ESG megatrends and opportunities shaping future

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For Growth

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Foreword

Indian enterprises in general display a greater awareness of environmental issues than their Asian peers, but at a national level, India seems to be lagging in articulating its response to climate change.

The Indian Government is stressing upon the need to adopt ethics, transparency, and accountability among businesses to promote responsible business practices. This effort is directed at increasing the outreach of corporate developmental activities, capacitating the stakeholders, which includes private companies and professionals such as risk managers, legal professionals, accountants, departmental heads, small and medium enterprises, management institutions, and civil society on modes to operate ethically and help them deal with the problems in implementing corporate governance standards.

The emerging Environmental, Social and Governance (ESG) mandate in corporate governance presents a new challenge for companies in India. A stakeholder-driven approach, the ESG requirement for each company is different and must be fine-tuned to suit stakeholders with whom a company interface.

To understand various facets of corporate governance particularly in the matter of implementing them, and efforts that are required to overcome challenges for being successful in the area of good governance and sustainability, Indian Chamber of Commerce is organizing its 12^{th} edition of India Corporate Governance and Sustainability Vision Summit and Awards on 4^{th} March 2022 on its virtual platform.

The prestigious summit and the awards over the years have provided the right platform to organizations for effectively showcasing their corporate governance and sustainability practices. Ernst & Young have joined hands with ICC as the Knowledge Partner.

This platform will bring together various stakeholders to discuss, share and evolve suitable sustainable strategies and development models.

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1 Introduction

The onset of the COVID-19 pandemic has not only altered the way the markets' function but has also forced enterprises to re-evaluate their approach towards business sustainability. It has changed the definition of success and has vastly rewritten the rules of the market. The crisis forced business enterprises to re-examine their role in society and consider to mitigate the impacts their operations might have caused on the environment and society at large. While the after-effects of the pandemic continue to affect many sectors, sustainability remains no different. With the environmental, social and governance (ESG) agenda steadily gaining momentum over the past few years, the pandemic has accelerated the pace at which companies need to pay higher emphasis on it. This has been reiterated by the World Economic Forum Survey 2020 conducted for corporates across the globe. According to the recent findings, 23% of the respondents believe that the importance attached to social considerations has increased by 20% ever since the onset of COVID-19.[1]

This has also brought the FinTech industry into limelight with corporates shifting majority of their operations towards a virtual platform to minimize human interaction. Clearly, the time is ripe for the financial sector to place an increased focus on building an economy that is in tandem with the philosophy of the ESG principles. There has been an increased understanding on the fact that an economy, built upon protecting the environment and social rights of the public at large will be able to sustain itself in the longer run. It will be vital for policy makers, especially in the developing economies, to ensure that rapid growth does not happen at the cost of hampering the environment and social rights of citizens.

This is where the role of sustainable finance will become significant in the coming decade. Policy makers have become significantly cautious in the post pandemic world, and this has led to a wide variety of ESG regulations being passed and implemented across various nations. Studies have also shown that some ESG funds went on to outperform the S&P indices, reiterating that sustainable and strong mechanisms of governance will pave the way forward. Results from a renowned research firm, Morningstar, showed investors pouring in a whopping US$45.6 billion into ESG funds in the first quarter of the year, compared to a total outflow of US$384.7 billion.[2]

It is interesting to note how a decade back, financial performance of the company was the only criteria prioritized by the investors while determining a company's worth. However, with the renewed legislative and market focus on ESG, it has become imperative for the stakeholders to focus on the environmental and social performance of the company as well. Forward thinking enterprises have already initiated the process of integrating responsible business practices into their operations. While some enterprises have started giving more importance to mental health issues, few others have been observed to be focusing on climate friendly initiatives. While the paths adopted by various organizations might be different, the end goal remained the same – "to become sustainable and resilient".

With countries like the United Kingdom (UK), the United States (US) and European Union (EU) leading the ESG agenda across the globe, it will not be surprising to see foreign investors looking to invest in developing countries to demand for the ESG performance of the companies. Factoring in ESG risks in business operations would not only be important from the lens of human rights but also shield the businesses from regulatory, litigation and reputational risks in the coming times.

Based on the current market analysis, we have identified broad trends that are important in the current times. Each trend shall be a steppingstone towards the roles that private sectors will play in the coming years to not only recover from the pandemic, but also to achieve the SDG goals of 2030.

1. https://www3.weforum.org/docs/WEF_Embracing_the_New_Age_of_Materiality_2020.pdf
2. https://assets.ey.com/content/dam/ey-sites/ey-com/en_in/topics/climate-change/2020/ey-risk-returns-and-resilience-integrating-esg-in-the-financial-sector.pdf?download

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ESG megatrends and opportunities

The past few years have seen a rapid acceleration in the ESG agenda being taken up by leading organizations across the globe. The key trends which have been observed spanning across multiple sectors include:

Embedding ESG in business operations

Notwithstanding the worldwide disruptions, including the global pandemic, which led to major economic as well as societal shocks, investments in ESG funds have continued to increase massively and are predicted to soar more in the coming decade.

Responding to climate change

COP26 has provided the impetus for policymakers and businesses to address climate change issues on a priority basis. While environmental concerns have not been traditionally the top priorities for the market, the renewed focus on environmental initiatives by leading countries like the EU, US, and the UK has changed the dynamics and how stakeholders will respond to climate change issues in the years to come.

Increased regulations

It is crucial for businesses and investors to embed responsible business practices in their operations. This has gained greater significance with many jurisdictions around the world coming up with ESG reporting and disclosure regulations in order to make corporations more accountable.

Shifting consumer preferences

The millennial population is becoming increasingly aware of the environmental and social issues that exist in society. It will not be surprising if the next generation goes so far as to boycott products and companies that are not founded on ESG principles.

Protecting human rights

Instances of discrimination, inequality, and racism have increased manifold in the past few years. Businesses have come under major scrutiny, not only from legislators but also from civil society. Businesses have started adopting and placing greater focus on diversity and inclusion programs in order to remain socially relevant.

1. Embedding ESG in business

There is growing evidence to support that corporations that have embedded and started responding to ESG issues in their operations proactively are not only more socially resilient but have also shown greater profits. The ESG agenda has gained limelight within the boardroom as well. With the onset of the pandemic in 2020, businesses have had the unique opportunity to reflect on how they function, evaluate the impacts of their operations on the society and environment and what steps they could take to mitigate these impacts.

Multiple consultancies as well as financial institutions have conducted studies that show how ESG funds have outperformed other funds ever since the pandemic hit the world. The figure below provides an analysis conducted by MSCI that reiterates on how ESG funds in India have steadily performed better than other category of funds since 2007.

CUMULATIVE INDEX PERFORMANCE — NET RETURNS (USD) (SEP 2007 – SEP 2021)

Source[3]: The MSCI ESG Indexes and other data supplied by MSCI ESG Research Inc.

Driven by strong performance and greater awareness, 2021 saw record capital inflows into ESG investment options. According to Morningstar, global inflows into sustainable funds soared by 88% in the fourth quarter of 2020 to US$152.3 billion[4]. European sustainable funds continued to secure the lion's share and accounted for almost 80% of these inflows followed up the US and Asia, with net inflow accounting for 13.4% and 3.3% respectively.

Interest in ESG has also been growing amongst private investors which had otherwise been non-adaptive towards change. The research undertaken by EY Climate Change and Sustainability Services of Institutional Investor Survey in 2021, highlights that ESG information has become significantly important, with a majority of investors surveyed (86%), signalling that a corporate having a strong ESG program and performance would have a significant and direct impact on analyst recommendations today.[5]

3. https://www.msci.com/documents/10199/06d20a9e-bd6b-4ea8-a7a2-31cfb0444273
4. https://www.morningstar.in/posts/63114/esg-funds-received-rs-678-crore-net-inflows-march-2021.aspx
5. https://www.ey.com/en_gl/assurance/is-your-esg-data-unlocking-long-term-value

EU is leading the Sustainable Finance agenda with the release of EU Taxonomy for sustainable finance. This instrument will be vital towards ensuring that the region progresses towards a low carbon economy. It is highly likely that other nations will follow EU's footsteps thereby making ESG even more integral to the investors and the private sector. Recently, the Indian government also joined the International Platform for Sustainable Finance (IPSF) which promotes development of sustainable finance regulations to encourage private capital mobilization for environmentally sustainable investments.

