



## Decarbonizing Materials as Important as Green Energy Transition

**The 2023-24 Union Budget provides much cause for celebration. While a transition to green energy is essential it is not enough. The same strategic focus must be extended to decarbonizing materials, which account for 40-45% of our carbon footprint.**

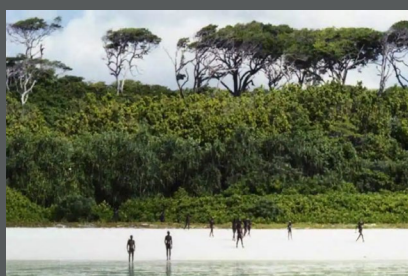
Just like with green energy there is an urgent need for concerted strategic efforts towards mainstreaming of green materials in the near future. Market-Based Instruments (MBIs) can play a key role in accelerating the transition to a circular economy by providing economic incentives for sustainable practices. Some MBIs that can be considered as policy instruments include:

- Extended producer responsibility (EPR) programs that go beyond plastics, e-waste and ELVs: This requires producers, across all product

### FEATURES 1 - 5



Good Green Governance Must for  
Green Transition



Is this a Green Budget?

### NEWS 6 - 12

- Are investors too hard on ESG Managers?
- Ladakh – Glaciers vs. Growth
- Measure How Basic Elements are Doing, Not Just GDP
- IIMB Don Examines Link Between Climate Communication and Consumer Behavior

categories, to take responsibility for the end-of-life management of their products, including disposal and recycling.

- **Green procurement policies:** Governments and organizations can adopt policies that prioritize and mandate the purchase of products that have recycled content and are produced using circular economy principles.
- **Recycling funds:** This involves the creation of funds to finance waste management and recycling initiatives (funded through environmental taxes or producer fees).
- **Resource efficiency mandates:** Governments can establish mandates that require companies to reduce resource use and waste generation, incentivizing the adoption of circular economy practices.
- **Performance-based incentives:** This involves rewarding companies that adopt circular economy practices, such as reducing waste and increasing resource efficiency. Hopefully, the Green Credit program referred to in the Union Budget is along these lines.
- **Encouraging the use of sustainable and biodegradable materials:** This includes policies to promote the use of materials such as recycled construction materials, recycled plastics, and compostable materials, which have a lower carbon footprint compared to traditional materials.
- **Encouraging innovation in low-carbon materials:** Governments, private organizations, and universities should have a mandate to invest in research and development of new, low-carbon materials, such as sustainable alternatives to concrete, steel, and plastics.

The policies introduced under the Green Growth initiatives clearly prioritize



Masood Mallick, CEO ReSustainability

decarbonizing energy and a number of steps to adopt clean energy have been identified and supported. The policies incentivize the production of green fuels and the use of clean energy, including CBG, green hydrogen, and lithium-ion batteries, and in summary, most of the opportunities that can accelerate India's green energy transition. The allocation of financial resources to these initiatives, as currently announced, do appear somewhat modest. However, coupled with the innovative use of market instruments, these do have the potential to drive near-term impact.

Considerations for biodiversity, sustainable farming, afforestation, eco-tourism, carbon stock, and micro-fertilizer use are welcome and are aligned with some of the SDGs that at times do not find a prominent place in the Union Budget.

Also, the Green Credit Program has the potential to drive sustainability performance in the private sector, but more details are needed to assess its impact.



# Good Green Governance Must for Green Transition

By Benedict Paramanand

Finance Minister Nirmala Sitaraman's budget has a nice green ring to it. She has brought 'green' to the center-stage, as it should be, in the last few budgets. The green growth bugle has been sounded. It's time now for more green action on the ground. While green action is key to ensuring that spending has maximum impact, it is high time that at least key initiatives are reviewed by an independent body and published in public domain.

Announcing is easy, implementing is tough, but ensuring that the money allotted is used optimally, is toughest. If we are serious about greening our economy and society, strengthening green governance is vital. If not done in haste, most of the money spent is bound to go down the gutter. That the water quality of Indian rivers has not improved a bit despite massive investments in the last ten years, tells the story quite starkly.

