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A Study on Recent Trends in Environmental, Social and Governance Goals of Global Corporates

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Abstract
Environmental, Social and Governance more popularly known as ESG goals is fast gaining momentum and popularity across the globe. These goals not only define what the corporates are doing but also define how they should be expected to work. These goals find its source from the Sustainable Development Goals set by United Nations (UN) which prescribes certain commitments to be met by corporates while they carry out their business operations. The entire purpose is that while meeting the corporate goals, goals aimed at making the world a better place to live should also be kept in mind. Few countries have aligned these ESG goals with their Corporate Social Responsibility (CSR) policy wherein they fulfill their social and other commitments through CSR activities. However, they both are quite different in its approach and execution. The simple reason for these ESG goals is that a business can never operate in isolation. It will always need the interaction and support from various social stakeholders. This research paper explains about various ESG goals that the corporates aim at achieving, what all has been done till now in the field of ESG and what all is yet to be done to make it more effective and popular. This research is based entirely on secondary data.

Keywords
Environment, Social & Governance, Corporate social responsibility, Regulatory framework, ESG reporting, Sustainable development goals

INTRODUCTON

The concept of Environmental, Social and Governance (ESG) goals is closely connected with the terms ‘Responsible Business’, ‘Socially Active Business’ ‘Ethical Business’, ‘Social Philanthropy’ and the like. Traditional businesses were carried out in a simpler and easy manner. The reason was quite obvious that in earlier times regulatory issues were not so complex. Business houses and traders used to do business in local areas only and therefore the stakeholders were affected in a limited manner. Their interaction and impact on society and environment was minimal. The business activities were not so much detrimental to the environment as well. Regulatory intervention was minimal and there were no ethical and governance issues as business houses were predominantly family owned. However, modern businesses have become very complex to operate and regulate. The reason being now the geographical boundaries have increased and the impact of business operations is being felt to a large extent on a diverse set of stakeholders. These stakeholders are not only very alert, informed educated and vigilant, they also are inquisitive and involved in all stages of business deliberations. These stakeholders have various expectations which the corporates cannot ignore. These stakeholders have enormous statutory rights of not only questioning business decisions but also overturning wrong and bad business decisions. Therefore, it has become imperative for business houses to set goals which are inclusive in nature and which promote overall growth and prosperity of all concerned in a way which benefits all stakeholders. ESG goals aims to make the business a better person in eyes of all.

HISTORY OF ESG

ESG considerations in investment and operations existed centuries before we called it ESG. The key drivers for ancient "exclusion list" or "code of conduct" prototypes were religion, moral norms, and cultural values. Some examples of value-based investment can be seen in the 1700s with the Quakers and Methodists in the United States and Europe who would exclude slave labor from their investment practices. As early as the 1960s, there was a growing movement for divestment from Apartheid South Africa before it came to the fore in the mid-1980s. Apartheid was an imposed system of rule based on racial segregation that lasted from 1948 to 30 June 1991 in South Africa. The divestment campaign and broader mounting political pressure from global players has been widely credited as one of the galvanizing forces leading to the end of Apartheid. The "Triple Bottom Line," or the notion of People, Planet, Profit (PPP), was the first time businesses had to focus on two other P's, beyond profits. The concept was the starting point of what later became ESG or SRI, growing in prominence following the ratification of legislation from the United Nations. In 1992, The United Nations Framework Convention on Climate Change (UNFCCC) is established, signed by 154 states at Rio de Janeiro, coming into effect in March 1994. The overall goal of the UNFCCC is the "stabilization of greenhouse gas concentrations in the atmosphere, at a level that would prevent dangerous anthropogenic human-induced interference with the climate system." The United Nations Global Compact (UNGC) is launched in July 2000 as both a principles-based policy platform and a practical framework for companies committed to sustainability and responsible business practices. There are Ten Principles covering human rights, labor, the environment, and anti-corruption.