In response to the increased focus on ESG by investors and business enterprises, the following trends are likely to be expected:

Mainstreaming of ESG in investment processes and company operations will continue to accelerate

With ESG becoming important for both investors and businesses alike, the momentum to integrate ESG in investment processes and operations of the company will continue to accelerate. UN Principles of Responsible Investments now has 4417 signatories[6] varying from asset owners, investment, and service providers with total Management (AUM) of US$ 121 trillion[7]. This includes nine Indian signatories with six of them joining in 2020[6].

The climate risk and opportunity guidelines promoted by Task Force for Climate Related Disclosures (TCFD) now has 2,600+ supporters from across 89 countries[8]. This includes 53 supporters from India out of which 23 of them joined in 2021[8]. The growth and adoption of such investor-led initiatives on self-regulation around ESG practices is fast becoming the new norm required by General Partners (GPs), Limited Partners (LPs), peers, and the industry to stay competitive.

According to the previously mentioned EY Institutional Investor Survey conducted in 2021, 90% investors surveyed said that since the COVID-19 pandemic, they attach greater importance to corporates' ESG performance when it comes to their investment strategy and decision-making.[5] This signifies that ESG is a key requirement within all types of investor groups.

ESG rating agencies like CDP, DJSI, MSCI, and Sustainalytics have gained significant momentum with a higher number of companies disclosing their ESG performance in the public domain. According to a report published by Governance & Accountability Institute, it was determined that in 2019, 90% of the companies in the S&P 500® published a sustainability report[9]. This represents a significant increase from 20% in 2011. This trend is expected to continue into the future as well.

Pandemic shifts the investor's focus on 'S' of ESG

While environment and government issues have been given greater importance by the companies and investors alike, the pandemic has forced the stakeholders to place equal attention on the 'S' – the social aspect of ESG, as the role that individuals as well as the society plays in the success of the business cannot be undermined.

According to the survey conducted by BNP Paribas asset management firm, 70% investors mentioned that the social considerations are expected to become extremely or very important in the upcoming future[10]. This depicts an increase of 20% points before the onset of COVID-19, closing the gap on environmental (up 11% to 74%) and governance (up 4% to 76%) factors. The EY Investor Survey highlights that investors are focused on evaluating a company's performance or risk against social issues and the top 5 social risk issues that could be looked at include customer satisfaction, diversity and inclusion, impact on local communities, workplace and public safety and labor standards and human rights across the value chain.[5]

A similar trend is also seen in a study conducted by Porter Novelli in 2020 on business executives. According to this survey, 83% of C-suite executives feel the urgency for business to be a critical part of driving solutions for some of today's most pressing issues – from COVID-19 and racial injustice to economic resurgence.[11] These studies indicate that both investor community and businesses will be seen taking a balanced approach towards ESG issues.

5. https://www.ey.com/en_gl/assurance/is-your-esg-data-unlocking-long-term-value
6. Signatory directory | PRI (unpri.org)
7. About the PRI | PRI Web Page | PRI (unpri.org)
8. Support TCFD | Task Force on Climate-Related Financial Disclosures (fsb-tcfd.org)
9. https://www.globenewswire.com/en/news-release/2020/07/16/2063434/0/en/90-of-S-P-500-Index-Companies-Publish-Sustainability-Reports-in-2019-G-A-Announces-in-its-Latest-Annual-2020-Flash-Report.html
10. Pandemic shifts investor perception of ESG and 'social' factor, finds new survey (institutionalassetmanager.co.uk)
11. https://www.porternovelli.com/wp-content/uploads/2020/09/PN_Executive_Reasearch_Report_9.8.2020.pdf

2. Responding to climate change

The COVID-19 pandemic has acted as a strong trigger to reshape global economies and the way businesses operate. By exposing the fragility of the current business and economic models, it has forced the world to hit the reset button. It has also acted as a warning towards the consequences of climate change and biodiversity loss that lie ahead and their intensity in terms of their magnitude of impact and extent of damage. A growing number of business leaders are acknowledging the threat posed by these risks and are working to protect the interest of the stakeholders.

A case in point is the evolution of how business leaders perceive risks with the changing composition of the Global Risks (as depicted by World Economic Forum), where over the past decade, focus on the top five global risks, in terms of their likelihood and impact, have shifted from economic to environmental and societal.

Top 5 Global risks in terms of likelihood

	2017	2018	2019	2020	2021
1	Extreme weather events	Extreme weather events	Extreme weather events	Extreme weather events	Extreme weather events
2	Large scale involuntary migration	Natural disasters	Failure of climate change mitigation and adaptation	Climate action failure	Climate action failure
3	Major natural disasters	Cyber attacks	Natural disasters	Natural disasters	Human-made environmental disasters
4	Large scale terrorist attacks	Data fraud or theft	Data fraud or theft	Biodiversity loss	Infectious diseases
5	Massive incident of data fraud/theft	Failure of climate change mitigation and adaptation	Cyber attacks	Human-made environmental disasters	Biodiversity loss

Top 5 Global risks in terms of impact

	2017	2018	2019	2020	2021
1	Weapons of mass destruction	Weapons of mass destruction	Weapons of mass destruction	Extreme weather events	Infectious diseases
2	Extreme weather events	Extreme weather events	Failure of climate change mitigation and adaptation	Weapons of mass destruction	Climate action failure
3	Water crisis	Natural disasters	Extreme weather events	Biodiversity loss	Weapons of mass destruction
4	Major natural disasters	Failure of climate change mitigation and adaptation	Water crisis	Extreme weather	Biodiversity loss
5	Failure of climate change mitigation and adaptation	Water crisis	Natural disasters	Water crisis	Natural resource crisis

Economic | Environmental | Geopolitical | Societal | Technological

Source: The Global Risks Report 2021 - WEF

In August 2021, Intergovernmental Panel on Climate Change (IPCC) released their sixth assessment report. The UN Secretary General has called this report as the code red for humanity. The landmark study confirms that the impacts of climate change have been caused by human activity, and that the physical impacts are now expected to be much worse than what was previously speculated. The report also makes it clear that the global warming experienced to date has made changes to the planetary support systems that are irreversible on timescales of centuries to millennia.

There will also be an increase in the occurrence of extreme climate events "unprecedented in the historical record" and increase in fire weather events (higher intensity and severity) in many regions. The updated models and implicit warnings in the latest IPCC report is being considered as a guide to the world's policymakers to tackle the climate change agenda.

The pandemic has presented a unique opportunity for economic recovery plans to be focused on low carbon initiatives. The EU has led the way by introducing 'NextGenerationEU' –a more than €800 billion temporary recovery instrument to help repair the immediate economic and social damage brought about by the coronavirus pandemic. The NGEU is the largest stimulus package ever financed in Europe with a total of €2.018 trillion (as per 2018 prices) of which 30% will be used to fight climate change.[12] The Biden administration has also promised to invest in clean energy and infrastructure which are central to the pandemic recovery efforts.[13] Other countries including Canada, India, China, South Korea have also pledged to make green recovery a priority as well.[14]

The focus on green transition in government stimulus plans is likely to spur a greater climate change action in cities, private sector, and other non-state actors. A total of 733 cities, 31 regions, 3,067 businesses, 173 of the biggest investors, and 622 Higher Education Institutions have committed to achieving net zero carbon emissions by 2050. Collectively these key players now cover nearly 25% global CO2 emissions and over 50% of the GDP.[15]

Newer legislations are also coming up, making climate risk disclosures mandatory. New Zealand was the first country to announce mandatory TCFD-aligned climate-related financial disclosures in September 2020[16], and was quickly followed by Switzerland, the UK, China, and other countries.

