Confederation of Indian Industry

Building a better working world

How can Sustainability and ESG be the microscope and telescope in the Indian healthcare sector?

February 2024

The better the question. The better the answer.
The better the world works.

Foreword

In today's rapidly evolving world, the intersection of healthcare, sustainability, and environmental, social, and governance (ESG) principles is more critical than ever. As we navigate through the complexities of modern healthcare systems, it becomes increasingly evident that we must adopt a holistic approach.

I am delighted to introduce this insightful CII - EY report on "How Sustainability & ESG can be the microscope and telescope in the Indian Healthcare sector." This report delves into the critical nexus between sustainability practices and the overarching goal of advancing healthcare, presenting a comprehensive analysis of the opportunities and challenges that lie ahead.

At the CII Northern Region Committee on Healthcare, our efforts have always been to dedicate our energies to ideate and strategize innovative solutions to integrate technology and healthcare in a manner that aligns with the unique needs and demands of the Indian sector. Through collaborative efforts and innovative thinking, we aim to drive positive change and enhance the compassionate, accessibility, affordability, and quality of healthcare services across the region.

I urge all stakeholders for their concerted action and unwavering commitment towards an ecosystem that prioritizes sustainability, fosters innovation, and delivers lasting value to society.

Dr Dharminder Nagar
Summit Chairman and
Chairman, CII Northern Region
Committee on Healthcare and
Managing Director, Paras Health

Sustainability & Climate Change are the biggest megatrends of our generation impacting entire Health Care ecosystem across our multiple stakeholders including Investors, Customers/ Patients, Regulators, Employees, Providers of financial capital, value chain partners etc.

In our value creation analysis, we have analysed 3 key goals leading enterprises are embedding within business strategy including:

Goal 1: Creation of value led Sustainability program & business linked KPIs including Net Zero transition plan

Goal 2: Analysis of ESG risks and opportunities to protect & create value for Health Care sector

Goal 3: Embedding sustainability across the value chain of the enterprise with digitalization & analytics for real time business decisions

Every country and sector – healthcare included – can take measures today to reduce consumption and waste in their supply chains. This is pertinent for private-sector companies as much as public healthcare systems. For example, in Britain, the National Health Service is the country's largest employer and is responsible for around 4% of the nation's carbon emissions, of which 5% of the carbon footprint comes from anaesthetic gases and metered dose inhalers.

Our global economy consumes 100 billion tons of material a year, of which healthcare is responsible for 9.3 billion tons, according to The Circularity Gap Report 2021. The conversion of these materials into healthcare equipment and infrastructure emits around 3 billion tons of greenhouse gases a year – roughly 5% of the world's total. Just 8.6% of these materials is cycled back into use. The sustainability and environmental impact of supply chains in many health systems has come into greater focus through the COVID-19 pandemic due to the dramatic increase in production and disposal of single-use Personal Protective Equipment (PPE) items, predominately made from plastics, the effects of which are currently being evaluated. But if we could double global circularity to 17% across all sectors, we could "keep our world liveable and thriving" – and well below a 2-degree temperature rise.

Reuse makes sense ecologically and economically – The circular strategies with the greatest impact in healthcare include investing in longer-lasting medical equipment and reducing physical consultation spaces through virtual health care models.

At the other end of the medical equipment spectrum are disposable items, such as inhalers and insulin pens.

Design products and components with reuse in mind – Using fewer non-renewable resources and more reused components and recycled materials will reduce demand for natural resources while cutting pollution and emissions.

Extend the lives of products and components – Through digitally enabled preventive maintenance, focus is shifting from one-off sales to a service model based on functionality.

Return end-of-use equipment and components via efficient reverse logistics – This avoids unnecessary landfill or uncontrolled incineration and ensures that products that are no longer suitable for use are refurbished, remanufactured, repurposed or harvested for parts, extending the lifetime of other products still in use.

For sustainable progress in the healthcare sector, it's crucial to transition to renewables and establish a net-zero plan.

To reduce carbon waste and deliver truly sustainable care, healthcare providers and systems must move now to reduce consumption and waste in supply chains. This could include investing in longer-lasting medical equipment, transforming healthcare models and reducing physical consultation spaces through digital healthcare, and exploring digitally enabled preventive maintenance for products and components.

Our thought leadership report in collaboration with CII is a visual summary of the program enablers & global leading practices within our sector that would help you to leverage & create value for your enterprise.

Please do reach out to us for any valuable feedback & perspective on such a critical area.

Kaivaan Movdawalla
Partner & Healthcare Leader,
EY Parthenon

Nitesh Mehrotra
EY India Partner | Sustainability and ESG

Brain analysis

Contents

Our climate action compass today: emerging trends and changing landscape 08

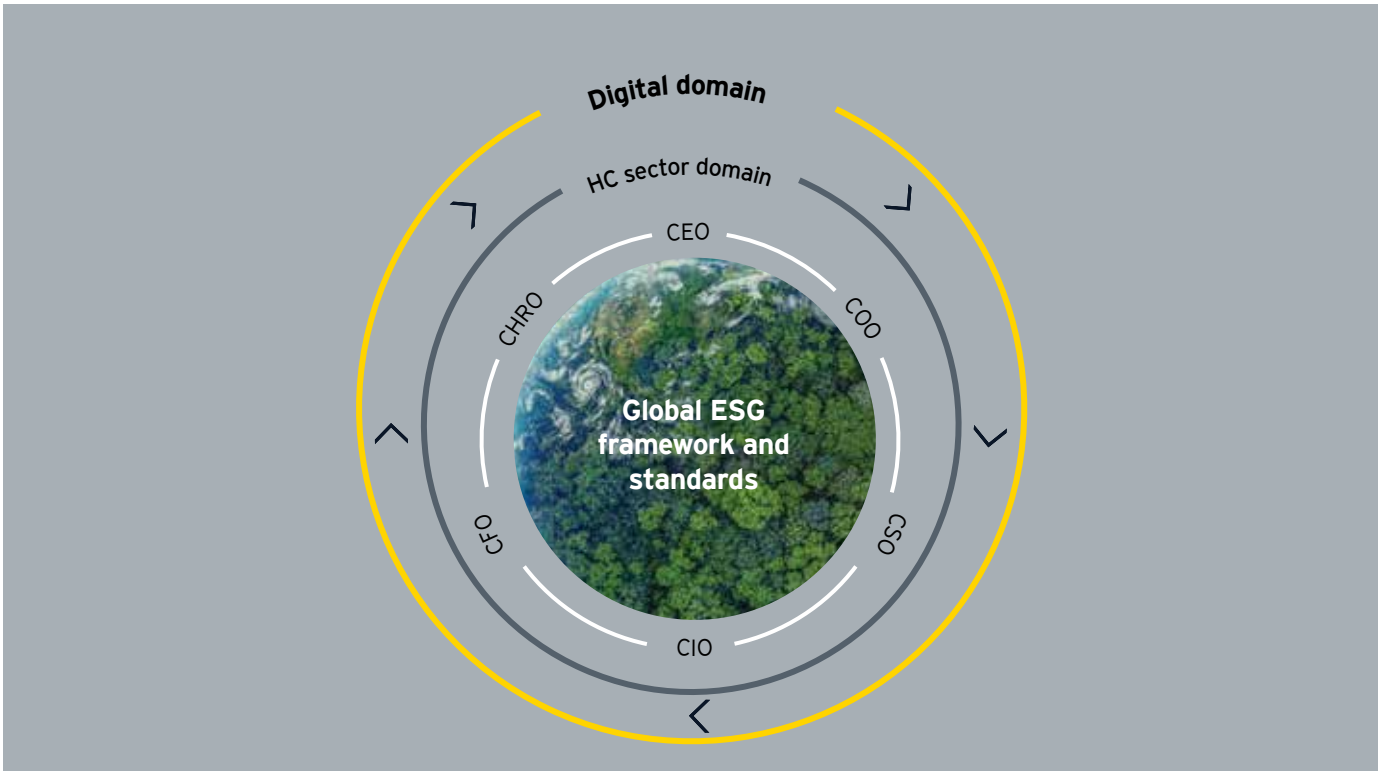
Healthcare value chain: ESG material topics analysis 20