The United Nations' Principles for Responsible Investment (UNPRI) reporting framework is launched in April 2006, following an invitation from the then-United Nations Secretary-General Kofi Annan to the world's largest institutional investors to come together to develop the Principles for Responsible Investment. The number of signatories has grown approximately 40-fold since its inception from 100 to over 4,000. Each signatory must adhere to the Six Principles for Responsible Investment. Examples include "the incorporation of ESG issues into investment analysis and decision-making processes" (Principle 1), being "active owners and incorporate ESG issues" into ownership policies and practices (Principle 2) and the establishment of "appropriate disclosure on ESG issues by the entities" in which signatories invest (Principle 3). In the wake of the Global Financial Crisis (GFC), investors searching for yield created notable growth in interest in natural resources, which were originally seen as an offshoot of the private equity and infrastructure asset classes.

Since the launch of PRI in 2006, the number of ESG laws and standards has increased, pushing ESG to the top of the financial services industry's agenda. The Sustainable Development Goals (SDGs) are established by the United Nations General Assembly. The intention is to achieve them all by the year 2030. There are 17 goals, with a holistic approach to addressing these five pillars: Basic Needs (Nutrition, Affordable Housing); Empowerment (Decent job, Education); Climate Change (Alternative Energy, Green Buildings); Natural Capital (Sustainable Water, Sustainable Agriculture); Governance (Bribery & Ethics, Governance Structure). The Task Force on Climate-Related Financial Disclosures (TCFD) is launched in December 2015, formed by the Financial Stability Board (FSB), with a view to develop a set of voluntary climate-related financial risk disclosures which can be adopted by companies. The Intergovernmental Panel on Climate Change (IPCC), a United Nations body for assessing the science related to climate change, released its Special Report on Climate Change on the impacts of global warming of 1.5°C above pre-industrial levels. The Sustainable Finance Disclosure Regulation (SFDR) covering market participants within the European Union is launched in March 2021. The legislation looks to promote strong ESG values and mandates fund managers to actively disclose whether their fund falls under Article 6 (no ESG incorporation), Article 8 (ESG Fund), or Article 9 (Impact Fund)

LITERATURE REVIEW

Jemel-Fornetty, H., Louche, C., & Bourghelle, D. (2011) have in their study identified the growing attention to ESG issues across the more traditional investment community is considered as the mainstreaming of Responsible Investment (RI). While RI derives from moral and ethical concerns, the new trend of integration of ESG information by mainstream investors is business driven. Henisz, W., Koller, T., & Nuttall, R. (2019) have pointed out and mentioned the importance of ESG as an inextricable part of how you do business, its individual elements are themselves intertwined. For example, social criteria overlaps with environmental criteria and governance when companies seek to comply with environmental laws and broader concerns about sustainability. Our focus is mostly on environmental and social criteria, but, as every leader knows, governance can never be hermetically separate. Tahmid, T., Hoque, M. N., Said, J., Saona, P., & Azad, M. A. K. (2022) talks about how the environmental, social, and governance (ESG) factors are used to evaluate nonfinancial performance of a firm. While some researchers state that ESG initiatives taken by a firm increase its value and performance by lowering costs and unsystematic risks, others consider it as a wastage of firm resource. Pollman, E. (2019) discussed about the idea that corporations should engage in socially responsible business practices ("CSR") or initiatives relating to environmental, social, and governance matters ("ESG") is gaining prominence, but remains highly contested. Deeper examination reveals that these terms—CSR and ESG—each lack a singular meaning. From aligning shareholder and stakeholder interests for shared value and risk management, to going beyond compliance and profit-maximizing strategies, there is no consensus on what socially-responsible activity entails and the rationale for its pursuit. Kotsantonis, S., Pinney, C., & Serafeim, G. (2016) have highlighted in their study that companies with high ESG "scores" have continued to be viewed by mainstream investors as unlikely to produce competitive shareholder returns, in part