While the momentum of change has been tremendous, there is still a lot of groundwork that needs to be done. Governments and the private sector will be key stakeholders in ensuring that the effects of the global warming are mitigated and aggressive commitments to net zero goals are made. There will also be a need for greater disclosure in the public domain on climate risks as well focusing on low carbon products and solutions.

The following trends will be seen by various stakeholders in achieving net zero economy by 2050:

Commitments to Net Zero are increasing as companies pledge to fight climate change

The concept of 'Net Zero' has gained traction in the past few years with pledges being made by both governments as well private sectors to accomplish net zero. Net zero has also been an important theme featuring in the UN's 2021 climate summit at Glasgow, UK.

Some of the key aspects of the Glasgow Climate Pact include[17]:

- National carbon pledges: India, the world's fourth largest C02 emitter, committed to an ambitious target to achieve net zero emission status by 2070. Brazil said that it would move up its net zero target year to 2050 from 2060. China promised to share a detailed roadmap for both its commitments – for peak emissions by 2030 and achieve net zero by 2060. Israel also pledged for net zero by 2050. Many other countries such as Saudi Arabia and Australia also made net zero pledges to be achieved by 2060 and 2050, respectively, but a lot still remains to be done.
- Forests: More than 100 global leaders pledged to halt and reverse deforestation and land degradation by the end of the decade. A joint statement issued at the COP26 climate talks in Glasgow was backed by the leaders of countries including Brazil, Indonesia, and the Democratic Republic of Congo, which collectively accounts for 85% of the world's forests.
- Methane: The Global Methane Pledge announced at COP26 commits signatories to reduce their overall emissions by 30% by 2030, compared with 2020 levels. The voluntary pledge is backed by 15 of the world's biggest methane emitters including the European Union, Indonesia, and Iraq. In total, 105 countries have signed and agreed to reduce their methane emissions but major polluters such as China, India and Russia are yet to ratify the deal.
- Climate finance: Rich countries failed to deliver on promise of US$100 billion in climate finance to developing countries by 2020, with target likely to be met now by 2022 or 2023. Developing countries demand "at least" US$1.3 trillion per year between 2025 and 2030 in climate finance, split equally between climate mitigation and adaptation, the African Group (comprising 54 countries), backed by the Like-Minded Developing Countries (LMDCs) i.e., 24 countries including India.

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13. https://www.ecowatch.com/biden-climate-green-recovery-plan-2646411529.html
14. https://www.carbonbrief.org/coronavirus-tracking-how-the-worlds-green-recovery-plans-aim-to-cut-emissions
15. https://unfccc.int/climate-action/race-to-zero-campaign
16. https://www.lexology.com/library/detail.aspx?g=e1929f67-fad6-499f-9676-231a3eb84409#:~:text=New%20Zealand%20has%20become%20the,Task%20Force's%20June%202017%20report
17. EY analysis

US-China climate cooperation: In a surprise announcement, the world's two biggest polluters pledged to work on "enhanced climate actions that raise ambition" and increase their cooperation and speed up action to rein in climate-damaging emissions, signaling a mutual effort on global warming. In the past one year, there has been a huge increase in corporate activity, with the number of net zero commitments getting doubled.[18] This will continue in the next few years as the private sector actors seek to address the growing environmental and societal expectations of achieving a net zero economy by 2050. While the consumer goods and technology companies were the flag bearers of corporate decarbonization agenda, the hard-to-abate sectors such as cement, oil and gas have also joined the race to Net Zero. Few of the notable new business arrivals to the Race to Zero include Brambes, Facebook, Ford, General Mills, LafargeHolcim, PVH, etc.[18]

It has been widely accepted that there has been a lack of common approach as far as setting the net zero targets is concerned. However, in October 2021, Science-Based Targets initiative (SBTi) released the world's first science-based framework that could be used by companies to set net zero targets. Companies will increasingly face the heat to not only set net zero targets, but also to move beyond that towards achieving negative emissions. Sustainability leaders such as Microsoft, IKEA, Nestle, Unilever have understood the need to work with their supply chains to reduce the greenhouse gas emissions through firm action and collaboration.[19]

Hydrogen movement gains ground

There is no denying of the fact that the movement towards alternative fuel solutions is gaining momentum with hydrogen taking the spotlight in the recent years and is expected to accelerate and gain momentum over the next few years. There has been a significant increase in the announced and planned national hydrogen policies over the last 2 years.

In early 2019, preliminary work on hydrogen was announced by only a handful of countries, such as China, France, Japan, and South Korea. Two years later, more than 10 countries –including Australia, Chile, Finland, Germany, Norway, Portugal, and Spain, plus the EU – have developed detailed hydrogen strategies, while nine more countries are expected to unveil strategies in the near future.[20]

These strategies not only focus upon the decarbonization solutions for most applications and end uses, but also on the relative costs and benefits of each solution. The European Commission launched an ambitious hydrogen strategy aiming towards a six-fold increase in capacity to produce green hydrogen by 2024 and use it to decarbonize existing sectors like the chemicals industry. The strategy aims to achieve 40 times increase in capacity by 2030 and expanding other sectors such as steel-making and heavy-duty transport.[21] The Government of India also introduced the National Hydrogen Mission to cut down carbon emissions and increase the use of renewable sources of energy while aligning India's efforts with global best practices in technology, policy, and regulation.[22]

According to the analysis undertaken by IEA, even though the uptake of hydrogen is increasing, significant contribution to clean energy transition needs to be adopted in sectors where it is almost completely absent, such as transport, buildings, and power generation.[23] To realize the full potential of the resource, innovations and technical advancements will become essential to drive the agenda. Policy interventions thus will play a pivotal role in accelerating adoption and lowering the costs.