How can ESG data create actionable insights? 30

ESG insights from India Inc and healthcare sector 34

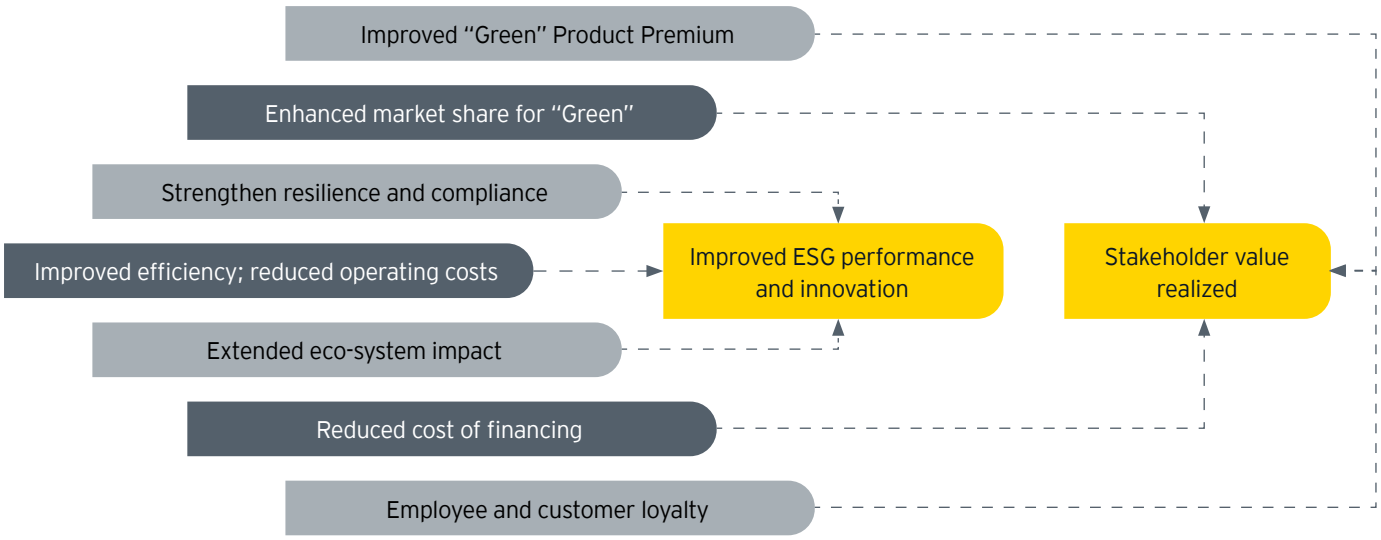
Knowledge resources 38

Sustainability is everybody's business



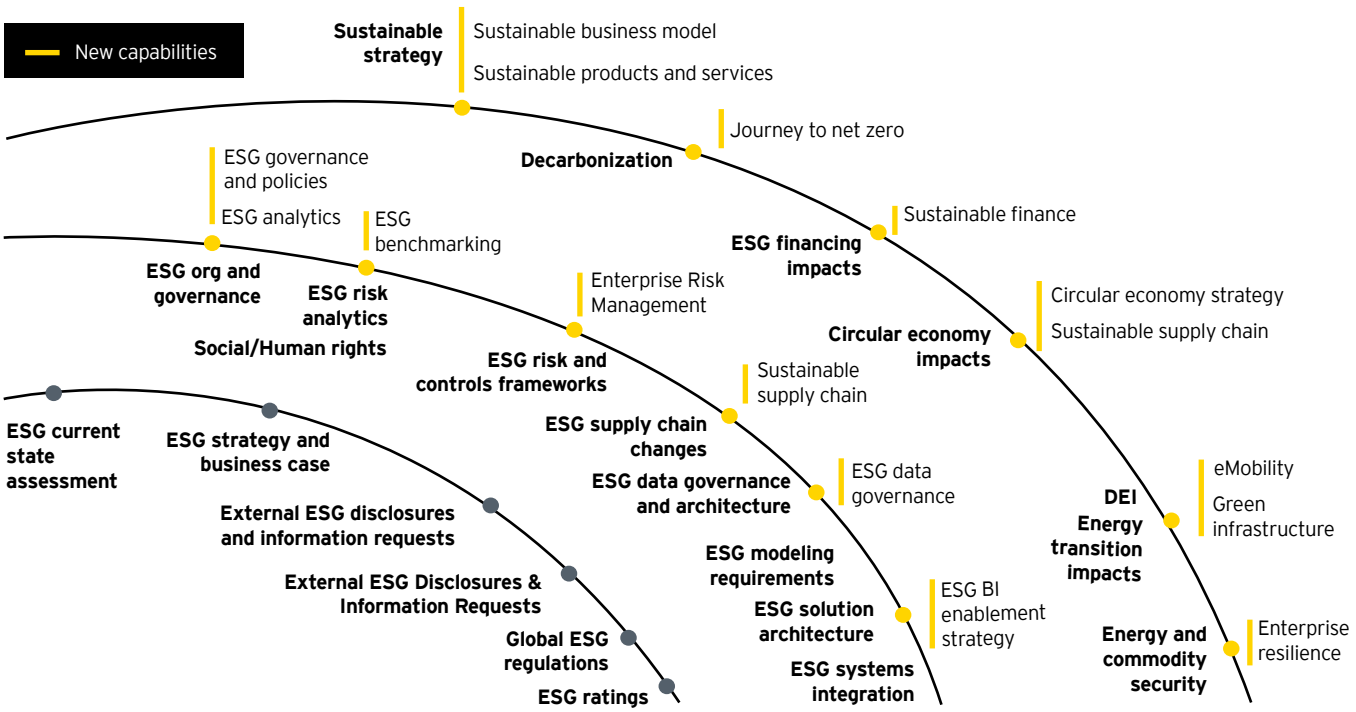
De-coding an actionable data model from the ESG alphabet soup

ESG value-led proposition and roadmap



Sustainability and ESG are the next wave of business transformation

Integrating ESG into a sustainable business model for long-term value



1

Our climate action compass today: emerging trends and changing landscape

We are at +1.1°C global warming and need to dramatically change the way we perform our economic activities

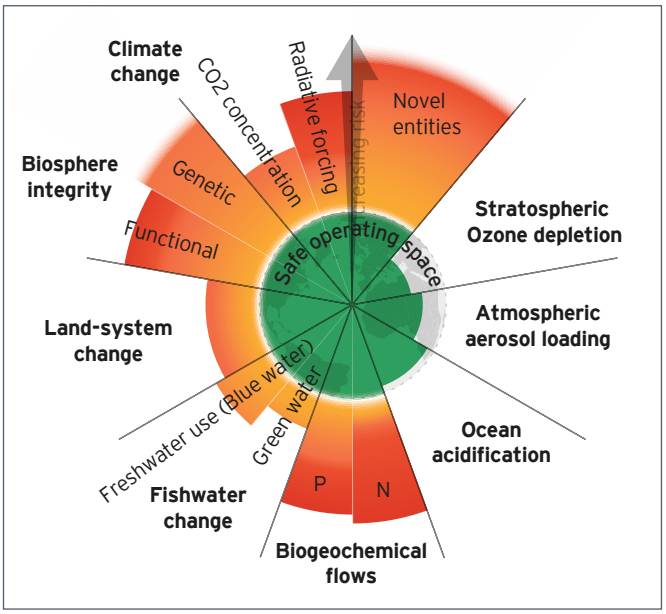
What is the climate action urgency ?

2023 recorded the three hottest days on average in 100,000 years!

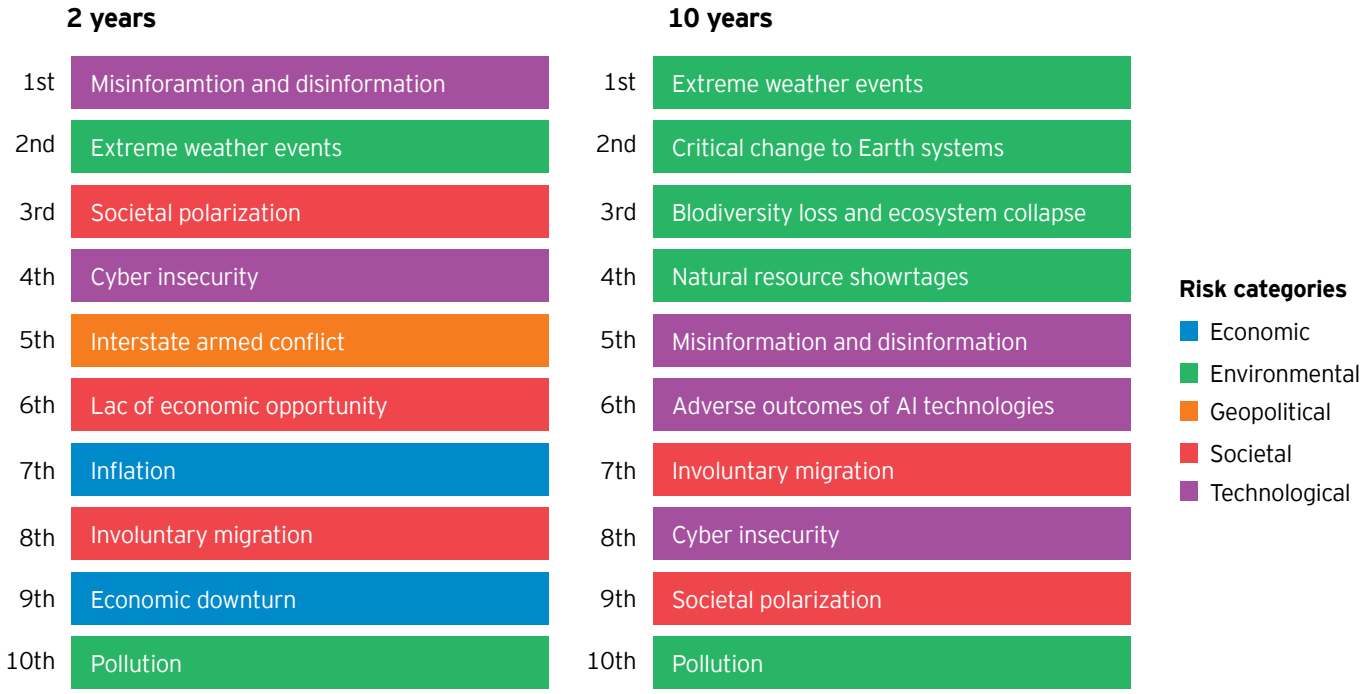
The difference between 1.5 and 2 is massive, 3 degrees is existential