## What can be done to improve green governance:

- Expand Green Tribunal to every district.
- Just like it is mandatory for company boards to have an independent director, appoint an independent director on all environment related bodies. This director should be mandated to post all his comments on the public domain.
- All district public bodies should have an executive with a degree in environmental science. He/she should file a quarterly report on the progress of green projects.
- Design a website on which people can post suggestions and complaints on ongoing projects. And replies should be given within a stipulated period.
- Green citizens forum: Concerned citizens could form a green citizen's forum. If the forum has more than 10 members, it can get itself registered. The main purpose of this forum is to organize public debate on issues in their area.
- India has thousands of retired judges, retired public servants. They could take a three-month course in environmental governance and with that certificate can





become eligible to become independent members of government projects and as heads of citizen forums.

- Academies that train future civil servants should have a compulsory subject on environment laws. Current civil servants should be forced to take an online or an offline course as well. Just like GST certificate is mandatorily displayed even in small shops, all officers should display their certificates in their offices.
- Law colleges can make environmental laws as compulsory subject for all students.

When shareholders in companies can demand that companies adhere to sustainability and environmental goals, why can't citizens as shareholders demand the same from their public servants?

Indian youth are beginning to be part of several initiatives to push the governance agenda. **The Green Governance Initiative (GGI), Indian Youth for Climate Network (IYCN), Fridays for Future** are a few.

GGI aims in facilitating the outreach of various social welfare schemes to the grassroots level through the

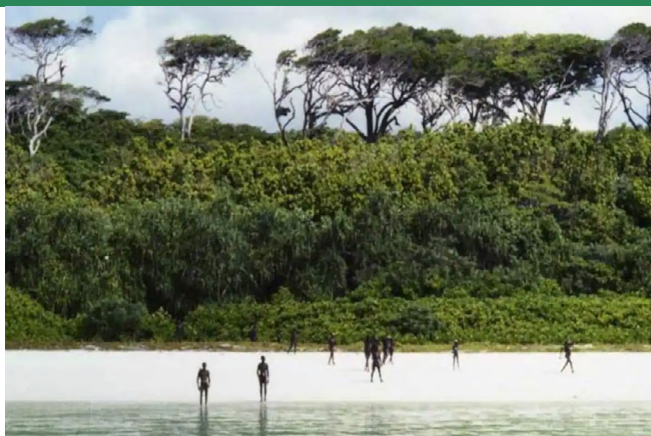
concept of Constituency Development through UNSDGs. The organization also identifies potential inputs for sustainable and achievable outcomes, while ensuring optimum use of minimum resources. It further looks forward **build a holistic synergy between top-down model of governance by collaborating with private investors, technologists, policymakers, thinkers amongst various others.**

The Indian Youth Climate Network (IYCN) is a coalition uniting Indian youth and Indian youth-oriented organizations who are concerned about environment issues and climate change. **It focuses on** personal transformation of individual who participates in the network's activities and works towards mainstreaming the climate debate.

**Fridays for Future**, the Indian arm of **Greta Thunberg's** outfit believes in agitation model to drive change. It has been able to galvanize support from college youth especially in cities.

I see that transition to green economy can happen only when there is a serious effort at enhancing green governance. This should not be done with an activist mindset, but more as that of a watchman's mindset if it is to last.





# Is this a Green Budget?

By SN Staff

The **2023-24 budget** allocates a whopping Rs.75,000 crore for developing pristine Nicobar Islands. The investment is earmarked for building a port, power generation plant, a township, tourism facilities, among others. The big question the government is yet to candidly answer is – do we need this? Is it of strategic importance? The arguments about this investment seriously affecting indigenous tribes and massive deforestation come later.

As health and education spend in the 2023 budget are either reduced or increased marginally, can the government justify such a big investment in a pristine island? Who is the real beneficiary of this project?

However, with nearly 800 sq kilometers of coastline, Nicobar offers an excellent opportunity for developing responsible eco-tourism and research stations on island related eco-system.

As the 2023 budget is touted as a green budget, this mammoth project could be a big black mark in it.

## Mangrove and Wetland Projects

Here are a few environmental projects that stand out in the 2023 budget announcement.

Plans are on the cards for setting up 500 new 'waste to wealth' plants under the **GOBARdhan (Galvanising Organic Bio-agro Resources Dhan)** scheme to promote circular economy. These will include 200 compressed biogas (CBG)

plants, including 75 plants in urban areas, and 300 community or cluster-based plants at a total investment of Rs 10,000 crore. How will they monetize will be interesting to know.

**'Mangrove Initiative for Shoreline Habitats & Tangible Incomes' or MISHTI**, which will involve planting mangroves along the coastline and on salt pan lands, wherever feasible, through convergence between MGNREGA, CAMPA Fund and other sources.