18. https://unfccc.int/news/commitments-to-net-zero-double-in-less-than-a-year
19. https://exponentialroadmap.org/supply-chain-leaders/
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21. Europe hitches zero-carbon star to hydrogen | Reuters Events | Sustainable Business
22. https://www.business-standard.com/article/economy-policy/boost-for-hydrogen-mission-india-gets-first-electrolyser-unit-in-bengaluru-121082400652_1.html#:~:text=The%20idea%20of%20National%20Hydrogen,GW%20renewable%20energy%20by%202030
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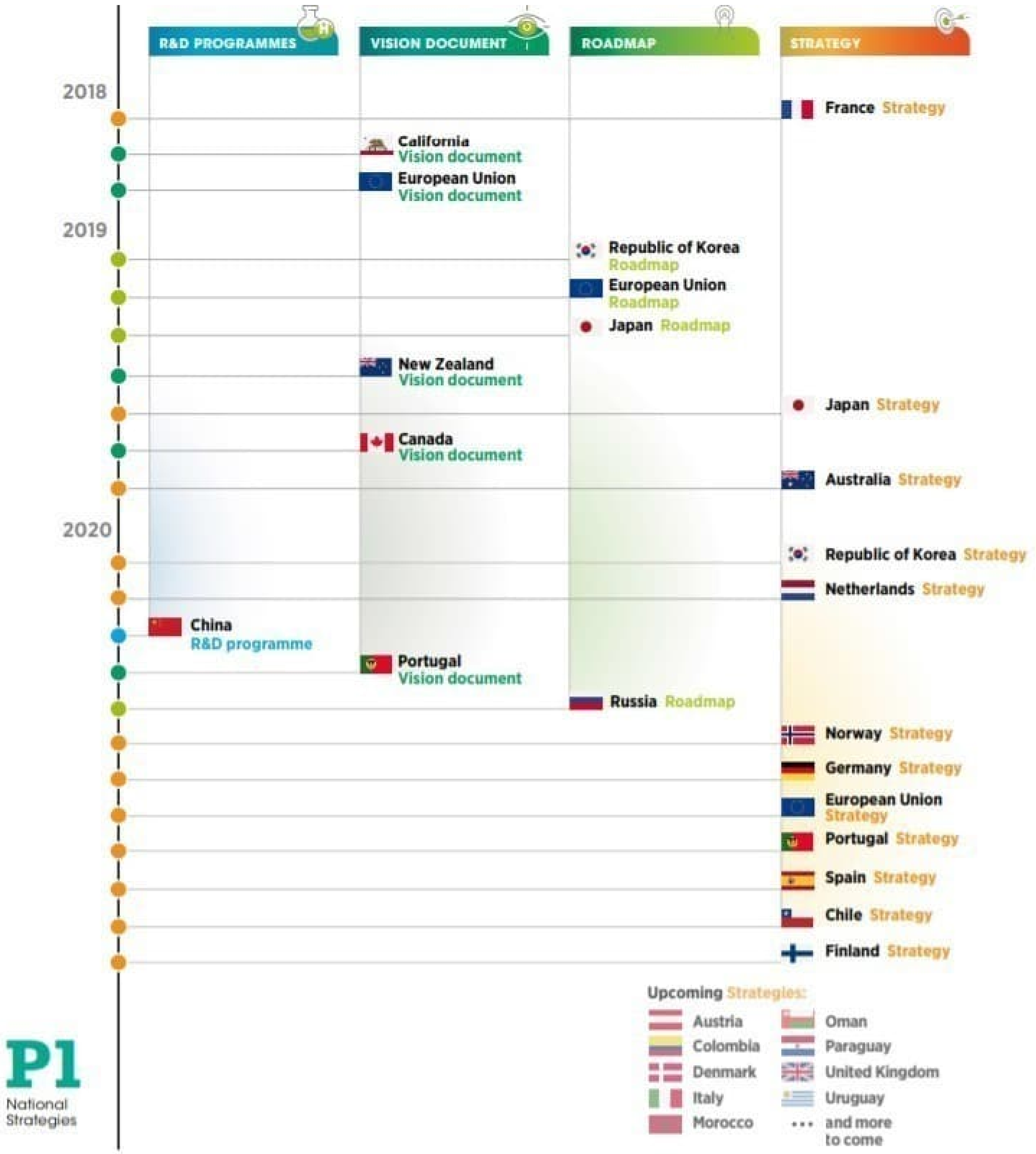

Source: IRENA – Green Hydrogen Policy 2020

3. Increased regulations

Beyond upending economies, societies and disrupting businesses and supply chains, the pandemic also reinforced global economic and societal gaps and disparities, prompting a new sense of urgency to build more inclusive and fairer economies. Governments, businesses, investors, and civil society are now calling for more accountability to address key challenges for society and the planet.

Beyond climate change, regulators are also looking at broader social and governance disclosures to address labor inequality, human rights, diversity, equity, and inclusion (DE&I) and social justice issues.

Consequently, ESG policies, standards and disclosures are continuously evolving to accommodate better understanding. Companies are facing new ESG-related reporting requirements in the European Union and may soon face mandates in the US as well. This is a time for Boards, CEOs, and executive leaderships to monitor the emerging policy landscape and prepare for a new era of ESG action.

While ESG attention is growing globally, governments are acting at different scales and pace. Here is a look at current developments on a global scale that may impact companies.

Europe

- The EU taxonomy is pivotal for ESG reporting as it will underpin several other pieces of legislation. Companies will now be required to disclose information against the taxonomy framework under the Corporate Sustainability Reporting Directive (CSRD). The CSRD expands previous requirements for large corporations operating in the EU to disclose ESG-relevant information under the Non-financial Reporting Directive (NFRD). The NFRD's scope has been broadened to all companies listed on the EU regulated markets. Notably, these will include all large companies, listed SMEs and EU subsidiaries of non-EU businesses.[24]
- In addition to reporting requirements of CSRD, the companies are expected to get their sustainability information assured.[25]
- The Sustainable Finance Disclosure Regulation (SFDR) is the first EU Action Plan for sustainable growth regulation and applies from 10th March 2021. It is a set of EU rules that aims to make the sustainability profile of funds more comparable and better understood by end-investors and focuses on pre-defined metrics for assessing the environmental, social and governance (ESG) outcomes of the investment process. The SFDR lays down sustainability disclosure obligations for financial market participants and financial advisors towards end-investors. It sets out the information that investors will need to collect from corporations regarding how they are addressing ESG risks. Investors also need to report on how they are addressing ESG in their investment decisions for products marketed as green.[26]
- In June 2021, the United Kingdom announced its new Green Technical Advisory Group (GTAG). The group will provide independent advice on the development of UK's green taxonomy. This will improve the understanding of environmental impact to help companies and investors make informed green choices, support investment in sustainable projects and boost efforts to tackle climate change.[27]
- In July 2021, the European Commission put forward a new proposal for a regulation on an EU Green Bond Standard, together with a communication on the renewed sustainable finance strategy. The "Strategy for Financing the Transition to a Sustainable Economy" covers several areas from continuing work on the EU taxonomy to climate-related risks into credit ratings and bank capital requirements, and sustainability standards and labels as tools to help channel finance to companies, issuers, and investors.
- New requirements are underway on the social and governance sides of sustainability. The upcoming Sustainable Corporate Governance Initiative (SCGI) aims to improve the EU regulatory framework on company law and corporate governance. It hopes to incentivize change from the top down and throughout the supply chain, including human rights. The initiative considers regulatory changes to "better align the interests of companies, their shareholders, managers, stakeholders and society at large". This initiative will set binding requirements for companies as well as company directors and encourage businesses to consider ESG impacts and focus on long-term sustainable value creation.[28]

24. https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en
25. https://www.ey.com/en_be/assurance/how-the-eu-s-new-sustainability-directive-will-be-a-game-changer
26. https://www.ey.com/en_gl/financial-services-technical-resources/sustainable-finance-disclosure-regulation-preparing-for-2021-and-beyond
27. https://www.greenfinanceinstitute.co.uk/uk-taxonomy/
28. https://www.webershandwick.com/news/esg-disclosure-post-covid-world/

The United States

- President Biden has directed the Financial Stability Oversight Council, led by the U.S. Treasury Department, including the Securities and Exchange Commission (SEC), to improve ESG disclosures. The SEC intends to increase investor access to important ESG drivers and measurements, pressuring public companies to step up their commitments. In March 2021, the SEC requested public comments on whether and how it should require companies to disclose ESG actions.[28]
- Beyond climate, the SEC plans to require public companies to provide human capital disclosures, such as compensation and hiring policies, workforce metrics on gender, diversity and inclusion, turnover rates, and a breakdown of full, part-time and contract employees.[28]
- The SEC will also propose a rule for investment companies and investment advisors on ESG-related claims and disclosures. The rule is likely to tighten up requirements on what companies should disclose about how their ESG-promoted funds operate and are marketed.[28]

India

- ESG reporting in India started in 2009 with the Ministry of Corporate Affairs (MCA) issuing voluntary guidelines on corporate social responsibility as the first step towards mainstreaming the concept of business responsibility. Since then, the reporting landscape has come a long way with the introduction of Business Responsibility Reporting (BRR), Corporate Social Responsibility (CSR), National Guidelines on Responsible Business Conduct (NGRBC) and now Business Responsibility and Sustainability Report (BRSR) (introduced through a SEBI circular dated 10th May 2021).
- In August 2020, SEBI proposed that the implementation of BRSR format for top 1000 listed companies by market capitalization. The new format will be adopted by such listed entities on a voluntary basis for FY 2021–22 and would be mandatory from FY 2022-23.[29]

China

- In June 2021, China had introduced its first mandatory environmental disclosure requirements for all listed companies. The “key polluting entities” are however under more stringent disclosure obligations to disclose additional environmental information, including pollution discharge and status of pollution control facilities. Disclosure on any actions to reduce carbon emissions is now stated as encouraged due to the general promotion of low carbon transition of China.[30]

Japan

- Japan’s Ministry of Economy, Trade, and Industry (METI) has created a label to identify companies that are reporting on ESG performance, as part of efforts to improve corporate disclosure and improve the long-term investing landscape.[31]
- Japan Exchange Group and Tokyo Stock Exchange published the ESG disclosure handbook 2020. The report highlights the issues that companies will come across when beginning voluntary ESG disclosure and suggests processes that companies may wish to implement to implement ESG in their operations.[32]

Companies must now navigate new pressures for transparency on ESG factors and performance and start responding to them through developing more robust ESG strategies and communications programs.