	1.5°C	2°C	>3°C
World population at risk from extreme heat	14%	37%	2.6x worse
Tropical coral reef destroyed	70-90%	>99%	~100%
Species losing >50% range	8%	18%	3x worse
Climate feedbacks	Low risk	High risk	Amazon collapse, permafrost loss, methane hydrate destabilization

How do we get back within the planetary boundaries?



WEF report shows sustainability and ESG on top in the short and medium term risk categories



Source: World Economic Forum Global Risks Perception survey 2023-24

How is climate change impacting our daily lives?

We are already facing the impact of climate change

Various climate-related incidents have taken place recently.

Climate change has ravaged India's rice stock. Now its export ban could deepen a global food crisis

Manali Rain: Highway Swept Away, Buildings Down, Drone Footage Shows Devastation | WATCH

Climate change triggered monsoon fury in Uttarakhand, Himachal

According to experts, weather conditions might have been favourable for heavy rains, but climate change has a definite role in the increasing intensity.

Mrityunjay Bose

Stakeholders are becoming increasingly demanding adequate ambitious targets and transparent disclosures

Explainer: How climate change is exacerbating inflation in India, and worldwide

Rising temperatures could add 1 percent to global inflation every year until 2035.

SNEHA MAHALE

Delhi may suffer losses of Rs 2.75 trillion by 2050 due to climate change: Draft action plan

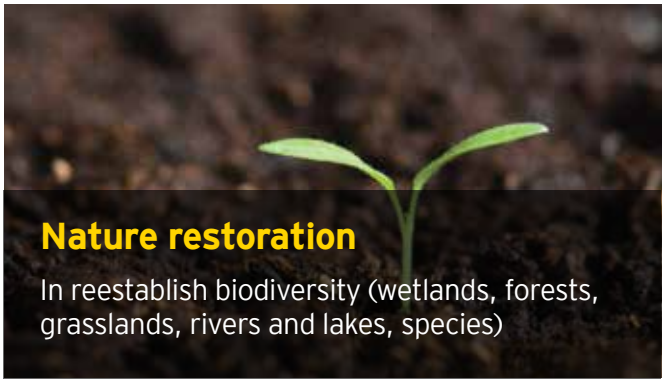
Explained: The reasons behind skyrocketing tomato prices

Retail tomato prices have seen a significant jump, reaching close to Rs 155/kg in major cities, primarily due to the disruption in supply caused by heavy rainfall in the tomato-producing regions

Need for urgent action and business transformation

Energy transformation

From fossil to renewable to enable net-zero emissions by 2050



Nature restoration

In reestablish biodiversity (wetlands, forests, grasslands, rivers and lakes, species)

Circular economy

From linear to circular economy (reusage of material, waste handling, rental instead of owning)

Data-led intelligence

Increased regulation and transparency to favorize sustainable investments

India's innovation in the sustainability revolution

Prime Minister established goalposts for India, during COP26 at Glasgow.

2030 1 billion tons of CO_2 emission to be reduced

2070 India @ Net Zero

Corporates in India have aggressively adopted sustainability transformation

1,000 + Corporates will be mandatorily required to submit their Sustainability Performance from 2022

1,000 + Have supply chain mandate

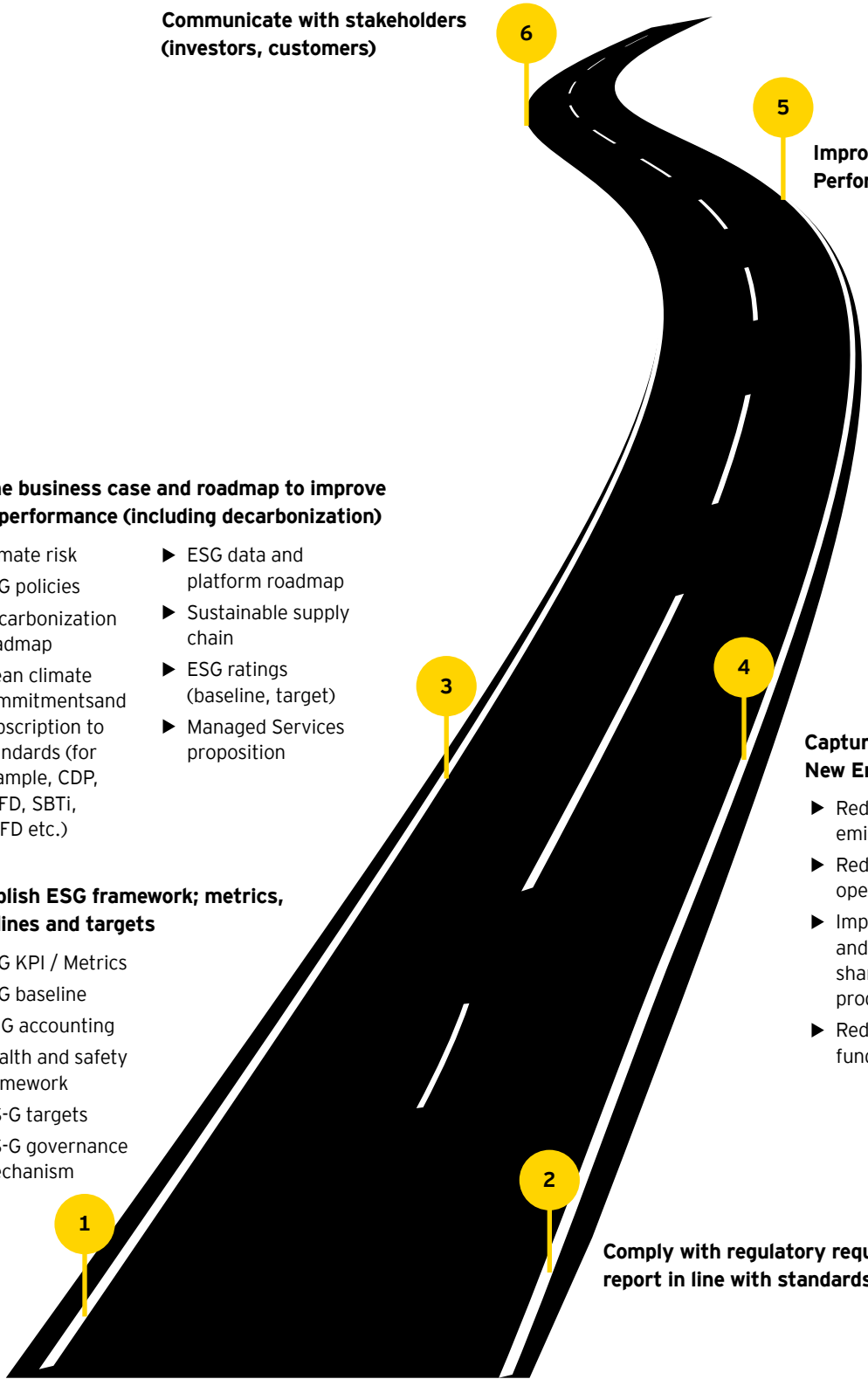
500 + Have investor engagement on ESG performance

200 + Corporates have already stated net zero goals (2035-2050)

ESG Data use case

India's G20 Presidency – 'One Sun, One World, One Grid'; Green Finance;
India's budget has a planned outlay for green initiatives

Our modular pathway



Communicate with stakeholders (investors, customers)

6

5

Improve ESG & Decarbonization Performance (execution)

- Execution of ESG Improvement roadmap
  - Environmental/ Sustainability/ Decarbonization initiatives
  - Social Initiatives
  - Governance initiatives
- Demonstrated improvement on standards
  - For example, TCFD, CDP, SBTi
- Demonstrated improvement in ESG ratings
  - DJSI, MSCI, Eco-Vadis, Sustainalytics

Define business case and roadmap to improve ESG performance (including decarbonization)