This new program will aim at intensive afforestation of coastal mangrove forests. India has them on both its Eastern and Western coasts with the Sundarbans in Bengal being one of the largest mangrove forests on the planet.

**'Amrit Dharohar'** will be implemented over the next three years to encourage optimal use of wetlands, and enhance biodiversity, carbon stock, eco-tourism opportunities and income generation for local communities. It will emphasize the importance of wetlands and their preservation. Local communities will be the caretakers of the ecosystem. Called Ramsar ecosystem, their official number is said to have gone up to 76 from 25 in 2014.

**Bhartiya Prakritik Kheti Bio-Input Resource Centers** are meant to facilitate the adoption of natural farming. For this, 10,000 Bio-Input Resource Centers will be set-up creating a national-level distributed micro-fertilizer and pesticide manufacturing network. This is expected to impact more than one crore farmers in the next three years.





# Are investors too hard on ESG Managers?

By SN Staff

The PwC Global Investor Survey 2022 observed that “Four out of five respondents (81%) say they would accept only a one percentage point or less reduction in overall returns for companies in their portfolios that take sustainability actions. Those include both activities that have a beneficial impact on society or the environment and sustainability activities that are relevant to the business’s performance and prospects.” Is this a fair expectation when returns on sustainability strategy come only in the medium to long-term? Will this kill the spirit of ESG (environment, social and governance) funds, whose task is not easy, as they operate in a complex and unforgiving environment?

[https://lnkd.in/g\\_muyrR7](https://lnkd.in/g_muyrR7)

## Long-term Investors Will Demand Strong ESG Performance: Dr. Mukund Rajan

I have maintained, including in my book **OUTLAST**, that companies will need to integrate ESG into their mainstream strategy should they wish to remain competitive and attract investor interest. ESG performance will become a hygiene factor for investors seeking relatively secure, risk-adjusted returns. Beyond investors, all stakeholders seeking long-term value creation, will require strong ESG performance from businesses they back.



That said, no investor is going to make significant allowances for below-par performance, just because a company or business says it is pursuing better ESG performance. And most investors, except for entities such as philanthropies and grant-making organizations, will demand returns comparable to what the market offers.

Indeed, some, who are very short-term focused, will demand constant alignment with the market (which is why some ESG funds saw some investors pulling out when they saw better returns with funds backing ESG-unfriendly fossil fuel companies after the outbreak of hostilities between Russia and Ukraine thanks to the dramatic rise in oil prices), and others who are more long-term focused will benchmark with the markets over time. **But nobody will accept significant under-performance just because companies or businesses claim they are taking ESG-friendly measures.**

Indeed, as I have been regularly pointing out, many ESG-friendly measures, like improving diversity within an organization, or paying more attention to corporate governance, or implementing energy efficiency measures, either require no capital outlay (and hence there is no question of reduced returns) or return their cost of capital within a short period (think energy efficient LED deployments in lighting, for instance).

Even where ESG-linked investments require to be made, there is no requirement that these necessarily must be made overnight. Net Zero is an example. A Unilever promises to achieve Net Zero by 2039, 16 years from now, NOT tomorrow. Meanwhile, they are taking the steps necessary to prepare for a Net Zero world, such as pursuing greater energy efficiency in their processes, persuading their supply chain partners to do likewise.

So, coming back to the study below, I think it is entirely logical that investors will make few compromises on their returns expectations vis-à-vis the markets. This is not surprising. That, however, does not mean either that they will happily back very risky enterprises, and it is my belief that most prudent investors will soon be making a minimum threshold of ESG performance an essential element of their stock picks.

**The ESG Bonanza – How India Can Build Outstanding Sustainable Businesses**

<https://youtu.be/dXAqLvmJpzE>

<https://fortune.com/2023/01/23/coca-cola-novartis-ceos-esg-quincey-narasimhan/>

## Average Holding Period is Getting Shorter



**Santhosh Jayaram,**  
Sustainability Head, HCL Corporation

There are broader macro issues. There are not many studies to quote data, but we know that the time people hold on to their investment is reducing and the sustainable value creation is mostly long term. So, until the investment is based on morality, returns will be top priority.

In terms of how long stocks stick around in a portfolio, the average investor holds shares for 5.5 months. This is according to an analysis of **New York Stock Exchange (NYSE)** data

conducted by Reuters. The analysis also revealed that the average stock holding period has been trending shorter and shorter. In the 1950s, for instance, a typical investor held onto shares for eight years on average.