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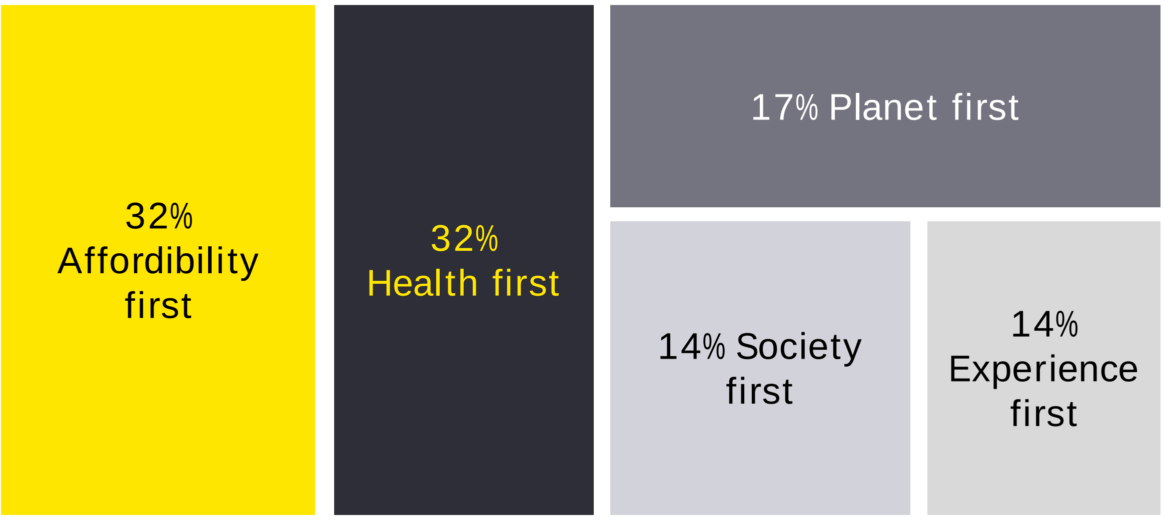
4. Shifting consumer preferences

The consumer that businesses have adapted to serve today is not the one that will make them profitable in the coming future. As people around the world emerge from the crisis induced by the COVID-19 pandemic, they plan to fundamentally change the way how they spend their income. As part of the EY Future Consumer Index Survey 2021, a larger chunk of the consumers would prioritize affordability or their health, while the remaining would focus on environmental or societal purpose of a product.[33]

Future consumer priorities differ among countries



It was also highlighted that 49% of consumers will prioritize environment and climate change in how they live and the products they buy. Also, for 26% of consumers, sustainability will be their most important purchase criteria three years from now. In terms of larger societal impact, 56% consumers will be more likely to buy from companies that ensure what they do has a positive impact on the society.[33]

To respond to such consumer trends, businesses are also transitioning to product stewardship and incorporating circular economy principles to manage environment and societal footprints of their products.

Businesses and other stakeholders are continuing to recognize the value of earth's finite resources and are taking steps towards a more sustainable future. Companies are supporting more sustainable patterns as they are realizing the cost savings by the efficient use of resources in their operations. In 2020, there were 313 companies named on CDP's prestigious 'A List' for environmental transparency and action, which was a 45% increase from 2019. The same year, CDP awarded 10 businesses including Danone, HP, Loreal, Mondi, etc., a score of 'AAA' for their leadership on Climate Change, Forests and Water security.[34]

Furthermore, businesses and other stakeholders are pledging to accelerate the transition towards a circular economy. In June 2020, 50 signatories including the CEOs of Amcor, Coca Cola, Nestle, Netherlands' minister of environment have pledged to use circular economy principles as part of their post-COVID-19 recovery plans.[35]

For businesses, this pledge represents a commitment to develop products or services in a way which eliminates waste and benefits a wider section of the society and the environment. Reusing and recycling of waste can lead to significant cost savings, which in turn, makes financial sense for businesses. A report on e-waste presented by UN, cites that one recycler in China already produces more cobalt (by recycling) than what the country mines in one year.[36]

33. https://www.ey.com/en_gl/consumer-products-retail/accelerate-to-get-ahead-of-the-changing-consumer
34. https://www.cdp.net/en/companies/companies-scores
35. https://ellenmacarthurfoundation.org/news/its-time-to-step-up-not-step-back
36. https://www3.weforum.org/docs/WEF_A_New_Circular_Vision_for_Electronics.pdf

Recycled metals are also 2 to 10 times more energy-efficient than metals smelted from virgin ore. Furthermore, mining discarded electronics emit 80% lesser amounts of CO2 per unit of gold compared with mining it from the ground.[35] Similar results have also been highlighted by FICCI's report on circular economy of E-waste. The report cites that there is a potential of US$1 billion of value that can be realized from the extraction of gold from e-waste in India.[37] It also mentions that there is over 8 million tons of steel that can be potentially extracted from end-of-life vehicles in India in 2025, representing a US$~2.7 billion opportunity.[36]

To transition towards a circular world, eliminating waste and supporting sustainable consumption, industries will be required to intensify their efforts and take strategic as well as targeted approach or even look at newer business models, solutions, and materials.

To enable sustainable production and consumption and respond to increasing momentum around circular business models, the following evaluation is likely:

Adopting design for sustainability strategies for product development will be a key focus area for companies

Integrating sustainability aspects into product development has long been recognized as a strategic priority, but it is only in the recent years that companies have recognized it as a key focus area. Large multinational corporates like Amazon[38], Apple[39], BASF[40], Loreal[41], Unilever[42] have included sustainability strategies into product design phase and assessing life cycle analysis of their products and services. Some companies like DSM[43] are also trying to assess the social impact for select products. Firms opting to focus more on sustainable design must balance over factors such as affordability and ease of use, both of which are important factors from a consumer's point of view.

Evolving tools, frameworks, and standards to measure the progress made on circularity

Various new measurement frameworks and tools were launched in 2020, including the *Circulytics*[44] prepared by the Ellen Macarthur Foundation and *Circular Transition Indicators (CTI)*[45] developed by the WBSCD. Certification agencies like ISO and BSI have also come out with standards such as *ISO/TC 323-Circular economy*[46] and *BS 8001*[47] to provide a practical framework and guidance of its kind for organizations to implement principles of the circular economy. To ensure successful progress, companies must have a clear understanding of the concepts and how it will affect their current business operations to seize the underlying benefits and opportunities of a circular economy.

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35. https://ellenmacarthurfoundation.org/news/its-time-to-step-up-not-step-back
36. https://www3.weforum.org/docs/WEF_A_New_Circular_Vision_for_Electronics.pdf
37. https://ficci.in/spdocument/22977/FICCI-Circular-Economy.pdf
38. https://www.aboutamazon.com/news/sustainability/amazon-launches-climate-pledge-friendly-program
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47. https://www.bsigroup.com/en-GB/standards/benefits-of-using-standards/becoming-more-sustainable-with-standards/BS8001-Circular-Economy/

5. Protecting human rights

The traditional understanding that the primary responsibility of protecting human rights of people within their jurisdiction rests only with the governments is increasingly becoming an obsolete concept. The private sector's role in today's age cannot be undermined as they play an equally important role in upholding human rights that could be potentially impacted by their activities. In this regard, the UN Guiding Principles on Business and Human Rights serve as the key international document. They are a set of guidelines for both the States as well as the business on how to "Protect, Respect and Remedy" human rights abuses that could arise across their supply chains. These guiding principles are considered to be important in decision-making and daily operations of the company because many aspects of a company may change over time, including its leadership and business practices, however the guiding principles continue to prioritize the important values the company embodies. Apart from the UNGPs, reliance can also be placed on other frameworks such as the United Nations Sustainable Development Goals (SDGs). At the heart of SDGs lie human rights and listing goals to eliminate a variety of environmental and social risks. It is important to note that businesses are increasingly realizing that their duty to protect human rights stem not only from their commitment to adhere to the principles enshrined in UNGPs and SDGs, but because it is the only way to become resilient in the long term.