- Climate risk
- ESG policies
- Decarbonization roadmap
- Clean climate commitmentsand subscription to standards (for example, CDP, TCFD, SBTi, TNFD etc.)
- ESG data and platform roadmap
- Sustainable supply chain
- ESG ratings (baseline, target)
- Managed Services proposition

3

4

Capture Value from ESG and New Energy

- Reduced emissions
- Reduced operating cost
- Improved pricing and market share for green product/ service
- Reduced cost of funding
- Realized and Monetized carbon credits
- Financed emissions
- Sustainable finance
- ESG data and analytics

Establish ESG framework; metrics, baselines and targets

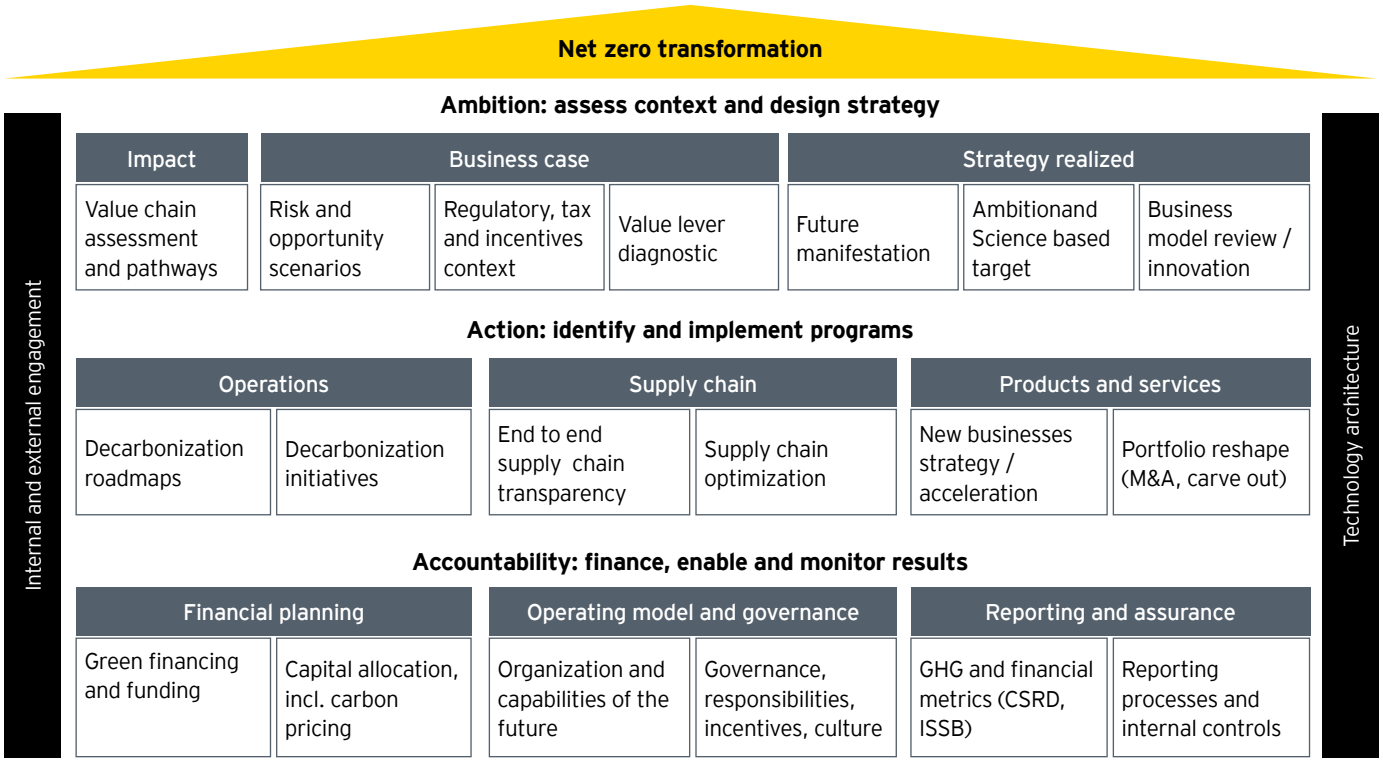
- ESG KPI / Metrics
- ESG baseline
- GHG accounting
- Health and safety framework
- E-S-G targets
- E-S-G governance mechanism

2

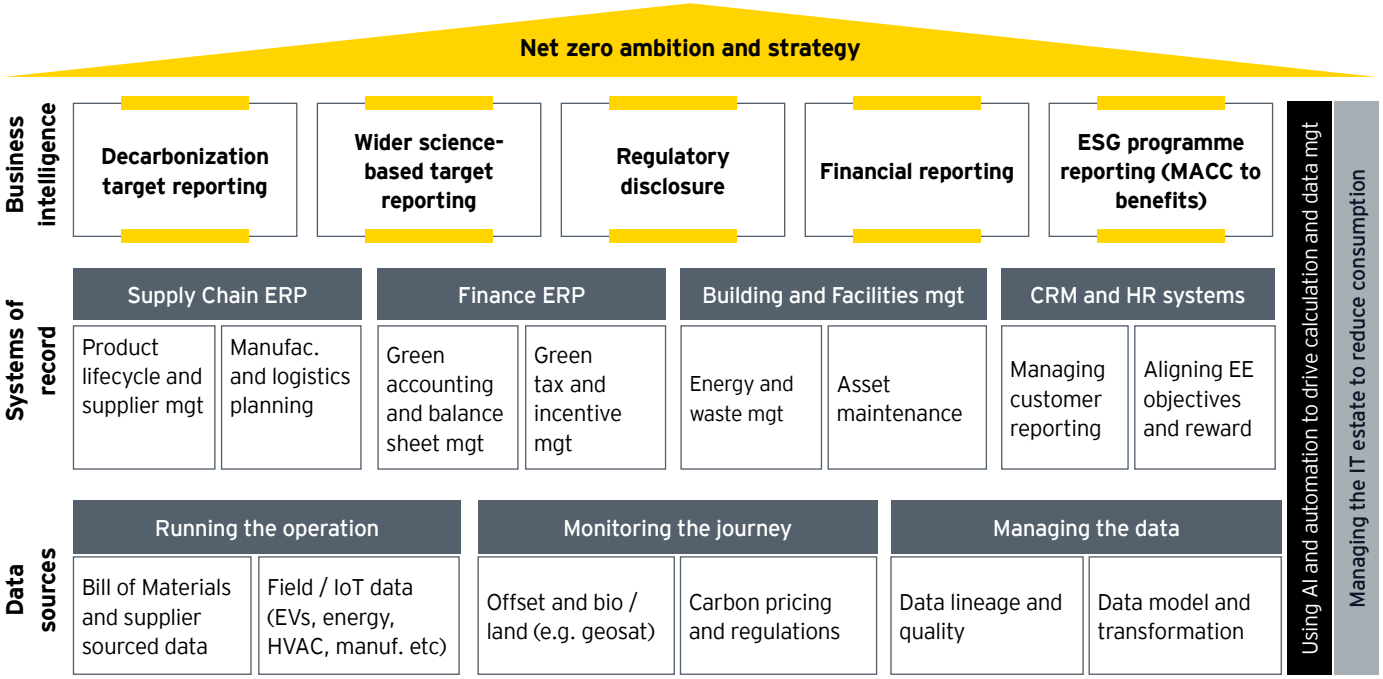
1

Comply with regulatory requirements; assess and report in line with standards subscribed

Let's help connect the dots for sustainability led transformation



This means that we need to start with the integration with our Digital journey



Realizing value from decarbonization: opportunity landscape

Integrated planning

De-carbonization business case, sourcing strategy, manufacturing strategy, customer strategy

Source	Manufacture	Generate demand
1 "Green" supply base	1 "Green" Feedstock	1 Customer segmentation – "green" access
3 Circular economy – re-cycle	1 "Green" process/ conversion (incl. CCU)	1 "Green" branding and marketing
2 Clean energy substitution renewables salience	1 Optimized energy consumption	1 "Green" pricing and contracting
1 "Green" capex	1 Optimized utility consumption	**Fulfil demand**
3 Inbound logistics decarbonization	1 Waste optimization -> By-products	3 Decarbonized RtM (channel)
	1 Carbon capture and sequestration	3 Outbound logistics decarbonization
		End-of-life
		1 Circular economy – re-use, re-cycle