because of the findings of older studies showing low returns from the social responsibility investing of the 1990s. But studies of more recent periods suggest that companies with significant ESG programs have actually outperformed their competitors in a number of important ways. According to Hvidkjær, S. (2017), the main argument for outperformance of based ESG-strategies is, in essence, that the stock market underreacts to ESG information. That is, the value effects of a positive ESG event is not sufficiently recognized by the stock market, hence firms with such events tend to be undervalued and a strategy investing in these firms can obtain abnormally high returns. Gillan, S. L., Koch, A., & Starks, L. T. (2021) talks about ESG and how corporations and investors integrate environmental, social and governance concerns into their business models. CSR traditionally has referred to corporations' activities with regard to being more socially responsible, to being a better corporate citizen. Halbritter, G., & Dorfleitner, G. (2015) in their study have pointed out that apart from the corporate financial performance (CFP), private and institutional investors are increasingly interested in the corporate social performance (CSP) of a particular company. Firms are being ever more encouraged to consider non-monetary goals. Nevertheless, most investors consider social concerns just as a side condition while a maximization of the return is still the primary objective. Li, T. T., Wang, K., Sueyoshi, T., & Wang, D. D. (2021) quotes that ESG is usually a standard and strategy used by investors to evaluate corporate behavior and future financial performance. As an investment concept for evaluating the sustainable development of enterprises, the three basic factors of ESG are the key points to be considered in the process of investment analysis and decision making. Pedersen, L. H., Fitzgibbons, S., & Pomorski, L. (2021) highlights about how investors have little guidance in how to incorporate ESG in portfolio choice and, worse, opinions differ dramatically across academics and practitioners about whether ESG will help or hurt their performance. Our theory explains how the increasingly widespread adoption of ESG affects portfolio choice and equilibrium asset prices. Van Duuren, E., Plantinga, A., & Scholtens, B. (2016) have in their study found out three surprising and very interesting findings which are as follows. The first is that many conventional fund managers have adopted features of responsible investing in their investment process. The second is that in many respects ESG investing seems to resemble fundamental investing. The third is that the domicile of the portfolio manager has a distinct impact on responsible investing.

OBJECTIVES OF THE STUDY

- To identify various initiatives taken under ESG goals by various corporates
- To understand the present regulatory regime of ESG reporting framework
- To highlight the ESG initiatives of few global companies

DISCUSSION - ESG INVESTING INITIATIVES

Environmental

The environmental activities that fall under the heading ESG include energy use, carbon footprint, natural resource stewardship, management of dangerous substances, compliance with governmental environmental regulations, and sustainability in resource use. The environmental dimensions of ESG are probably the most visible ESG element to the average person. Societal pressure has caused companies to be open about the amount of their energy that comes from renewable sources. year before 2019. Even banks are trumpeting their green energy use. Companies and organizations now also feel societal pressure to implement sustainable practices. It would be prudent for all businesses and organizations to be more aware of the substances that they discharge into the air. The environmental dimension of ESG also involves responsible and sustainable use of water. Reduction of carbon usage and decarbonization through carbon credits, carbon offset and carbon containment are some of the key initiatives that the corporates are adopting to fulfill their environmental ESG compliances. Adopting green initiatives such as saving of paper, change of product cover also can also be considered.

Social

The social activities that fall under the heading ESG include positive community development, emphasis on diversity and equity in hiring and promotion, fair and protective treatment of customers, and opposition to slave labor and human trafficking. When it comes to the health of the company, the workers have at least as much a stake, relatively speaking, as do the owners, or might be more. If a company goes bankrupt, the owners lose their investment in a specific portfolio, but have other investment options to recover money from. However, the workers, if they lose their jobs, do not have a portfolio of jobs. So, the workers have a great interest in the company being run in a prudent manner that maximizes the chances that their jobs will be safe for the foreseeable future. In addition, the experience that the company provides the workers with more than just wages.

