



### World Environment Day (WED) 5<sup>th</sup> June 2021

**World Environment Day** has been observed globally on 5<sup>th</sup> June of every year since 1974. "**Ecosystem Restoration**" is the theme for this year. This year World Environment Day is being hosted by Pakistan in collaboration with United Nations Environment Programme (UNEP). During this day, a clarion call is given to all of us to make necessary changes in our daily lives towards conservation and restoration of ecosystem such as living place, workplace and public places etc., for sustainable future.

**Ecosystem extinct and loss of biodiversity**; - *“Earth provides enough to satisfy every man’s needs, but not every man’s greed” – Mahatma Gandhi*

Loss of Biodiversity results in extinction of terrestrial, fresh water & marine species. **“Extinction breed Extinction”**, due to dependencies between specific species within the ecosystem. The Cause, Effects and Solutions for Loss of Biodiversity are given below:

[Source:<https://environmental-conscience.com/causes-effects-solutions-for-biodiversity-loss/> ]

Causes	Effects	Solutions
<ul style="list-style-type: none"> <li>• Draughts</li> <li>• Floods</li> <li>• Wildfires</li> <li>• Earthquakes</li> <li>• Destruction of habitats</li> <li>• Excessive pollution</li> <li>• Rapid Industrialization</li> <li>• Population Growth</li> <li>• Over-consumption</li> <li>• Climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Ecological impacts</li> <li>• Spread of diseases</li> <li>• Loss of livelihood for locals</li> <li>• Loss of recreational space</li> <li>• Impact on humanity</li> <li>• Impact on food production</li> <li>• Impact on Economy</li> </ul>	<ul style="list-style-type: none"> <li>• Government regulations</li> <li>• Conducting Educational programs</li> <li>• Action to protect species</li> <li>• Protection of habitats</li> <li>• Stopping of deforestation</li> <li>• Prevention of excessive hunting and fishing</li> <li>• Prevent invasive species</li> <li>• Prevention of pollution</li> </ul>



- Hunting
- Over-exploitation
- Conflicts
- Invasive species

- Stopping of over-exploitation of resources
- Energy saving initiatives
- Stopping of excessive consumption

We are aware that environmental degradation is a major cause of concern and it is a global concern, indeed. So much so, the Companies Act, 2013 mentions that it is a duty of a director to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment. While we are aware of the major causes of environmental degradation, we are sometimes, feeling helpless as individual to prevent further degradation as the society and economy has become global with the advent of globalisation and multi-national corporations exploit natural resources and produce goods for being consumed by the masses. India, a highly populated country, is a very good destination for testing and selling goods. In order to increase consumption, companies spend huge money in marketing and publicity and add those costs also to the goods they sell. If money making blinds the large corporations, attraction and temptation for exotic goods and flashy lifestyle blinds the consumers. Therefore, we find a situation where the production and consumption have become unstoppable unmindful the degradation such way of living causes.

Rapid and indiscriminate exploitation of natural resources results in loss of biodiversity. Increasing population results in increasing needs that result in increased conversion of forests into planation and agricultural lands, villages becoming towns, towns becoming cities and thereby rapid urbanisation takes place.

**Climate Change:** - Climate change is a significant driving force behind the loss of speciation and critical ecosystem imbalance.

- Due to global warming, ecosystems generally shift northward or upward in altitude, but in some cases they will run out of space,
- High temperature trigger earlier flowering. This could affect interaction with other species like insects and certain birds that depend on flowering plants.
- Coral reef mortality increases and erosion is accelerated due to increasing temperature.
- Sea level rise due to global warming and resultant melting of glaciers and icy lands would result in disappearance of low-lying areas and further to extinctions of island species
- In equatorial regions, growth of plants will be disturbed. Many species that are very sensitive and cannot adapt to rapid climate change process will disappear.



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Global warming also increases wild forest fires resulting in loss of forests, flora and fauna.

Globally, Governments and organisations are increasingly conscious of the worldwide problem and they are taking steps to increase awareness. One of the methods of bringing about a requisite change in this direction is to introduce new models of valuation of enterprises.

Global forest Watch, an online platform that provides data and tools for monitoring forests says from 2001 to 2020, India lost 354kha of humid primary forest, making up 18% of its total tree cover loss in the same time period. Total area of humid primary forest in India decreased by 3.4% in this time period. From 2001 to 2020, India lost 1.93Mha of tree cover, equivalent to a 5.0% decrease in tree cover since 2000, and 951Mt of CO<sub>2</sub> emissions.