Apart from the voluntary frameworks, there are a plethora of regulations found across nations pertaining to human rights, health, safety, and environment that ensure companies are accountable for their activities. These regulatory instruments also provide a much-needed push to businesses for protecting human rights since failure to do this could result in serious legal as well as reputational risks.

Social movements that have taken place in the past like ‘Black Lives Matter’ and ‘Me Too’ have also led the businesses to develop new Diversity, Equity, and Inclusion (DE&I) strategies to become more socially resilient. An effective strategic diversity, equity, and inclusion management plan can help a company to make the most of its diversity by creating an inclusive, equitable and sustainable culture as well as work environment. Companies such as Cisco are committed to increasing the representation of African American/Black employees by 25% from the entry-level through manager-level and by 75% from the Director to VP+ level by 2023.[48] Google also made several diversity-related commitments including improving representation of underrepresented groups in leadership by 30% by 2025.[49]

A combined push from governments and investors alike will be instrumental in shaping the agenda on how businesses respond to human rights risks in the coming decade.

Companies are facing rising expectations on responsible business conduct

Human rights related legislations will only continue to constantly evolve in a post pandemic world and will continue to remain a focal point for businesses. This is reiterated by the fact that various countries like Norway[50], Germany[51], US[52], France[53], etc., have passed human rights due diligence legislations to make corporations with international supply chains accountable for their activities. The EU is also set to pass the mandatory environment and social due diligence law soon.

The European Commission has also recently released a guidance document on ‘Due Diligence for EU Businesses to Address the risk of Forced Labor in their Operations and Supply Chains.’ The Guidance document aims to enhance companies' capacity to eradicate forced labor from their value chains by providing concrete, practical advice on how to identify, prevent, mitigate, and address its risks. While the EU is yet to pass its mandatory environment and social due diligence law, the publication of the guidance document clearly sets the tone in the region towards ensuring corporate accountability. It will be interesting to see how proactive businesses are in response to regulations as well as judicial decisions across the world, requiring companies to address the human rights risk across their supply chains and operations.

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48. https://www.cisco.com/c/en/us/about/social-justice.html#~our-actions
49. https://blog.google/inside-google/company-announcements/commitments-racial-equity/
50. https://www.business-humanrights.org/en/latest-news/norway-govt-appointed-committee-proposes-human-rights-transparency-and-due-diligence-regulation/
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52. https://oag.ca.gov/sites/all/files/agweb/pdfs/sb657/resource-guide.pdf
53. https://www.business-humanrights.org/en/latest-news/france-natl-assembly-adopts-law-imposing-due-diligence-on-multinationals-to-prevent-serious-human-rights-abuses-in-supply-chains/

Companies will reassess and expand their DE&I programs and practices

In today's increasingly uncertain, evolving and still highly inequitable world, DE&I continues to rise in corporate agendas. The shift reflects greater awareness and expectations from an increasingly vocal range of stakeholders. The business case for DE&I is compelling as various studies and research[54] highlights the relationship of DE&I performance with the social and economic benefits for businesses. A study conducted by Boston Consulting Group (BCG) found that companies with more diverse management teams have 19% higher revenues due to innovation.[55] It shows that diversity is not just a metric to be strived for, but an integral part of a successful revenue-generating business.

Diversity and inclusion cannot be a one-time campaign or a one-off initiative. Promoting them in the workplace is a constant work-in-progress. The business world must come together and be more engaged and vocal than it has been to promote the message of a diverse and tolerant society. Thus, organizations would be expected to change their approach towards managing DE&I. In particular, they would be expected to seek out new international system-based DE&I strategies that support their growth and value-creation goals.

54. https://www.catalyst.org/research/why-diversity-and-inclusion-matter-financial-performance/
55. https://www.bcg.com/en-us/publications/2018/how-diverse-leadership-teams-boost-innovation

3

Way Forward

As businesses envision the now, next, and beyond in the face of a disruptive and unpredictable environment that is likely to be dominated by social, environmental, and economic headwinds, it is imperative for them to develop resilience and heighten their response to the ESG risks highlighted and discussed in the sections above.

The immediate concern in the 'now' is to gradually recover from the pandemic and apply policies and resources effectively to minimize any possible spike in the COVID –19 trajectory. The focus for businesses is likely to remain on employee health, supporting public health efforts, operational continuity and securing financial stability.

With a 'w–shaped' recovery to be the most likely scenario, the focus for the 'Next' is to adapt operations and enhance resilience. With the climate change–related events likely to be the next set of challenges to the global order, there is a chance to press the reset button. Today, more than ever, there is need for a coordinated effort at the global, national, and local levels to create the foundation for a greener, socially inclusive, and resilient recovery.

In the 'Beyond' of the COVID – 19 crisis, organizations could reframe their business models and strategies to make the most of these megatrends of the future and thrive in the new normal. With increasing influence of stakeholder capitalism, sustainability is likely to take center–stage in the new normal, with investors, consumers, employees, suppliers, and all other stakeholders asking questions of organizations on risk management and preservation of long–term value.

There is, therefore, a great opportunity for businesses to integrate the principles of sustainability into their strategies and develop products and services that create value according to what the earth needs as well as what their stakeholders want. Organizations have long since been at the forefront of innovation and catalyzers of change. Their role is crucial in ensuring that the sky in the post COVID world is bright and blue and the earth gets a chance to heal toward a truly sustainable future for us and our future generations to come.