<https://finance.yahoo.com/news/average-stock-holding-period-121123957.html>

## Only 2% Investors Think Greenwashing Does Not Happen

The PwC Global Investor Survey 2022 has made a few interesting findings that should get both sustainability professionals and organizations worried.

It found that 87% investors think corporate reporting contains at least some greenwashing. In the balance 13%, 11% don't know, so it is only 2% who says everything is OK. 46% says greenwashing to a large and very large extent. So, that is trust by investors. External assurance, many say, would boost their confidence in sustainability reports.

The survey probed investors closely on how companies are responding to current global economic, political, and social challenges and how they could influence their sustainability strategy. Investors want companies to keep a sharp focus on innovation and financial performance. They ranked those as their two highest priorities for business, with reduction in greenhouse gas emissions coming lower. Over the next five years, however, investors expect the threats stemming from climate change and cyber (including hacking and disinformation) to rise considerably.

They also see room for companies to become more effective both at managing climate change and innovation and at reporting on these efforts. Seven in ten investors said companies should report on

sustainability's relevance to strategy, the cost of meeting sustainability commitments (including climate goals), and the effects that sustainability risks and opportunities have on assumptions behind the financial statements.

The report quotes an American investor saying: 'I think it is really telling if you look through some sustainability reports. I'm going to start counting the number of times that a company says "sustainability" versus using actual descriptors. The more a company talks about sustainability in a vague way and the less information I walk away with, the bigger the red flag gets from my perspective.'

For reporting to be effective, it must be relevant and reliable. Yet, we found a gaping trust deficit.

As part of the push for financial discipline, investors seek greater transparency on the economic impact of companies' sustainability agendas. Two-thirds of investors say they would want companies to disclose the monetary value of the effects their actions have on the environment and society, although no agreed-upon methodology exists for doing so. Although valuable to investors, such disclosures could also give leaders a better basis for the direction, funding, and execution of sustainability strategies over the long term.





# Ladakh – Glaciers vs. Growth

By SN Staff

**Sonam Wangchuk's** recent hunger protest highlights the key debate facing India today – are local people better at protecting fragile ecosystems around them or are centralized, powerful governments better at it? This debate gets more vocal if the locals sit on valuable natural resources that are viewed as vital for national economic growth.

The Indian Constitution makers anticipated this clash of interest and introduced the Six Schedule. The Sixth Schedule empowers district autonomous councils to administer rights over land, forest, sanitation, and employment, with the interest of safeguarding cultural and indigenous identities. The experiment in the North-East seems to have worked until in recent years when national parties started fighting local elections. They tend to mix up national and local interests.

Wangchuk told the media that people of Ladakh did not want mining companies and mass tourism. They don't want industry to thrive at the cost of Ladakh's environmental integrity. He has also implored people of Ladakh to adopt sustainable living practices which is integral to protecting fragile Himalayan glaciers. Locals fear extinction of glaciers, which is the

mainstay for their water needs.

Recent studies by Kashmir University students say Ladakh may lose two-thirds of its glaciers if they are not taken care of properly. They warn that glaciers which are surrounded by highways and human activities are melting at an alarming rate.

Protests as a means of drawing attention of 'insensitive' governments by environmentalists and local people is increasingly becoming a pattern in India. With climate crisis looming, there is intense pressure on governments today to respect local conditions. But since governments are influenced, and even funded by big industry, this tussle will continue.

Ladakh celebrated when it became a Union Territory in 2019 thinking it would have a better say in local issues than when it was

under the Jammu & Kashmir administration. Wangchuk said he is beginning to regret it now.

Wangchuk is a 57-year-old Ladakh-based engineer. He set up an innovative school, the **Students' Educational and Cultural Movement of Ladakh (SECMOL)** in 1988.

The campus runs on solar energy and uses no fossil fuels for cooking, lighting, or heating. He received the Magsaysay Award in 2018.





# Measure How Basic Elements are Doing, Not Just GDP

By Ram Ramprasad

Every country measures its economy by GDP or Gross Domestic Product, a measure of all the products and services produced in the country regardless of the impact on existing natural resources and the environment. In the last 200 years, the population of the world quadrupled from about two billion to the current eight billion. A post-industrial revolution created a fossil fuel based consumerist economy that ravaged the natural capital and biodiversity of our living planet.

