on their investments in social enterprises and ensure sustainability of those social enterprise?

- A. Outsourcing model
- B. Partnership model
- C. Fully integrated model
- D. Do-it-yourself model

Answer - C. Fully integrated model

Question 3 - Which of the following is the return provided by Zero Coupon Zero Principal (ZCZP) Instruments ?

- A. Period Coupon Payment
- B. Return of principal on maturity
- C. Payment of principal after gap of some years
- D. Social return for the funder

Answer - D. Social return for the funder

Question 4 - Which of the following are the components of disclosures on general aspects?

- A. Scale of operations
 - B. Organizational goals, activities, products and services
 - C. Organization level potential risks and mitigation plan
 - D. Remuneration Policies
- I. Only B and C
 II. Only A and B
 III. Only C and D
 IV. Only A, B and C

Answer - II. Only A and B

Question 5 - What is a characteristic of audit evidence that signifies its reliability?

- A. Relevance
- B. Sufficiency
- C. Competence
- D. Timeliness

Answer - C. Competence

Question 6 - The social auditor should request from management and, where appropriate, those charged with governance on material social audit issues.

- A. Written representation
- B. Documentary Evidence
- C. Public Interview
- D. Donation

Answer - A. Written representation

Question 7 - The effectiveness of NPOs is contingent upon adequate funding. Which itself is, however, contingent upon the demonstration of

- A. Impact
- B. Outcomes
- C. A or B
- D. A and B

Answer - C. A or B

Question 8 - The maximum limit of donation paid in cash to qualify for deduction under section 80G of Income Tax Act is.....

- A. 2000
- B. 5000
- C. 10000
- D. 4000

Answer - A. 2000

Question 9 - In Which of the following forms can impact reporting be done?

- A. Independent impact report
- B. It can be part of an annual report
- C. It can be part of sustainability report
- D. All the above are true

Answer - D. All the above are true

Question 10 - In which of the following forms can impact reporting be done?

- A. Independent impact report
- B. It can be part of an annual report
- C. It can be part of sustainability report
- D. All the above are true

Answer - D. All the above are true

Question 11 - Which of the following is not a step involved in “Social Impact Assessment”?

- A. Setting Objectives
- B. Analysing stakeholders
- C. Mobilizing resources
- D. Verifying and valuing impact

Answer - C. Mobilizing resources

GUIDELINES FOR ARTICLES

The articles sent for publication in the journal “The Social Auditor” should conform to the following parameters,

which are crucial in selection of the article for publication:

- The article should be original, i.e. Not Published/ broadcasted/hosted elsewhere including any website.
- A declaration in this regard should be submitted to ICMAI-SAO in writing at the time of submission of article.
- The article should be topical and should discuss a matter of current interest to the professionals/readers.
- It should preferably expose the readers to new knowledge area and discuss a new or innovative idea that the professionals/readers should be aware of.
- The length of the article should not exceed 2500-3000 words.
- The article should also have an executive summary of around 100 words.
- The article should contain headings, which should be clear, short, catchy and interesting.
- The authors must provide the list of references, if any at the end of article.
- A brief profile of the author, e-mail ID, postal address and contact numbers and declaration regarding the originality of the article as mentioned above should be enclosed along with the article.
- In case the article is found not suitable for publication, the same shall be communicated to the members, by e-mail.

trainee@vvoicmai.in

Disclaimer:

The information contained in this document is intended for informational purposes only and does not constitute legal opinion, advice or any advertisement. This document is not intended to address the circumstances of any particular individual or corporate body. Readers should not act on the information provided herein without appropriate professional advice after a thorough examination of the facts and circumstances of a particular situation. There can be no assurance that the judicial/quasi-judicial authorities may not take a position contrary to the views mentioned herein.

trainee@vvoicmai.in



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

REGISTERED OFFICE

**The Institute of Cost Accountants of India
CMA Bhawan 3, Institutional Area, Lodhi Road, New Delhi - 110003**

CORPORATE OFFICE

**The Institute of Cost Accountants of India
CMA Bhawan, C-42, Sector-62, Noida, Uttar Pradesh - 201309**

CONTACT US

Email - ceo@saoicmai.in , sao@saoicmai.in

www.saoicmai.in