4

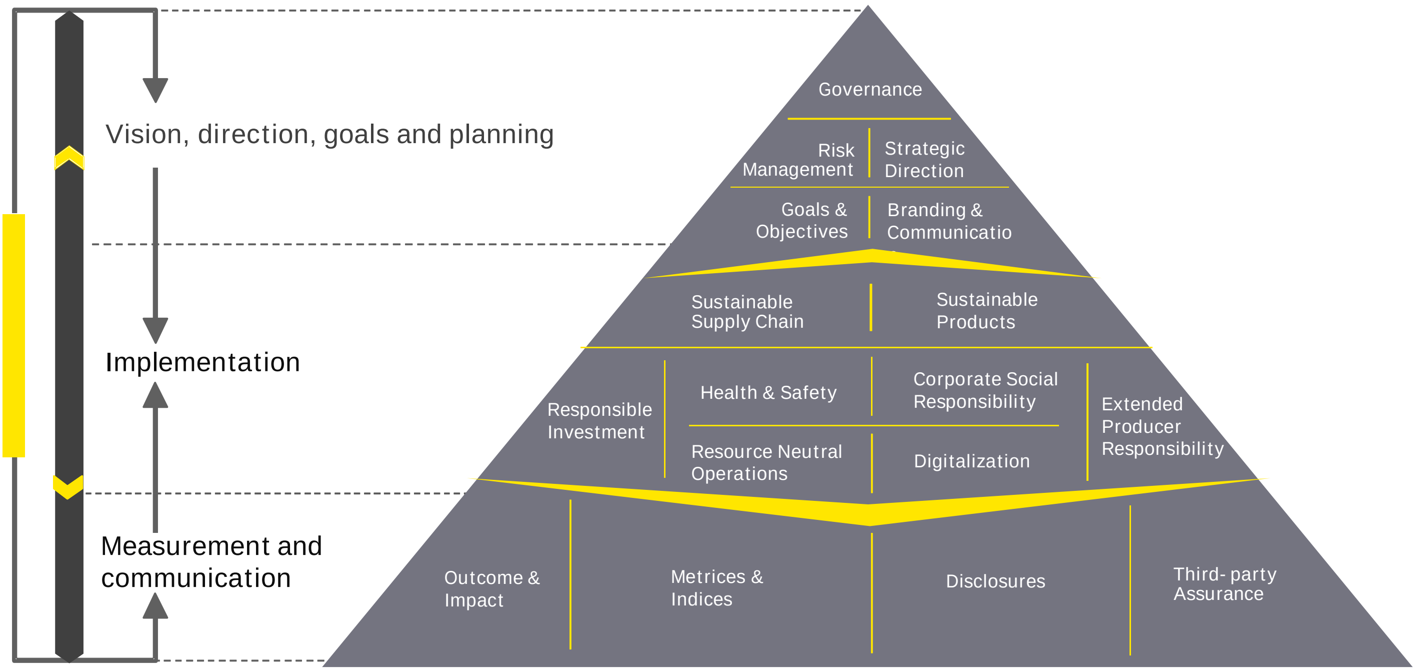
How can EY help

As ESG trends are evolving, ESG integration plays a vital role in creating long–term value creation. The prioritization of stakeholder and long–term value creation is achieved when the entire organization is aligned with ESG agenda. Further, we have also observed that an organization's sustainability journey is a gradual and rewarding process.

Considering the same, EY has developed 'Sustainable by Design' framework with an objective to assist organizations in generating long–term sustainable value by integrating sustainability principles across the product value chain. To thrive in the new normal, organizations need to steer their strategies and products toward sustainability to remain relevant and resilient.

Our 'Sustainable by Design' framework is a three–layered framework that guides organizations in the design, development, implementation, and communication of sustainability initiatives as depicted below:

'Sustainability by Design' Framework



Source: EY Research

This framework enables the integration of ESG principles across strategy, operations, and value chain of the organization. It encompasses a robust governance mechanism, risk management procedures, measurable goals and targets and a strategic vision with sustainability at the core. The framework contains a detailed implementation plan along with instruments to measure and communicate shared value to stakeholders.

Through this framework, organizations can realize tangible and non–tangible benefits such as enhancements in brand perception, stakeholder engagement, operational efficiency and long–term value.

Decision making

Data-driven decision making and reduction in uncertainty

Long term value

Definition of a purpose, stakeholder focus and action on material issues

Market differentiation

Definition of a sustainable positioning for consumers

Risk management

Mitigation of risk impacts and dependencies

Vision, direction, goals and planning

This layer is the topmost layer and critical for the entire framework. It comprises a robust governance model along with risk management, and strategic direction along with goals and objectives and communication to embrace opportunities.

The first component of this layer is “Effective Governance Model” which incorporates the concerns for stakeholders and extends beyond compliance. The model can focus on integrating latest and robust standards on corporate governance. Ideally, the governance model with ESG integration works effectively when it is driven by the top management. It also requires defining roles and responsibilities effectively and the use of various policies and system for implementation.

The second component of this layer is the integration of ESG risk into existing risk management frameworks. A robust risk management can be accordance with global risk framework such as The Committee of Sponsoring Organizations of the Treadway Commission’s (COSO), Enterprise Risk Management (ERM)–Environment Social, Governance (ESG) framework, to ensure systematic identification and prioritization of ESG risks associated with business operations.

The last component of this layer is comprehensive “ESG strategy” which enables product stewardship and ESG growth. The sustainability strategy must be supported with measurable goals and targets. “Defining goals and targets” is the first step to convert invisible into visible. While defining goals, businesses can align their strategy and goals and objectives with UN SDGs and consider four vital aspects:

Source: EY Research

Lastly, it also emphasizes on adoption of ESG communication in alignment with brand goals and objectives. It guides organizations to be consistent in their communication to provide a holistic view of their brand. Effective and credible communication can help an organization to build trust and transparency among investor community.

Implementation

The second layer of this framework is implementation which comprises a detailed implementation roadmap with a list of activities aligned with the ESG strategy. Organizations can institutionalize systems and processes that strengthen the ESG performance of the entire value chain i.e., product conceptualization (new product development), supply chain (including manufacturing, suppliers, and logistics), and downstream (use and end of use) phase.

The Framework also aims at highlighting the key concept of product stewardship, which is based on the concept of making every process, work step and ingredients to manufacture a product – sustainable; thereby achieving a sustainable product as an outcome. Right from the design stage, product designers can be provided with options and sustainable alternatives while conceptualizing the product. This can enable designers to make informed decisions on the choice of raw material, vendors, and packaging by balancing different product attributes.

Product packaging, particularly plastic packaging is a prominent concern, driven by consumer perception and regulatory pressures. The significant global push on the safe and proper management of waste has led to the concept of Extended Producer’s Responsibility (EPR). EPR places the responsibility on brand owners and manufacturers for the proper treatment and disposal of waste.

Along with a focus on product development, the framework emphasizes the transformation to ’sustainable value chains’. Extending the sustainability agenda beyond the operational boundary, organizations can achieve further improvements in sustainability performance through inclusive stakeholder engagement with their value chain partners and collaboratively establishing systems for the same. These systems may include awareness, capacity building, assessment, as well as recognition which can be implemented through a supply code of conduct, resulting in prioritization of responsible sourcing.

Within the operational boundary, organizations need to focus on achieving resource neutral or resource positive production (i.e., carbon neutral and water neutral), adopting sustainable and innovative production techniques and the usage of sustainable raw materials. Safeguarding the human rights of participants in the value chain and creating a workplace which encourages inclusivity, diversity and equality is another critical component of achieving a sustainable value chain. To strengthen downstream performance in the use and end–of–use phase of the product lifecycle, organizations can primarily focus on increasing the longevity of products by equipping consumers with necessary product care and repair mechanisms. Alternative business models such as 'product–as–a–service' can be adopted to further extend their usable life. Emerging concepts such as extended producer responsibility and circular economy provide further avenues for responding to sustainability risks in the supply chain using reusable or recycled materials.

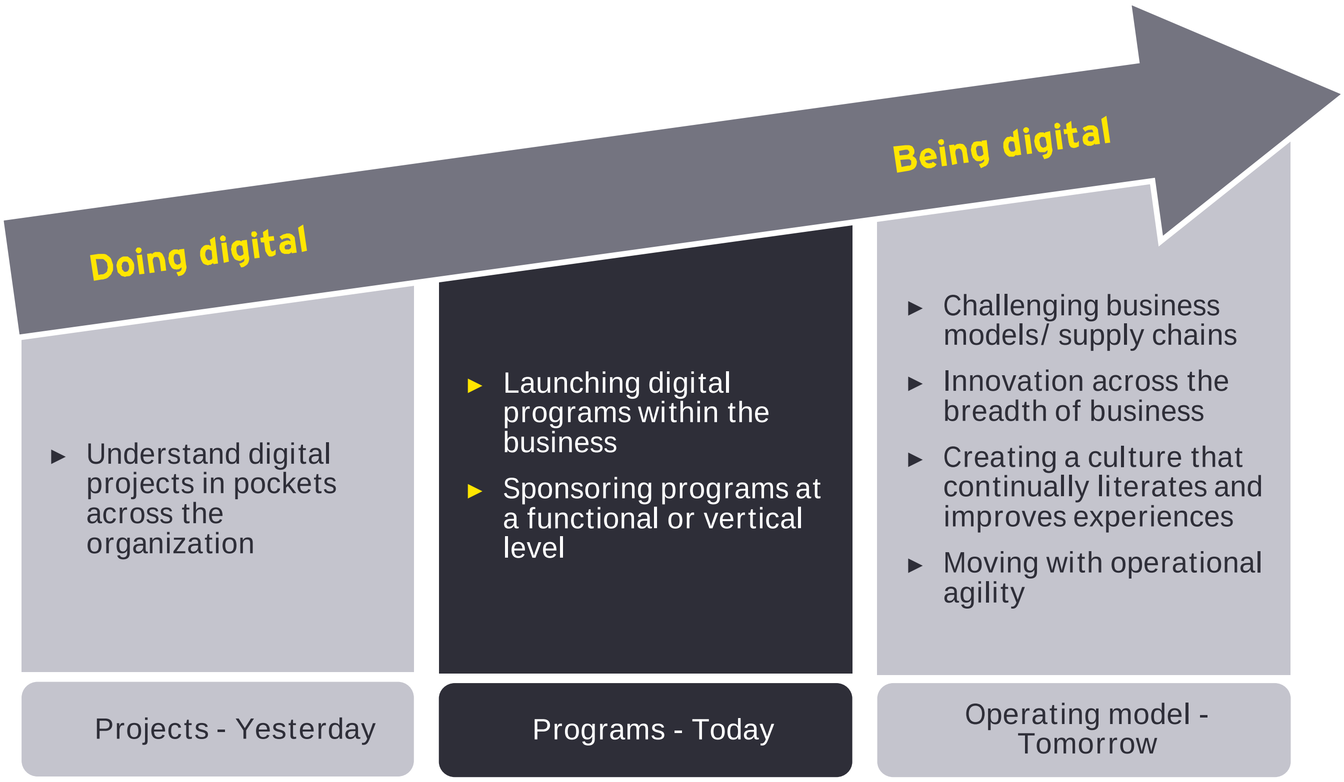
The ESG challenges faced by businesses are of concern to all stakeholders, particularly the investors. In an environment of uncertainty where ESG risks can impact business profitability and even survival, mainstream investors want to know that the material ESG risks are being identified, managed and, when appropriate, disclosed in the organization's risk filings. Organizations can therefore align their sustainability interventions with leading ESG performance standards, and also integrate ESG analytics to provide a complete picture of the organization's value creation to investors and other stakeholders.