Governance

The governance activities that fall under the heading ESG include transparency in decision-making, diversity in the composition of the board of directors of the corporation, fairness in executive compensation, and controls to ensure ethical business practices. Good governance in large corporations starts with the board of directors. The large and diverse set of shareholders elect the individuals, the directors, who will act on their behalf. It is the collected board of directors who select the professional managers who run the company on a day-to-day basis. Inside a company that has good governance, there is an organizational structure with checks and balances to make it difficult for rogue executives and

employees to do things that no one else knows about. In a good governance environment, an important subset of the members of the board of directors is composed of independent directors. That's members of the board who are not executives in the company. Transport organizational structure and strong independent members of the board directors. These reflect a supportive tone at the top that encourages everyone in the organization to take proper governance seriously. Because large corporations can have shareholders who are quite literally scattered around the world, most of those shareholders are not able to physically attend the annual shareholder meeting. Accordingly, the corporation provides its shareholders with a proxy statement that provides the shareholders with information about the important items that will be considered and voted upon during the annual meeting. The governance activities that are part of ESG move a company towards more transparent and inclusive decision-making and towards ethical business practices.

Regulatory regime

The origin of ESG regulation can be dated back to 1980s when certain US based businesses operating in South Africa were not only indulging but also promoting state sponsored racism which is clear violation of human rights and gives rise to governance issues. Possibly the first efforts to curb menace of this kind were taken in the year 2000 when the United Nations Global Compact (UNGC) was launched by the Secretary General. The bringing out UNGC was one of the first efforts to encourage the companies to integrate their business activities in line with promoting social objectives. The main focus was to make the businesses more socially responsible in promoting better wage policies, fair remuneration, recognizing human rights, concern for the environment, corruption free business operations etc. To take forward the UNGC initiatives and to show the progress in the field of ESG activities, a series of 'Who Cares Wins' reports were published. The purpose of these reports was to show and depict that businesses who cares for various ESG issues not only succeed in the long run but also wins heart of various stakeholders. These reports highlighted the commitments of certain corporates who show strong determination to overcome ESG issues by making suitable changes in operating conditions. These measures ensure that the corporates get the most loyal employees and largely satisfied stakeholders. These satisfied and happy stakeholders in turn give the corporates the best growth and highest profits as their reward for fulfilling the ESG norms. Most socially responsible and active companies, have created a senior management position in the designation of Chief Sustainability Officer (CSO) who will monitor, report and review the ESG measures taken by corporate. The compliance mechanism of ESG can easily be integrated with existing and governing environment laws of the country which deals normally with prevention of all kinds of pollution, waste management, and safe disposal of hazardous substances. Further to look into the social aspects of ESG goals, labor laws play a very important role which deal mainly with fair wages, no discrimination, better and safe work environment, more ethnic and cultural diversity to name a few. As far as the governance part is concerned, corporate / company law takes care of the compliance management. Corporate Social Responsibility (CSR) is sometimes confused with ESG initiatives. The ultimate goal of both may be identical that is to make the society a better place to live in, but as far as the execution is concerned, they both differ largely. While CSR aims at spending money or donating things for social betterment, ESG imposes the duty on corporates to come out with measurable and specific targets which should clearly indicate what the corporate house is going to do in the next few years to promote and protect the ESG goals. As far as the 'Governance' aspect of ESG initiatives are concerned, the company's Board plays a significant role in shaping the ideology of the company in complying with regulatory requirements of ESG. The company's board is the sole authority in the company which will implement the regulatory regime under ESG. To carry out the ethical and best practices in a business, Independent Directors play a very vital role. As far as the company is concerned, they are mandatory to be appointed in all mid and large scale corporates. They work on the principles of fairness and transparency and not taking company decisions blindly but only after careful and well-designed research backed decisions. They represent the shareholders and implement business decisions for the overall good of the company. It is because of these inclusive governance measures, all 500 of S&P companies in US had at least one-woman director on the board. The shareholder activism has led to boards being more ESG compliant and adequately disclose the measures taken towards achieving goals. The shareholders force the boards that if they want the companies to function smoothly and have majority voting, the companies should focus on adequate sustainable reporting. In this regard, shareholders also act as a regulatory regime which keeps a constant vigil on what all the company is doing and how far it is impacting ESG related disclosures.