Working capital financing

Funding for growth

Carbon credits/carbon trading

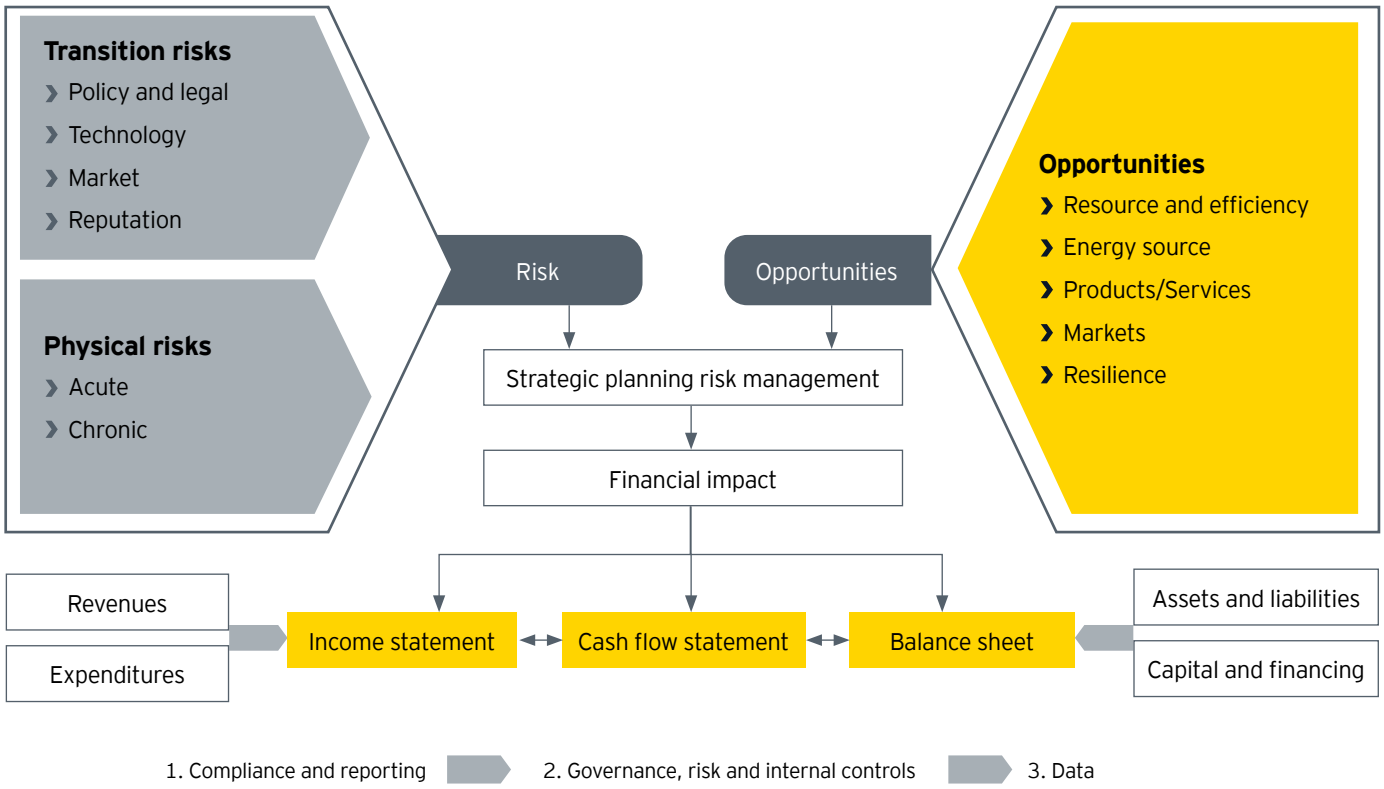
?

Address ESG benchmarking and performance

Key questions:

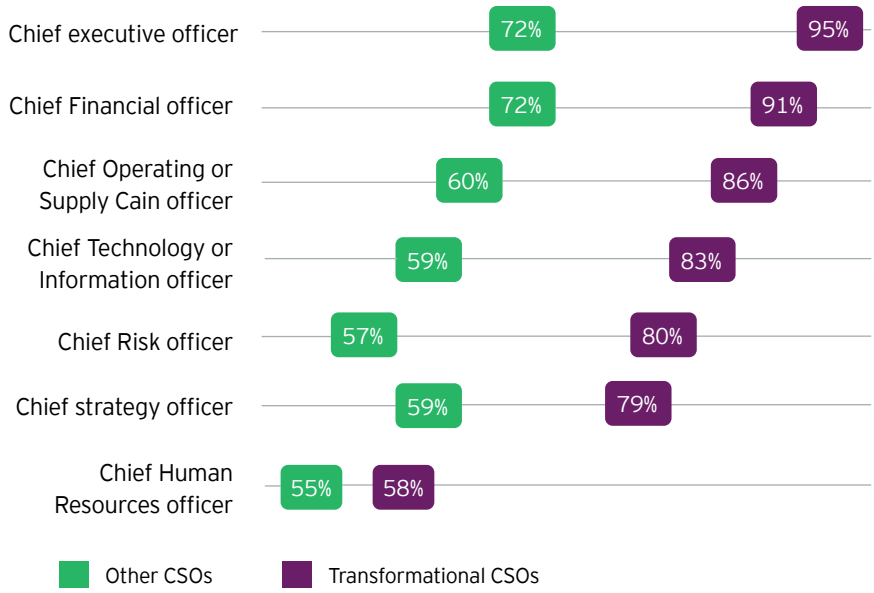
1. Do I understand all the relevant ESG requirements for my organization?
2. How should I define my ESG strategy ?
3. What do we need to report on ESG for my company?
4. What is my company's ESG rating?
5. How do I get confidence on the reliability and fairness of ESG disclosures being made?

Climate-related risks, opportunities, and financial Impact



Is Sustainability is a cross functional teaming sport ?

Strong collaboration



Sustainability reporting journey @ India Inc

2009-10

Issuance of '**Voluntary Guidelines on Corporate Social Responsibility**'

2011-12

MCA issued the **National Voluntary Guidelines (NVG)** on Social, Environment and Economic Responsibilities

2012-13

SEBI introduced the Business Responsibility Report **(BRR) for top 100 companies**

2016-17

SEBI made **BRR applicable to top 500 companie**s by Market Capitalization

2019-20

SEBI **made BRR applicable to top 1,000 companies** by market capitalization

March 2019

NVG was revised into **National Guidelines on Responsible Business Conduct** (NGRBC)

May 2021

BRSR replaces the existing BRR and is applicable to the top 1000 entities to report on **voluntary basis** for FY 2021-2022

2022-23

BRSR is mandatorily required to be reported **by top 1,000 companies**.

No assurance mandated

2023-24

Reasonable assurance on core BRSR KPIs - Top 150 companies (by market cap)

2024-25

Value chain related ESG disclosures on a **'comply-or-explain' basis for top 250 listed companies [BRSR Core]**

2025-26

Limited Assurance on Value chain related ESG disclosures on a 'comply-or-explain' basis for top 250 listed companies

2026-27

Reasonable assurance on core BRSR KPIs - **Top 1000 companies**

Past Present Future

India BRSR core – Environment metrics/KPIs (top 1000 companies in India Inc)

E/S/G Pillar	Factor	Parameter	No. of KPIs
Environment	GHG footprint	Total Scope 1 emissions (with breakup by type, if available)	1
		Total Scope 2 emissions (with breakup by type, if available)	1
		GHG Emission Intensity (Scope 1+2)	2
	Water footprint	Water consumption details	1
		Water consumption intensity	2
		Water discharge details (Destination & Treatment)	1
	Energy	Total energy consumed	1
		% of energy consumed from renewable sources	1
		Energy intensity	2
	Circularity	Details of waste generated (by type)	~8
		Details of waste recovered (through recycling or re-using etc)	~3
		Details of waste disposed by disposal method	~3
		Waste intensity (generated and recovered)	~2

Source: SEBI Circular dated 12 July 2023

India BRSR core – Social and Governance metrics/KPIs (top 1,000 companies in India Inc)

E/S/G Pillar	Factor	Parameter	#
Social	Employee Wellbeing and Safety	Spending on measures towards well-being of employees and workers	1
		Details of safety related incidents for employees and workers	3
	Gender Diversity	Gross wages paid to females as % of wages paid	~1
		Complaints on POSH	~2
	Inclusive Development	Inputs sourced from MSMEs and/ neighbouring districts	~1
		Job creation in smaller towns – Wages paid to people employed in smaller towns as % of total wage cost	~1
Governance	Fairness in Engaging with Customers and Suppliers	Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events	1
		Number of days of accounts payable	1
	Open-ness of business	Concentration of purchases & sales done with trading houses, dealers, and related parties, Loans and advances & investments with related parties	~7

Source: SEBI Circular dated 12 July 2023

Integrating ESG into business as usual

Key questions:

1. What is my current level of ESG maturity?
2. How do I embed ESG requirements into my business model and my critical supply chains?
3. How do I implement technology-enabled ESG management?
4. How do I implement proper ESG data governance?
5. How do I stay up to date with changing ESG requirements?