In the current scenario as well as in a post-COVID world, the establishment and institutionalization of best–in–class Environment Health and Safety (EHS) management systems that foster good health, well–being and occupational safety across the value chain is of paramount importance. Leading organizations have been reviewing their ERM frameworks to include Pandemic Response Plans (PRP) in response to the crisis.

As identified earlier, the role of business in the society is being re-examined across stakeholder groups. While many organizations have contributed to the battle against COVID -19 in various forms, there is an opportunity to unlock social value by addressing the concerns of various stakeholder groups in the value chain that are closely connected with the organization. For example, strategic Corporate Social Responsibility (CSR) programs can achieve the multiple objectives of strengthening the relationship between the organization and its beneficiaries and enhancing the living conditions of the beneficiaries in alignment with the organization's sustainability objectives.

The implementation of sustainability initiatives can be effectively strengthened using data and platforms that analyze sustainability parameters across the value chain. Well–integrated MIS support in the rapid identification of hotspots, real–time target tracking and transparent reporting.

'Sustainability by Design' Framework



Source: EY Research

Measurement and communication

This layer comprises a two-pronged approach of effectively monitoring sustainability performance and communicating it to various stakeholders including consumers. The development of a comprehensive sustainability strategy and roadmap necessitates the periodic monitoring of performance, outcomes and impacts of the various interventions of the organization. This can be done by developing and monitoring internal organizational metrics and KPI's. Indicators shared by international standards such as the Global Reporting Initiative (GRI) and ESG ratings such as Dow Jones Sustainability Index (DJSI), MSCI ESG Indexes, FTSE4Good Index among others can act as reference points or benchmarks while developing these metrics. These ESG ratings are of particular interest to investors and can enable organizations to gain access to additional 'ESG- focused' pools of capital, and the reduce the cost of capital in some cases.

With increasing pressure from consumers on social and environmental responsibility, organizations can also consider sustainable product labels on their products (similar to star rating of electrical appliances) (Figure below). Conventional disclosures under global sustainability frameworks such as the Global Reporting Initiative (GRI) Standards, the International Integrated Reporting Council Framework (IIRC) and CDP are crucial instruments of communicating the value created across various stakeholder groups. Third party assurance of the sustainability data and approach can further enhance the credibility of the disclosures.

Engagement and communication with internal stakeholders, particularly employees, is equally important in an organization's sustainability journey – particularly in the development of a conducive culture that raises awareness and empowers employees. Various initiatives such as periodic events, newsletters and internal trainings support the top-down and bottom-up diffusion of the organization's sustainability agenda.

The 'Sustainable by Design' framework is a comprehensive approach to sustainability integration which can be further strengthened by a collaborative approach across the various layers through strategic partnerships with solution providers and active participation on global forums such as the United Nations Environment Program (UNEP), the Organization for Economic Cooperation and Development (OECD) and other sector-specific forums.

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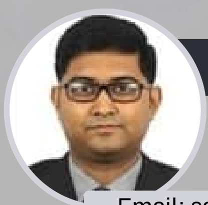

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About ICC

Founded in 1925, Indian Chamber of Commerce (ICC) is the leading and only National Chamber of Commerce operating from Kolkata, and one of the most pro-active and forward-looking Chambers in the country today. Its membership spans some of the most prominent and major industrial groups in India.

ICC had made its humble contribution in the pre-independence era during 1925 – 1947 towards promotion of Indian businesses and Swadeshi movement. Post-Independence, ICC had the honour of engaging closely on Economic development and Reforms with Govt. of India. ICC had the privilege of hosting Session with Indian Prime Ministers like Shri Lal Bahadur Shashtri, Smt. Indira Gandhi, Shri Chandra Shekhar, Shri Atal Bihari Vajpayee and several other leaders.

Recently, ICC was fortunate to host a Session with Shri Narendra Modi, Hon'ble Prime Minister of India on 11th June 2020.

Set up by a group of pioneering industrialists led by Mr G D Birla, the Indian Chamber of Commerce was closely associated with the Indian Freedom Movement, as the first organised voice of indigenous Indian Industry. Several of the distinguished industry leaders in India, such as Mr. B M Birla, Sir Ardeshir Dalal, Sir Badridas Goenka, Mr. S P Jain, Lala Karam Chand Thapar, Mr. Russi Mody, Mr. Ashok Jain, Mr. Sanjiv Goenka, have led the ICC as its President.

ICC works closely with various Ministries and State Governments on policy and Industry issues. ICC has hosted Sessions with national and global leaders like Mr. David Cameron, Former PM of United Kingdom, Smt. Sheikh Hasina, Prime Minister of Bangladesh, Prime Minister of Bhutan, Deputy Prime Minister of Mauritius, Shri Pranab Mukherji, President of India, Industry and Commerce Ministers of Thailand, Industry Minister of Singapore, Chief Ministers of various States and prominent Indian Ministers including Shri Amit Shah, Shri Piyush Goyal, Smt. Nirmala Sitharaman, Shri Nitin Gadkari, Shri Rajnath Singh, Smt. Smriti Irani and several others.

ICC is the only Chamber from India to win the first prize in World Chambers Competition in Quebec, Canada.

The Indian Chamber of Commerce headquartered in Kolkata, over the last few years has truly emerged as a national Chamber of repute, with full-fledged offices in New Delhi, Mumbai, Guwahati, Siliguri, Agartala, Ranchi, Bhubaneshwar & Hyderabad functioning efficiently, and building meaningful synergies among Industry and Government by addressing strategic issues of national significance

ICC's North-East Initiative has gained a new momentum and dynamism over the last few years. ICC has a special focus upon India's trade & commerce relations with South & South-East Asian nations, in sync with India's 'Act East' Policy, and has played a key role in building synergies between India and her Asian neighbours through Trade & Business Delegation Exchanges, and large Investment Summits.

ICC also has a very strong focus upon Economic Research & Policy issues - it regularly undertakes Macro-economic Surveys/Studies, prepares State Investment Climate Reports and Sector Reports, provides necessary Policy Inputs & Budget Recommendations to Governments at State & Central levels.

ICC's forte is its ability to anticipate the needs of the future, respond to challenges, and prepare the stakeholders in the economy to benefit from these changes and opportunities.