The Business Round Table (BRT) which is an association of Chief Executive Officers (CEOs) of large companies released a statement in 2019 which mentioned the way a business house is expected to work and report on ESG goals and initiatives. The main idea which was highlighted in the statement was that instead of concentrating only on company's own interests, it should also display commitment towards other stakeholders of the society which play a vital role in the success of the company. As of June 2022, this statement has been signed by CEOs of 261 globally well-known companies.

A very important aspect of effective ESG implementation is it's reporting. ESG reporting is simply conveying to all stakeholders what the corporate person is doing to promote its ESG goals. For effective ESG reporting, a strong ESG reporting framework needs to be developed and put into implementation. This framework for implementation should be robust, dynamic and inclusive which enables a corporate to effectively and easily share its ESG initiatives. This system should be credible and backed by independent and verified third party audit so that it becomes universally acceptable. At the same time these reporting frameworks should be uniform and consistently followed by corporates by all across the

globe. Unless and until these frameworks are not notified and implemented strictly through statutory process, these ESG initiatives and consequently its reporting will not be able to achieve its desired results.
One of the biggest challenges to the present ESG reporting regime is that it lacks consistently in reporting. There is no universally acceptable body which is overlooking the reporting and implementation part. This challenge becomes even bigger when every corporate reports in its own way and that makes comparison very difficult of the initiatives the corporates are doing. Diversity in reporting creating scope for evasion and confusion on the part of stakeholders who cannot assess what the business is doing in reality in the name of ESG. Unfortunately, presently, there is no single or common body which can prescribe about the reporting and other ESG requirements. To make things worse there is no verification of the claims that a corporate puts up in their ESG report in the name of ESG initiatives. Being in the non-mandatory category, companies generally avoid on their ESG reporting as they know no statutory consequences are going to follow. Till now whatever ESG related information we have is only because of the ESG initiatives disclosed voluntarily by the companies.

A few presently prevailing frameworks prescribed by few bodies which have done good progress in the field of ESG are as follows: The United Nations Sustainable Development Goals (UNSDGs), The Task Force on Climate Related Financial Disclosures (TFCRFD), Global Reporting Initiatives (GRIs), Sustainability Accounting Standards Board (SASB) and International Sustainability Standards Board (ISSB). These are established as Non-Profit organizations but are not affiliated to any specific agencies or corporates. To begin with the UNSDGs prescribe 17 goals established in 2015 which deal with global issues such as poverty, hunger, gender equality, women empowerment etc. to name a few. Some companies in their ESG report show case their commitment to achieve and meet these SDGs and what he company actually wish to achieve in the near future. The Task Force on Climate Related Financial Disclosures (TFCRFD) which has been working since 2015 focuses specifically on issues which deal with climate change and the related financial disclosures. Many companies mention in their ESG reports about their efforts in contributing to a better climate and living conditions. What changes the companies make in their operations which can contribute in improving the climate in a positive manner and how funds are being spent to achieve these goals. The Global Reporting Initiative has been there since 1997 and it came out with the first draft of sustainability reporting framework in the year 2000 which became the global standard and was widely accepted and followed by all businesses across the globe in reporting their ESG related initiatives.

The GRI have prescribed a detailed and comprehensive framework which covers broad parameters of corporate function like compensation structure, corporate governance, board diversity, energy conservation etc. The Sustainability Accounting Standards Board (SASB) was established in 2011 and it focused on industry specific sustainability reporting issues. The highlights of SASB disclosures are that they focus on financially-material, industry-specific, decision-useful, cost-effective, evidence-based and market-informed sustainability disclosures. The latest framework has been devised by International Sustainability Standards Board (ISSB) which was created in 2021 by the same body who devised International Financial Reporting Standards (IFRS). The benefits of the standards created by ISSB is that they create the reporting requirements through a participative and consultative pubic deliberation process. All stakeholders' views are considered before the finalization of standards. The road map is that SASB will be merged into ISSB so that the convergence and uniformity on global ESG reporting standards can be easily achieved. The ISSB was created to work along with International Accounting Standards Board (IASB), the global body who worked for creation of International Accounting Standards, more commonly known as IFRS.

