

KNOWLEDGE NEXUS

SUSTAINABLE DEVELOPMENT AND THE FUTURE OF BUSINESS IN INDIA



June 2024

PRINCIPLE 6 OF THE BRSR FRAMEWORK

Principle 6 of the Business Responsibility and Sustainability Reporting (BRSR) framework in India focuses on environmental stewardship. It outlines the responsibility of companies to minimize their environmental impact and contribute to a more sustainable future. Here's a breakdown of the key aspects of Principle 6:

- **Minimize Environmental Impact** - Businesses should actively work to reduce pollution, conserve resources, and operate in a way that minimizes their contribution to climate change.
- **Environmental Stewardship** - Companies have a responsibility to protect the environment and, when possible, actively participate in restoring past environmental damage.

Overall, Principle 6 emphasizes the importance of integrating environmental responsibility into core business practices. Companies that uphold this principle strive to be good stewards of the environment by minimizing their negative impact and actively contributing to positive change.

- **Energy and Electricity Management:** Tracking and reducing energy usage through efficiency measures and renewable sources.
- **Waste Minimization Strategies:** Adopting practices to reduce, reuse, and recycle waste.
- **Water Resource Management:** Implementing sustainable water use practices and proper treatment of wastewater.
- **Emissions Control and Reduction:** Monitoring and reducing emissions of greenhouse gases and other pollutants.

ESSENTIAL ELEMENTS OF 'E' IN BRSR

GREENHOUSE GAS EMISSIONS BREAKDOWN

Greenhouse gases (GHGs) are atmospheric gases that contribute to the greenhouse effect by trapping heat. The primary gases responsible for this effect are carbon dioxide, methane, nitrous oxide, and water vapor. Furthermore, synthetic fluorinated gases are potent greenhouse gases, contributing significantly to the greenhouse effect and global warming.

Sector	Description	Key Points
Electricity Production	- In 2022, 60% of electricity comes from burning fossil fuels, mostly coal and natural gas.	- Major contributor to GHG emissions. - Focus on renewable energy.
Transportation	- Primarily from burning fossil fuels for cars, trucks, ships, trains, and planes. - Over 94% of the fuel used for transportation is petroleum-based, including gasoline and diesel.	- Significant source of emissions. - Shift to electric vehicles.
Industry	- Emissions from burning fossil fuels for energy and chemical reactions necessary to produce goods from raw materials. - Industrial emissions are the third-largest source of direct emissions.	- High energy consumption. - Efficiency improvements needed.
Commercial and Residential	- Emissions from fossil fuels burned for heat and gases used for refrigeration and cooling in buildings. - Non-building specific emissions like waste handling.	- Includes heating, cooling, and waste. - Focus on energy-efficient buildings.
Agriculture	- Greenhouse gas emissions from agriculture come from livestock such as cows, agricultural soils, and rice production. - Indirect emissions from electricity use in agricultural activities (e.g., powering buildings and equipment) are about 5% of direct emissions.	- Livestock, soils, and rice production are major sources. - Energy use in agriculture contributes indirectly.
Land Use and Forestry	- Land areas can act as a sink (absorbing CO2 from the atmosphere) or a source of greenhouse gas emissions.	- Managed forests are a net sink of CO2. - Offset 13% of total gross GHG emissions since 1990.

Source file - EPA

UNDERSTANDING SCOPE 1, 2, AND 3 GHG EMISSIONS

Scope	Description	Examples
Scope 1	Direct GHG emissions from sources that are owned or controlled by the company.	Emissions from company vehicles, boilers, furnaces, or other equipment owned or controlled by the company.
Scope 2	Indirect GHG emissions from the generation of purchased electricity consumed by the company.	Emissions from the electricity, steam, heating, and cooling that the company purchases for its own use.
Scope 3	Other indirect GHG emissions that occur as a consequence of the company's activities but occur from sources not owned or controlled by the company.	Emissions from downstream transportation, business travel, waste disposal, and purchased goods and services.

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ENVIRONMENTAL METRICS

- **Carbon Footprint:** The assessment of all greenhouse gas emissions, both direct and indirect, attributable to an organization.
- **Water Usage:** Tracking water consumption and introducing water-saving strategies.
- **Waste Management:** Properly managing waste to reduce environmental harm

Revealing these indicators goes beyond mere compliance. It serves as a tool to pinpoint areas of improvement and make necessary adjustments proactively. With a rising demand for environmentally responsible businesses from investors and consumers ready to switch brands to endorse sustainability, these efforts are crucial.