Our oceans are devoid of fish, our soil is degraded, our air polluted, our energy production uses brute force to spew out more CO<sub>2</sub> and methane into the air, our space is littered with debris, and in the name of climate change startups are armed to mine the moon for precious metals. In a nutshell, all activities good or bad are captured as GDP, wherein an ascending high number signifies progress – ironically and tragically captured under the umbrella of “climate change”.

It is a tribute to the wisdom of our ancient seers as well as the modern-day climate scientists and marine biologists that citizens

of the world are now shouting from the rooftops that something be done. The litmus test for protecting our living planet comes down to measuring five of the basic elements that together form this earth as well as our own bodies; water, soil, air, energy (fire), and space. We need a simple metric for each of these elements, nothing complex. Every citizen of the world needs to understand what we are measuring and what we are trying to manage. This is no different than a human being interpreting his blood report to manage his cholesterol, blood pressure, or sugar level and taking appropriate measures to manage his health.

Two thirds of our planet is water; therefore, we need a metric to show the number of diverse big and small fish by square mile versus an ideal target. It is the complex web of marine life that makes the ocean a carbon sink. Soil should be measured by the percentage of soil organic carbon. Air should be measured by CO<sub>2</sub> parts per million. Energy should be measured by the percentage that is carbon free. Space should be measured by its debris and allowable minerals that can be mined from the moon, although a moratorium on moon mining is a better option. Moon is the stabilizer of planet earth with several mystical, scientific, and



astrological phenomena that are yet to be fully understood.

The above metrics may need to be integrated with the key elements from the Living Planet Report/Index published by the World Wildlife Fund (WWF) along with key partners such as Zoological Society London (ZSL) on the loss of biodiversity. If people understand GDP, we certainly can develop a simple formula based on all the above. Social media should be utilized to communicate such data in a simple and a user-friendly manner.

## Super Microbes

Several examples are abundant in this regard; new innovations in the discovery of several microbes are helping us grow several things in the lab such as meat, bricks, cement, cotton, coffee, leather, diamonds, extraction of precious metals from used gadgets and so on. Microbes are being studied for eating up toxic waste, creating batteries for electric vehicles, and even generating electricity. High resource use items are shifting to the lab thereby lowering land and water footprint and reducing greenhouse gas emissions.

Novel nature-based solutions can repair the ozone – such as the peepul tree (*Ficus Religiosa*) that releases isoprene. Green composites can replace almost all metals and plastics. Increasing the population of whales can multiply the growth of phytoplanktons that absorb CO<sub>2</sub>. Clean tech and natural solutions will accelerate and create a healthier world. All this will happen if we shift focus from GDP and instead start safeguarding and measuring each of the five earth elements.

All human behavior is influenced by what we measure and what we manage – the



Image – RawPixel

proposed metrics potentially influence innovations to proceed in the right direction. **Uniting economics with climate science assures wholesome progress.** Hopefully, this framework serves as an example for the young leaders of tomorrow to carry forward a meaningful dialogue at a national and a global level.



**Ram Ramprasad worked as a Marketing Director for a Fortune 100 company in the United States of America**





# IIMB Don Examines Link Between Climate Communication and Consumer Behavior

By SN Staff



**Prof. Arpita Pandey**, faculty in the Marketing area at IIM Bangalore, has been awarded the Bala and Vasantha Balachandran Research Grant Award 2022 by the North American Society for Marketing Education in India for her work on sustainable consumer behavior. Her research was one of the three successful research proposals from over 50 paper submissions that the program attracted.

She examines how the framing of climate change impact and climate action in sustainable

communication influences consumer behavior. The research combines theoretical insights from the literature on consumer psychology and sustainable decision-making and utilizes field and quasi-field experiments to present insights for marketers and policymakers.

Awarded by **NASMEI (North American Society for Marketing Education in India)**, the prize carries a certificate and grant for further research. Dr. Pandey was conferred the award at the NASMEI Marketing conference, held at Great Lakes Institute of Management, and organized by the Kotler-Srinivasan Center for Research in Marketing. The Great Lakes-NASMEI Conference is among the finest international conferences in the marketing area in India which attracts presentations by professors and doctoral students from leading schools in U.S.A., India, Australia, New Zealand, Singapore, Switzerland, France, and Hong Kong.

Editor & Publisher

**Benedict Paramanand**

CEO - bangalorebizlitfest.com

Founder - greenlitfest.com

Please share your article ideas, views, thoughts and feedback to

benedict@managementnext.com

91-80-41126557

<https://sustainabilitynext.in/>

Design

**H.S. Ganesh Keerthi**

<https://ganeshkeerthi.com/>

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