The sole objective of setting up this body was to accelerate the process of creation of uniform reporting frameworks which can result in preventing the companies from slipping out of clutches of ESG reporting for the simple reason of no regulations. To some extent, the purpose has been achieved also as the ISSB has come out with the first set of draft reporting frameworks in 2022 which is circulated for public responses, suggestions and deliberations. Public stakeholders comprise of industry and market players who have firsthand interest in ESG compliances. The board believes in consultative approach for devising reporting criteria which are universally acceptable. The reason for assigning the work of creating global ESG reporting frameworks is that ISSB has the competence and long history of 50 years in creating globally accepted accounting standards. Since ESG reporting has financial and operational implications, this body was considered as the best to come to the rescue of international businesses in devising globally accepted ESG reporting standards and frameworks. It is believed that slowly and gradually the governments will put pressure on local companies to start adopting ESG related compliances and follow the reporting protocols so that the reports can be universally comparable. Now the entire burden is upon to not only follow the reporting guidelines in letter and spirit but also get them thoroughly audited by independent third party auditors so that the reports are considered authentic and reliable by potential stakeholders. This role of third party can be provided either by the Big 4 consulting and global auditing firms or by less known consulting firms like SCS Global Services who has been working in ESG and related compliances, disclosures and reporting since 1984.

Some companies are also involving certifications by bodies such as Fair Labor Associations which certify about the company's labor practices as been employee friendly and fair treatment in available opportunities. The possible danger of such kind of practices wherein the claims in ESG reports are not verified or are limited to a small extent is called as Greenwashing which has far reaching implications on stakeholder on building trust and confidence on company operations.

PROS AND CONS OF ESG

Pros –

Investment returns and sustainability can mix. Sustainability funds can achieve similar or better returns compared to traditional funds, according to 2022 performance data from Morningstar, an investment research, management, and technology company.

ESG can attract new customers for additional growth. Consumers and business customers who factor ESG considerations into their buying decisions are likely to seek out products or services provided by companies that are focused on ESG.

ESG investing pushes companies to make other positive investment decisions. Organizations with ESG initiatives tend to focus on a wide range of environmental issues and ethical practices. For example, ESG aligns with the triple bottom line, a sustainability-focused accounting framework that companies can use to measure the overall economic value they create and their social and environmental impact.

ESG helps companies attract and retain high-quality employees. It can boost employee motivation and increase overall productivity by giving workers a sense of purpose.

ESG can cut costs. When ESG practices are incorporated into the fabric of an organization, operating expenses, energy bills and other costs can be reduced over time.

Cons –

ESG doesn't follow a one-size-fits-all approach. The approach to ESG that works for one company might not work for another, which complicates both management of ESG initiatives and ESG investing. The need to weave ESG efforts into both day-to-day business practices and long-term strategies adds more complications.

ESG strategies that aren't authentic can backfire. Organizations that focus on ESG inconsistently, use it as a brand image ploy or disconnect it from their business strategy likely won't be successful. For example, a company that engages in greenwashing -- a term for making false or misleading claims about environmental actions -- could face a customer backlash that affects revenue and the value of its stock.

Strong stock market performance isn't guaranteed. While there are success stories, focusing on ESG doesn't guarantee strong performance by a company's stock. In addition to other internal factors, changes in market conditions, business trends and the overall economy can negatively affect the performance of companies and ESG funds alike.

Creating a diverse investment portfolio can be difficult. For investors focused on an ESG-led investment strategy, it might be harder to create a balanced portfolio that aligns with long-term goals.

Detailed performance reporting across different ESG criteria can be challenging. Most ESG factors aren't tied directly to financial data, resulting in additional effort to provide tangible performance results. Further, knowledge gaps reside between ESG information and supply chain as reporting standards and frameworks are not consistently applied.

GLOBAL INTITIATIVES TOWARDS ESG IMPLEMENTATION

Apple Inc.