ESG maturity journey

Basic

- Focus on public relations and volunteerism
- Primarily cost-saving initiatives
- Limited or no ESG reporting on the company website or in a report

Established

- Internal communications promote sustainable thinking
- Early relationship with stakeholders
- Goals are qualitative
- Limited metrics over select initiatives
- Internal communications report on goals, projects and metrics
- Internal audit involvement

Advanced

- ESG embedded into the strategic and business planning process
- Regular engagement with major stakeholders
- Goals are quantitative and aligned with business risks and opportunities
- Holistic set of metrics to track performance and annual progress
- Technology supports sustainability data management
- Externally report progress with external assurance using internationally recognized framework

Leading

- Board of directors is accountable for ESG management
- Enterprise-wide ESG strategy drives innovation and company opportunity
- Uses organizational capabilities to influence ESG issues in the market
- Goals are restorative in nature, context or science-based
- Metrics are outcome-oriented and tied to goals
- Cost of environmental impacts considered when making capital expenditures decisions
- Transparent with both positive and negative results
- Report content is integrated and aligned to company purpose, ESG strategy and desired outcomes

Operating in a more Sustainable Reality

Key questions:

1. How do I integrate Sustainability into my long-term Strategy?
2. How do I leverage ESG to benefit from Sustainable Finance?
3. How do I integrate ESG into my product and services strategy?
4. How do I align my external ecosystem with my organizations ESG strategy ?

2

Healthcare value chain – ESG material topics analysis

Reimagining pharma and healthcare sector for India@100

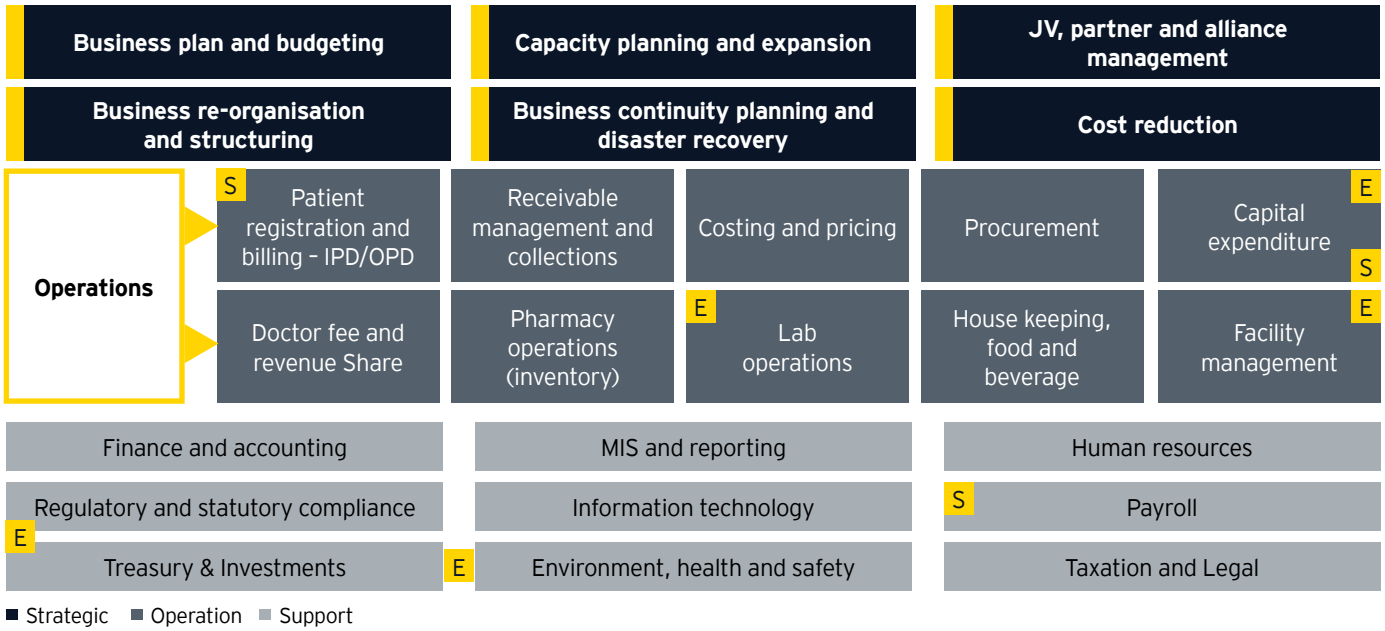
Context	Trigger	Key question
The Indian pharmaceutical industry, often celebrated as "pharmacy of the World," has been a significant contributor to the nation's economic growth.	The industry aspires to reach the milestones of US$130 billion by 2030 and US$450 billion by 2047 as part of the India@100 vision.	What should be the key focus areas and the growth strategy for the healthcare sector in the journey towards excellence and achieving India@100 vision?

India aims to achieve Universal Health Coverage (*UHC) by 2030 as part of its Sustainable Development Goals (SDGs) agenda.

1 Unleashing pharma's research and nnovation potential	2 Becoming integral part of the global pharma supply chains	3 Achieving sustainable and equitable healthcare access for all
▶ Focus on disruptive innovation and a collaborative innovation ecosystem is the next frontier for India ▶ Besides pharma companies, Global Capability Centers (GCCs) make substantial contribution in fostering talent and skill development	▶ Advancement of manufacturing technologies, with focus on automation and digitalization ▶ Building credibility in global market with unwavering commitment to quality ▶ Adopting sustainable practices	▶ Launch of Ayushman Bharat and Ayushman Bharat Digital Mission are significant steps expected to improve access and reduce cost, thus enabling greater coverage ▶ Programs aimed at management of non-communicable diseases, and empowering patients and HCPs are critical for improving health outcomes

For details, please visit the link: Pharma and healthcare for India@100: a century of change on the horizon ; Key features of Union Budget 2024-25 ;
**UHC Source link - Achieving UHC means that all people have access to the full range of quality health services they need, when and where they need them, without financial hardship*

Typical value chain of healthcare sector



Business value chain of healthcare sector

Labs and diagnostic operations

- Workload monitoring/ planning for equipment
- Biomedical waste management
- Labs / centers – billing and collections

Doctor's fee/contracts

- Doctor recruitment/ separation
- Doctor payout/ revenue sharing
- Contract management

Billing

- Invoicing (private/ panels/ corporate/ international)
- Packages and discounts
- Collection – cash management, EOD, payment gateway reconciliations

CGHS / TPA management

- TPA empanelment
- TPA contracts
- Claim management
- Reimbursement monitoring

Healthcare

Pharmacy

- Planning, procurement and receipt
- Inventory levels management
- Material issuance
- Returns and expiry
- Pharmacy management

Compliances

- Professionals
- Patient management
- Medicolegal
- Safety
- Licenses
- Drugs and medication
- Environment safety
- Manpower
- Others

Projects & Capex

- Budgets, Procurement
- Project execution and monitoring
- Med equipments – purchase vs. lease

Facilities management

- Utility and administrative services
- IT related services
- Security
- Equipment sanitization
- Facility Design and clearances - Authorities

Healthcare providers and services: Sustainable practices in value chain

Financial capital providers are looking for sector insights and performance from the enterprises: EY ESG sector metrics for benchmarking

Consumer goods
- Apparel, Accessories & Footwear
- Appliance Manufacturing
- Building Products & Furnishings
- E-Commerce
- Household & Personal Products
- Multiline and Specialty Retailers & Distributors
- Toys & Sporting Goods

Food and beverage
- Agricultural Products
- Alcoholic Beverages
- Food Retailers & Distributors
- Meat, Poultry & Dairy
- Non-Alcoholic Beverages
- Processed Foods
- Restaurants
- Tobacco

Resource transformation
- Aerospace & Defense
- Containers & Packaging
- Electrical & Electronic Equipment
- Industrial Machinery & Goods

Extractives and minerals processing
- Coal Operations
- Construction Materials
- Iron & Steel Producers
- Oil & Gas - Exploration & Production
- Oil & Gas - Midstream
- Oil & Gas - Refining & Marketing
- Oil & Gas – Services

Healthcare
- Biotechnology & Pharmaceuticals
- Drug Retailers
- Health Care Delivery
- Health Care Distributors
- Managed Care
- Medical Equipment & Supplies

Services
- Advertising & Marketing
- Casinos & Gaming
- Education
- Hotels & Lodging
- Leisure Facilities
- Media & Entertainment
- Professional & Commercial Services

Financials
- Asset Management & Custody Activities
- Commercial Banks
- Consumer Finance
- Insurance
- Investment Banking & Brokerage
- Mortgage Finance
- Security & Commodity Exchanges

Technology and communications
- Electronic Manufacturing Services & Original Design Manufacturing
- Hardware
- Internet Media & Services
- Semiconductors
- Software & IT Services
- Telecommunication Services

Renewable resources and alternative energy
- Biofuels
- Forestry management
- Fuel cells and industrial batteries
- Pulp and paper products
- Solar technology and project developers
- Wind technology and project developers

Infrastructure
- Electric utilities and power generators
- Engineering and construction services
- Gas utilities and distributors
- Home builders
- Real estate
- Real estate services
- Waste management
- Water utilities and services

Transportation
- Air freight and logistics
- Airlines
- Auto parts
- Automobiles
- Car rental and leasing
- Cruise lines
- Marine transportation
- Rail transportation
- Road transportation