Climate neutrality, also known as achieving net zero emissions, refers to reaching a state where human-caused greenhouse gas emissions are balanced by the removal of those same gases from the atmosphere, effectively stopping the build-up that drives climate change. To achieve climate neutrality, countries and organizations are working together to set and meet ambitious emissions reduction targets through regular conferences like the COP (Conference of Parties). This reframing highlights the following aspects:

- **Shared goal:** Achieving climate neutrality is a global effort.
- **Collective action:** Countries and organizations are working together.
- **Setting targets:** COP facilitates setting ambitious emissions reduction goals.
- **Regular action:** COP ensures continual progress through periodic meetings.

CLIMATE NEUTRALITY

CUTTING CARBON

Some solutions are already being implemented in places around the world. Some can be tackled by individuals, such as using less energy, driving an electric car, and switching to renewable energy. Other actions to mitigate climate change involve communities, regions, or nations working together to make changes.

BREAKDOWN OF GREENHOUSE GAS EMISSIONS BY ECONOMIC SECTOR

Sector	Sector's Climate Change Footprint (in %)	Criteria Air Pollutants
Energy (Electricity, Heat & Transportation)	25-35%	CO2, N2O
Agriculture, Forestry & Other Land Use (AFOLU)	18-25%	CH4, N2O, CO2 (from deforestation)
Industry (Manufacturing, Construction)	20-30%	CO2, CH4, N2O, F-gases
Waste	3-6%	CH4, CO2

IEA data on International Energy Agency

ENVIRONMENTAL CONSEQUENCES

- **Hotter Summers:** Results in more frequent and intense heat waves.
- **Sick Oceans:** Damages marine life and ecosystems.
- **Extreme Weather:** More frequent and severe storms, floods, and droughts causing devastation.
- **Rising Seas:** Swallowing coastlines, displacing people, and destroying habitats.
- **Trouble Taking a Breath:** Polluted air making it harder to breathe, especially for vulnerable populations.
- **Ozone Depletion:** Raises the likelihood of skin cancer and other health concerns.
- **Emptying Forests, Silent Oceans:** Puts species at risk and destabilizes ecosystems.

- Goal 2: Zero Hunger
- Goal 3: Good Health & Well-being
- Goal 6: Clean Water and Sanitation
- Goal 7: Affordable and Clean Energy
- Goal 10: Reduce inequalities
- Goal 12: Responsible Consumption and Production
- Goal 13: Climate Action
- Goal 14: Life below the water
- Goal 15: Life on Land

Adherence to Principle 6

- UN Sustainable Development Goals:
- Integrated Reporting Capitals:
 - Natural Capital
 - Social and Relationship Capital

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EMISSION REDUCTION & MOVE TOWARDS NET ZERO

A. EMISSION REDUCTION

Strategy	Description
Energy Efficiency	Implementing energy-saving technologies and practices.
Renewable Energy	Switching to solar, wind, and other renewable energy sources.
Supply Chain Optimization	Streamlining processes to reduce waste and emissions.
Waste Reduction and Diversion Strategies	Minimizing waste sent to landfills.
Reduce Methane Emissions	Implementing measures to capture and utilize methane.
Increase Fuel Efficiency in Transportation and Logistics	Adopting more fuel-efficient vehicles and routes.
Process Changes at Source	Modifying production processes to reduce emissions.

B. CARBON CAPTURE

Strategy	Description
Direct Air Capture	Technology to remove CO2 directly from the air.
Land Use, Landcover, Forestry Enhancement	Planting trees and improving land management to sequester carbon.
CO2 Uptake in Seas	Enhancing natural ocean processes to absorb more CO2

SUSTAINABILITY INITIATIVES BY INDIAN COMPANIES

Company	Best Practice
Godrej Appliances (Home Appliances)	Low-Carbon Production Facilities - Invests in renewable energy sources and energy-efficient technologies to power manufacturing facilities, reducing reliance on fossil fuels.
Mahindra Electric Mobility (Electric Vehicles)	Battery Recycling Program - Establishes a closed-loop system for recycling electric vehicle batteries, minimizing waste and environmental impact.
The Himalaya Drug Company (Personal Care Products)	Sustainable Packaging Design - Develops and utilizes eco-friendly packaging materials for products, minimizing waste generation and promoting responsible consumption.
Solar Energy Corporation of India (SECI) (Renewable Energy)	Solar Power Auctions - Conducts auctions for large-scale solar power projects, driving down costs and accelerating solar energy deployment in India.
Asian Paints Limited	Reduce GHG emission - Replaced 4000KW diesel generators with gasbased generators for secondary power.
Hindustan Petroleum Corporation Limited	Zero Liquid Discharge - 75% of effluent water at Mumbai Refinery recycled back to process.

CONCLUSION



Investing in a sustainable future involves both individual actions and collective efforts. By adhering to the principles of environmental responsibility and sustainability, companies not only improve their ecological footprint but also attract investors and consumers who prioritize a greener planet. The journey to net zero emissions and beyond is paved with transparency, efficiency, and innovation.

Disclaimer

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