The leading global phone and electronic manufacturer company Apple Inc. in its annual meeting of 2021, turned down two proposals by the shareholders' groups which intended to question the way how companies were being run. The proposals were to put a cut on the pay of top company executives and appointment of shareholders' nominees to the Board. The majority of shareholders did not object to the pay package of top company executives and at the same time did not want unwanted and over active people on the Board. These proposals could have adversely impacted the way the company would have functioned in the future. However due to active shareholder intervention and the confidence shareholder groups had on the company board, both proposals were rejected with heavy majority. Therefore, it is very important that the Boards are comprised of the correct people, have diverse academic and ethnic backgrounds and are having support and confidence of its shareholders. They should also have the capability to lead the company in a fair and transparent manner. In its annual report, Apple mentions the following criteria for appointment of a person as board member 'In evaluating potential nominees "to the board, the nomination committee considers, among other things, independence, character, ability to exercise sound judgement, diversity, age, demonstrated leadership, relevant skills and experience, including financial literacy". In 2021, Apple proudly announced that 7 out of its 8 board members were outside / independent directors. This shows the strong commitment by the company to have a diverse, more ethical and responsible board which efficiently meets stakeholder's requirements. As far as the efforts towards de-carbonization is concerned, Apple uses the technique of carbon offset. The most common way of implementing carbon offset is by planting trees. The primary objective is that trees suck out the carbon component from the air and makes the air cleaner and healthier. This is sometimes considered as an indirect way of reducing impact of environmental degradation wherein techniques are used which reduce the impact of pollution. It also paid for a coastal conservation project in Guatemala to protect and conserve forests from deforestation and degradation. Another important effort by the company towards environmental initiative under ESG was to pay a good amount to convert barren land to forest land in China.

Walmart

In 2020, American retail giant Walmart reported that 36% of its worldwide electricity consumed was purchased from renewable sources which was 19% up from previous year 2019. Renewable source of energy means those sources which

never get depleted or which do not get exhausted by usage or consumption and have the natural capacity to be re-generated. This shows the commitment of Walmart to use such sources of energy which do not affect the energy source reserves. As far as the social dimension is concerned, in 2022, Walmart reported that in the fiscal year 2021, 46% of staff promotions were that of women and 39% to people of color. This shows the thought process of an inclusive and bias free recognition of good work which goes a long way in improving the social harmony of any progressive society. As far as the suppliers are concerned, during the same period it was reported that goods costing 13 billion US$ were purchased from suppliers who were classified as diverse and at least 51% of whom were owned and operated by women, veteran, minority, person with disability and person belonging to the LGBT community. Walmart leverages its social business initiatives by pushing for supplier empowerment. Building a strong supplier chain with ethical values is a strong point for the retailer. Walmart focusses not only its nearby suppliers but also suppliers from other countries. In December 2020, it announced a special supplier focus on India whereby purchases to the extent of 10 billion US$ were procured from Indian companies. This shows its strong ESG commitments not only in US markets but also in other countries. These social initiatives by a retail giant depicts the broad and inclusive thinking wherein all stakeholders are given an opportunity to be a small part of larger success story. On the customer front, Walmart has provided funding to support the nutrition education needs of 5 lac customers and have expanded their grocery outlets to such locations where there are more low income group people. The company is also popularly known as being a front runner in promoting good labor practices which affect the social aspect of ESG initiatives. The company stopped selling one of its coconut milk when they came to know that kidnapped and forced monkeys were used to dislodge coconuts from trees. These initiatives not only show concern for humans but also sympathy towards innocent animals. In its 2021 ESG report, Walmart reported on four ESG areas namely, opportunity, sustainability, community, ethics and integrity. Among the community measures, the company reported that it had donated 600 million pounds of food to needy people, food banks and meal programs in US.