- Financially material
- Decision-useful
- Cost-effective
- Industry-specific
- Evidence-based
- Market-informed

ESG overview and materiality for healthcare service providers

Environmental aspects

Contribution of a company to sustainability and climate change through **greenhouse gas emissions, along with waste management and energy efficiency**

Social aspects

Manages its relationship with internal social factors (such as **human capital development, human rights and living wage) and external social factors**

Governance aspects

An organization governs itself keeping in mind the **interest of all stakeholders and communicates transparently**

Environment material issues	Social material issues	Governance material issues
▶ GHG emissions ▶ Energy management ▶ Water and wastewater management	▶ Human capital development ▶ Privacy and data security ▶ Responsible investment	▶ Business ethics ▶ Tax transparency
▶ Opportunities in green building ▶ Climate change vulnerability	▶ Talent attraction and retention ▶ Financial inclusion	▶ Business ethics ▶ Sustainable finance ▶ Risk and crisis Management ▶ Principles of sustainable insurance
▶ Climate strategy	▶ Labor practices ▶ Employee engagement, diversity and inclusion	▶ ESG governance- Board matters
	▶ Corporate Social Responsibility	▶ Systematic risk management

Source: SASB framework | Source: S&P Global yearbook, 2023 | Source: UNGC, OECD | Source: Materiality map - MSCI

Healthcare sector: ESG metrics overview (leading KPIs)

Energy management

- Total energy consumed, % grid electricity and % renewable.

Waste management

- Total amount of medical waste: % incinerated, % recycled or treated % landfilled
- Total amount of hazardous and non-hazardous pharmaceutical waste, % incinerated, % recycled or treated and % landfilled.

Patient privacy and electronic health records

- Data breach count
- % personal data breaches
- % personal health data breaches
- Customer impact: personal data breaches and personal health data breaches
- Total monetary losses from legal actions

Access for low-income patients; fraud and unnecessary procedures

- Discussion of strategy to manage the mix of patient insurance status
- Total amount of monetary losses as a result of legal proceedings associated with medical fraud.

Quality of care and patient satisfaction

- Number of serious reportable events Hospital-acquired condition rates per hospital : Number of unplanned and total readmissions per hospital.

Management of controlled substances

- Description of policies and practices to manage the number of prescriptions issued for controlled substances.

Pricing and billing transparency

- Policies/Initiatives: Ensure patients know procedure costs beforehand.
- Public Availability: Offer pricing info online and at facilities.
- Common Services Pricing: Determine % of top 25 services with public prices and their volume representation.

Workforce health and safety

- Total recordable incident rate (TRIR) for : Direct employees and contract employees

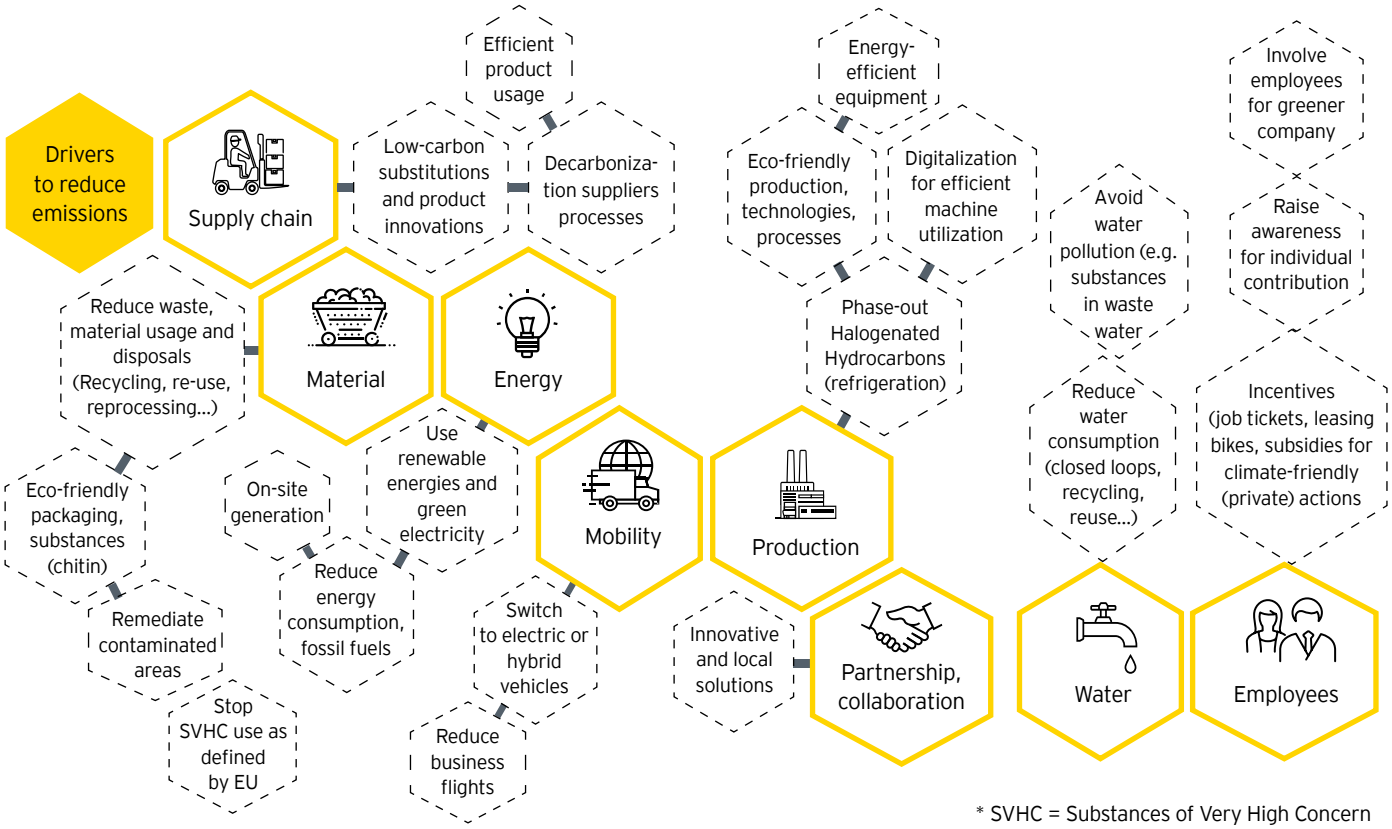
Employee recruitment, development and retention

- Voluntary and involuntary turnover rate for: physicians, non-physician health care practitioners, and all other employees.
- Description of talent recruitment and retention efforts for health care practitioners.

Climate change impacts on human health and infrastructure

- Description of policies and practices to address: Physical risks because of an increased frequency and intensity of extreme weather events, changes in the morbidity and mortality rates of illnesses and diseases associated with climate change and emergency preparedness and response.

Deep dive: Global healthcare companies can pull multiple levers to eliminate greenhouse gases



* SVHC = Substances of Very High Concern

Greening healthcare: Hospital sustainability efforts

Factor areas for green hospital design

Benefits achieved by the rated green hospitals:

- Better indoor air quality
- 20-30% energy savings; 35-40% water savings
- Good day lighting
- No sick building syndrome
- Faster patient recovery

Lighting

- Optimize design for view and daylight with glazed facades.
- Install translucent Skylights.
- Connect to nature with green courtyard access.
- Integrate healing with window ledge seating.
- Use occupancy sensors for efficient lighting.
- Implement LED lighting for energy savings.
- Provide task lights for specific areas.

Indoor Air quality

- Install permanent entry-way systems to capture dust -slotted systems, grates or grilles.
- Use of indoor plants.
- Provide courtyard spaces with adaptive plant species.
- Use of zero-VOC (volatile organic compound) interior materials.

Green house keeping

- Insist on cleaning products that meet environmental standards.
- Personal training for safe handling and disposal of hospital waste.
- Consider waste recycling, where feasible.

Green building materials

- Use of patented interior surface which resists bacterial and fungal growth – e.g., countertops, tiles, vinyl flooring.
- Use copper based interior materials for common 'touch' surfaces (door handles, light switch, faucets, etc.)
- Use indoor/flooring which do not emit VOCs and dust.

Gardens and landscapes

- Persons exposed to plants have higher levels of positive feelings.
- Studies show that recuperation from stress is faster when patients are exposed to natural settings.

What are the key sustainable supply chain actions?