For instance, Tata Consultancy Services, a multi-national corporation publishes GRI (Global Reporting Initiative) disclosures. The GRI Standards can be used as a set to prepare a sustainability report that is in accordance with the Standards. These standards aim at bringing about the requisite change to achieve sustainable growth goals. GRI Standard 305 is on "Emissions".

Green House Gases is the subject matter of attack when it comes to emissions. These gases are directly or indirectly contributed by corporations. A large consumer of energy may be a contributor of GHG indirectly since production takes place due to consumption needs. The GHG Protocol is developed by the World Resources Institute (WRI) and the World Business Council on Sustainable Development (WBCSD) and accordingly GHG emissions are classified into three categories. Scope 1 covers direct gas emissions. Scope 2 covers Energy Indirect GHG emissions and Scope 3 covers other indirect GHG emissions. The subject of study and reporting is to identify how much of Ozone Depleting Substances (ODS) are used and how there is scope for removing or reducing the use of such substances. The UNEP regulates the phase-out of ODS internationally.

As per the GRI 305, Pollutants such as NOX and SOX have adverse effects on climate, ecosystems, air quality, habitats, agriculture, and human and animal health. Deterioration of air quality, acidification, forest degradation and public health concerns have led to local and international regulations to control emissions of these pollutants. Reductions in the emission of regulated pollutants lead to improved health conditions for workers and local communities and can enhance relations with affected stakeholders. In regions with emission caps, the volume of emissions also has direct cost implications. Other significant air emissions include, for example, persistent organic pollutants or particulate matter, as well as air emissions that are regulated under international conventions and/or national laws or regulations, including those listed on an organization's environmental permits.



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In India, through the Business Responsibility Reporting and Environmental Social Governance (ESG) Reporting requirements, as part of the disclosure requirements prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, (LODR) listed entities have the mandatory reporting of certain facts and figures and disclose the measures their Boards take to bring change.

As per SEBI Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated 10th May 2021, with effect from the financial year 2022-2023, filing of Business Responsibility and Sustainability Reporting (BRSR) shall be mandatory for the top 1000 listed companies (by market capitalization). This format would replace the existing BRR. Filing of BRSR is voluntary for the financial year 2021-22. The Annexure to BRSR contains the disclosure requirements.

Companies must provide details of greenhouse gas (GHG) emissions (Scope 1 and Scope 2 emissions) & its intensity, in the given format. The emissions have been classified as Scope 1 and Scope 2 Emissions. The company must give technical information. Annexure 2 to the Circular offers requisite guidance. GHG, meaning Green House Gas covers Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), and Nitrogen Trifluoride (NF<sub>3</sub>). In this section of the report, companies must give break up of GHG into CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, if available, in metric tonnes of CO<sub>2</sub> equivalent, for both Scope 1 and Scope 2 Emissions. Scope 1 emissions are direct GHG emissions from sources that are owned or controlled by the entity. Companies must provide intensity of emissions of each type also. Scope 1 and Scope 2 emission intensity per rupee of turnover should be calculated as the total Scope 1 and Scope 2 emissions generated divided by the total turnover in rupees.

Let us see what Infosys has reported in their annual report for the financial year 2020-21.

2020 marked a milestone year for the Company. We turned carbon-neutral, 30 years ahead of the global targets, fulfilling the vision of our founders towards sustainable growth. In 2011, Infosys made a voluntary commitment to the United Nations to become carbon neutral. Infosys sets out the following key ESG ambitions

- Leverage technology to support the transition to a low-carbon world;
- Maintaining carbon neutrality across Scope 1, 2 and 3 emissions every year;
- Reducing absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 75%;
- Reducing absolute Scope 3 GHG emissions by 30%;
- Engaging clients on climate actions through our solutions.

**In our opinion, we need to engage committed team of experts to guide companies in their BRSR requirements. Dual professionals having exposure in corporate governance and science and technology would help in identifying, validating, auditing and reporting correct particulars.**



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**In our opinion, the following objectives could be set by companies on this auspicious World Environment Day:**

- **Reclaiming.**
- **Recycling.**
- **Responsible Production.**
- **Reducing GHG and reporting about CO<sub>2</sub>e**
- **Following the Uniform Framework for Extended Producers Responsibility issued by the Ministry of Environment, Forest and Climate Change.**

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