Bank of America

The largest US banker reported in 2021 that it is committed in providing 1 trillion US$ in financing by 2030 to companies who are working to transition to low carbon sustainable economy. It was reported further by the bank that in 2020, 100% of its energy consumption was from renewable sources which was up by 29% as compared to previous year 2019. In the same year the bank reported that as a part of community measure, 38, 619 mortgages out of total mortgages were to low and moderate income first time home buyers. These measures show the concern for social inclusion and giving business benefits to the neediest persons of the society. For the banking and financial industry giving of loan to disadvantageous members of the community, data privacy and safety of all stakeholders and ESG compliant status of borrowers are key drivers for transactions. Loan priority to be given to those who commit themselves to being ESG compliant. These are indirect achievement of ESG goals. Bank of America is known as the front runner in lending to those projects which are working towards carbon reduction and offset and decarbonization in the name of reducing impact of GHG. Not only this, the bank also provides special category of loans to such projects and entities who seek help in understanding about the efforts to decarbonize. The necessary advice and consultancy is also offered to clients who wish to understand ESG and its initiatives. In the governance section of its ESG report, the bank also reports about data privacy and information security along with its efforts to strengthen it from adverse attacks. To cater to the social aspects of ESG, the bank has also appointed the Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO). These senior management executives will ensure that the data and privacy of the bank's customers are not compromised. The bank believes that data protection is not only a governance issue but also a business issue which has to be dealt on high priority. This enhances customer confidence and trust which goes a long way in making good business. The bank has implemented data protection measures through firewalls, encrypted data, block chain thru which data of employees and customers is protected from data theft and hacking.

CONCLUSION – THE WAY FORWARD

The International Sustainability Standards Board (ISSB) has come out with the first draft of ESG reporting framework in the year 2022 which have been placed for public review and comments. Based on the reviews, feedback and suggestions, the ESG reporting format and contents will be finalized. The journey is too long and difficult from here onwards as it will need a lot of deliberations and consultations with all concerned stakeholders. There are so many areas and issues which need to be addressed at the same time like periodicity, format, reporting areas, information sharing, third party audit etc. Not only this, even a nodal agency has to be identified who will be the overall in charge pf all ESG related compliances and issues. This nodal agency has to work in close co-operation and co-ordination with governments of various countries who are directly implementing the ESG initiatives. Some common treaty or international agreement has to be executed so that global consensus on the acceptability of the ESG framework and regulatory regime can be implemented. This task would not be easy since all counties will be at different levels of economic and financial development. The implementation of ESG and its reporting framework needs to be implemented in a phased manner so that adequate time is available for all corporates to not only understand the ESG provisions but also to implement it in letter and spirit. Initially may be the ESG requirements can be enforced on certain corporates and after seeing its impacts and assessing the advantages, it may be implemented for every corporate in a country. Separate reporting formats for different kinds of industries may be formulated as the need for every industry is different and the way of doing business also differs from country to country. One biggest challenge would be the mindset of political leadership and their support towards

implementing ESG norms in their respective countries. ESG is often considered as a wasteful exercise with no immediate visible benefits and unnecessary usage of resources is required in its reporting. The political will of a country will determine how effective ESG and its reporting will be in a country. Developing countries will be the neediest ones as far as ESG reporting and implementation is concerned for the simple reason that they use environment resources to the maximum in their day to day business operations and therefore they will be a fit case for specifying ESG formats. The other issue for implementing ESG reporting is the statutory force which it demands. Unless and until the ESG reporting is not made mandatory, corporates will not be willing to report and share their ESG initiatives. Not only should reporting be made mandatory, but non-compliance should also be backed by sanctions i.e. with some kind of penalties and legal convictions. Only when the fear and sanction o non-compliance will be there, the compliances will be effective. The last but definitely not the least is the audit part of ESG reporting. Auditing bodies across the world need to develop auditing checklist or reporting format of the companies who have been audited. This brings certainty and confidence towards ESG operations and companies will report only those facts which they can prove to be correct. Verifiable facts will also make the work of auditors easy and the true objectives of ESG compliances can be achieved only of stated facts are checked and verified by competent auditors. If stakeholders want true disclosures, that is possible only when stated facts are verified.

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