Policies and Procedures

- Supplier code of conduct
- Responsible sourcing policy
- Sustainable supply chain guidelines
- Contractual clauses

Capacity building programs

- Internal: Procurement and Sales Executives
- Mode: Workshop

ESG Standards, Frameworks and Rating perspectives

- SEBI BRSR requirement
- UNGC
- GRI
- DJSI, MSCI
- SASB
- ILO/ WEF/ OECD
- Sectoral frameworks / parameters

Identification of Significant suppliers

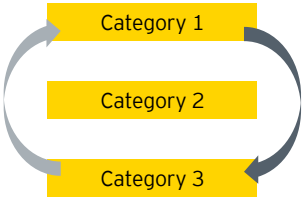
Single Source Dependency

Suppliers that are identified as having substantial risks of negative ESG impacts or significant business relevance to the company or a combination of both

- Existing suppliers
- New supplier onboarding

Identification of Tier 1 and Tier 2 suppliers

- Tier 1 Suppliers:
- Non-Tier 1 Suppliers:



Capacity Building Programs

- Internal: procurement and sales executives
- External: suppliers, customers
- Mode: workshop, eLearning

Supplier Sustainability Assessment

- Self assessment/ desktop assessments
- On-site assessments carried (Second party assessment or third-party assessment)

Comprehensive assessment parameters across multiple frameworks with a blend of thematic as well as sectoral focus areas

Identify suppliers with substantial negative impacts

Identification and classification of suppliers those who are critical or non-compliant with minimum requirements leading to severe damage to the environment or to people from harm

Grade suppliers based on performance

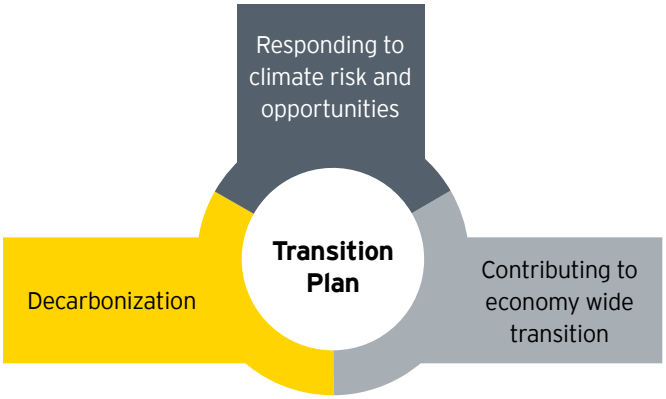
Supplier corrective action plan

- Monitoring corrective action plan
- Providing support to suppliers on implementation of corrective action plans
- Incorporating supplier sustainability performance into purchasing decision

How can we assess the maturity of Net Zero transition plan?

Hospitals must prioritize moving towards a net-zero transition plan

A transition plan is integral to an entity's overall strategy, setting out its plan to contribute to and prepare for a rapid global transition towards a low GHG-emissions economy.



PRINCIPLES	Ambition	Action		Accountability	
PLANNING PROCESS	Key stages of transition planning				
DISCLOSURE ELEMENTS	1. Foundation	2. Implementation Strategy	3. Engagement Strategy	4. Metrics and Targets	5. Governance
DISCLOSURE SUB-ELEMENTS	1.1 Objectives and priorities	2.1 Business planning and operations	3.1 Engagement with value chain	4.1 Governance, business and operational metrics and targets	5.1 Board oversight and reporting
	1.2 Business model implications	2.2 Products and services	3.2 Engagement with industry	4.2 Financial metrics and targets	5.2 Roles, responsibility and accountability
		2.3 Policies and conditions	3.3 Engagement with government, public sector and civil society	4.3 GHG emissions metrics and targets	5.3 Culture
		2.4 Financial planning		4.4 Carbon credits	5.4 Incentives and renumeration
		2.5 Sensitivity analysis			5.5 Skills, competencies and training

A transition plan should translate ambitious strategic objectives into concrete steps to be taken in the short and medium-term

Ambition
Contribute to and plan for a rapid and orderly transition to net zero.

Action
Concentrate on concrete actions that prioritise the short term and strive for adaptability.

Accountability
Provide clear governance mechanisms and consistent reporting and verification to ensure successful delivery of the plan.

3

How can ESG data create actionable insights?

How can data be the microscope and telescope?

Needs a plug and play data model at its foundation

Sectoral database and benchmarks

Performance insights through sectoral database, peer benchmarks and rating benchmarks

Modelling data

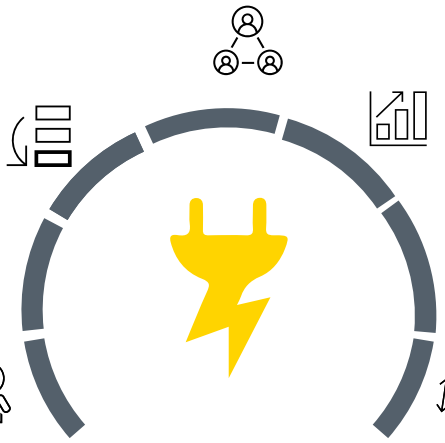
Using our **ESG data practitioners** to implement the **ESG data model**

Acquiring data

Deploying **cloud skills** to **build sustainability data lake**

Finding data

Leveraging our team of **SAP** and **process experts** to enable fast **data discovery** from client ERP



Generating BI

Analysing data to **draw inferences** using rich visualization and scenario models

Speed to value

Configure and **deploy sustainability modules at speed**

Expandability

Leveraging the **unified ecosystem** to enhance and **expand use cases** using the data fabric

Powered by technology

Fuelled by data

With humans at heart

ESG platform - Bringing together ESG needs on a single platform

Define › **Measure** › **Monitor** › **Benchmark** › **Disclose** › **Communicate**

Calculation engines | Energy | Emission | Ratings | Maturity

Enterprise data

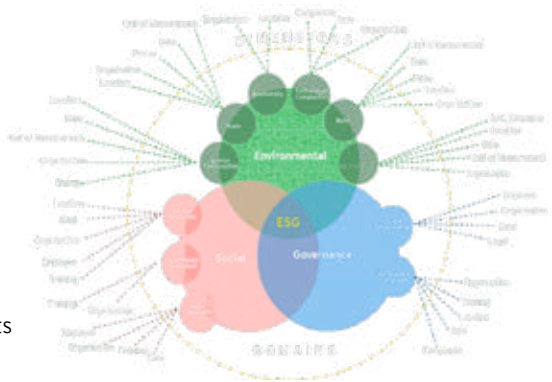
- Master data
- Transaction data
- Governance data/ reports
- Finance
- Procurement
- Supply chain
- HR
- Products

Third-party data

- Product data
- Partner data
- Third party governance

Market data

- Research/ analysis
- Rating agency inputs
- Sector benchmarks



Web API | Virtual Tables | Azure Data Lake | Exchange Online | Microsoft Dataverse | Adobe Analytics | PDF | TERADATA | Google Analytics | CSV | Azure | Office 365 | SAP S/4 HANA | MS SharePoint

What is the ESG data model and its key differentiators?

ESG Intelligence		Environment		Social		Governance	
ESG Scores and Benchmarks	Company Scores and certifications	Climate	GHG Emissions	Workforce (Own & Value chain)	Diversity, Equity and Inclusion	Executive and Management Board	Composition and representation
	Industry Benchmarks		Energy and Renewables		Human/Labor Rights and working conditions		Remuneration and Incentives
	Product Scores and certifications		Green infrastructure, assets and E-Mobility		Health & Safety		Shareholder engagement
ESG data Frameworks	Regulatory		Scenarios and Physical Risks		Culture and engagement		CSR Strategy
	Sector KPIs		Regulation and Policies (risks and opps)		Risks and Opportunities	Risk Management and Internal Control	Risk Management
	Data Vendors		Market, innovation and reputation (risks and opps)	Community impact	Communities and their rights		Internal Controls
ESG data Heatmaps	Heatmap by Sector	Nature	Pollution		Operations Responsibility and safety		IT Security and Cybersecurity
	Heatmap by use case		Water		Social, economic and political context	Business Conduct and Ethics	Tax Practices
	Heatmap by Solution		Land and Marine Resources and Use	Consumers and end users	Contributions and Engagements		Business practices and Ethical Standards
ESG Data Providers	Vendor landscape		Waste & Circular Economy		Product Responsibility and Customer Safety		Corruption and Bribery Political engagement and Lobbying
	Licensed data vendors		Biodiversity and Ecosystems		Consumer rights		Reputation and controversies
ESG Financials	Financial Risks and Opportunities		Regulation and Policies (risks/ opps)		Reputation and Customer Views		
	Investments and R&D spend		Market, innovation and reputation (risks and opps)				
	Business Case repository						
Other ESG broad sources							

- Sector and business model focused
- Interoperability and data lineage
- Ability to drill up and drill down

Value led sustainability: what are the key drivers that enable value creation?

Define › Measure › Monitor › Benchmark › Disclose › Communicate

Customer value

- Satisfaction
- Customer lifetime value
- Product stewardship
- Innovation/IP/R&D
- Relationship strength
- Brand trust and perception
- Product pipeline
- Purpose/values

People value

- Loyalty and satisfaction
- Learning and development
- Diversity and inclusion
- Health, safety and wellbeing
- Leadership
- Ethical and respectful labour practices
- Engagement and productivity
- Attraction and retention

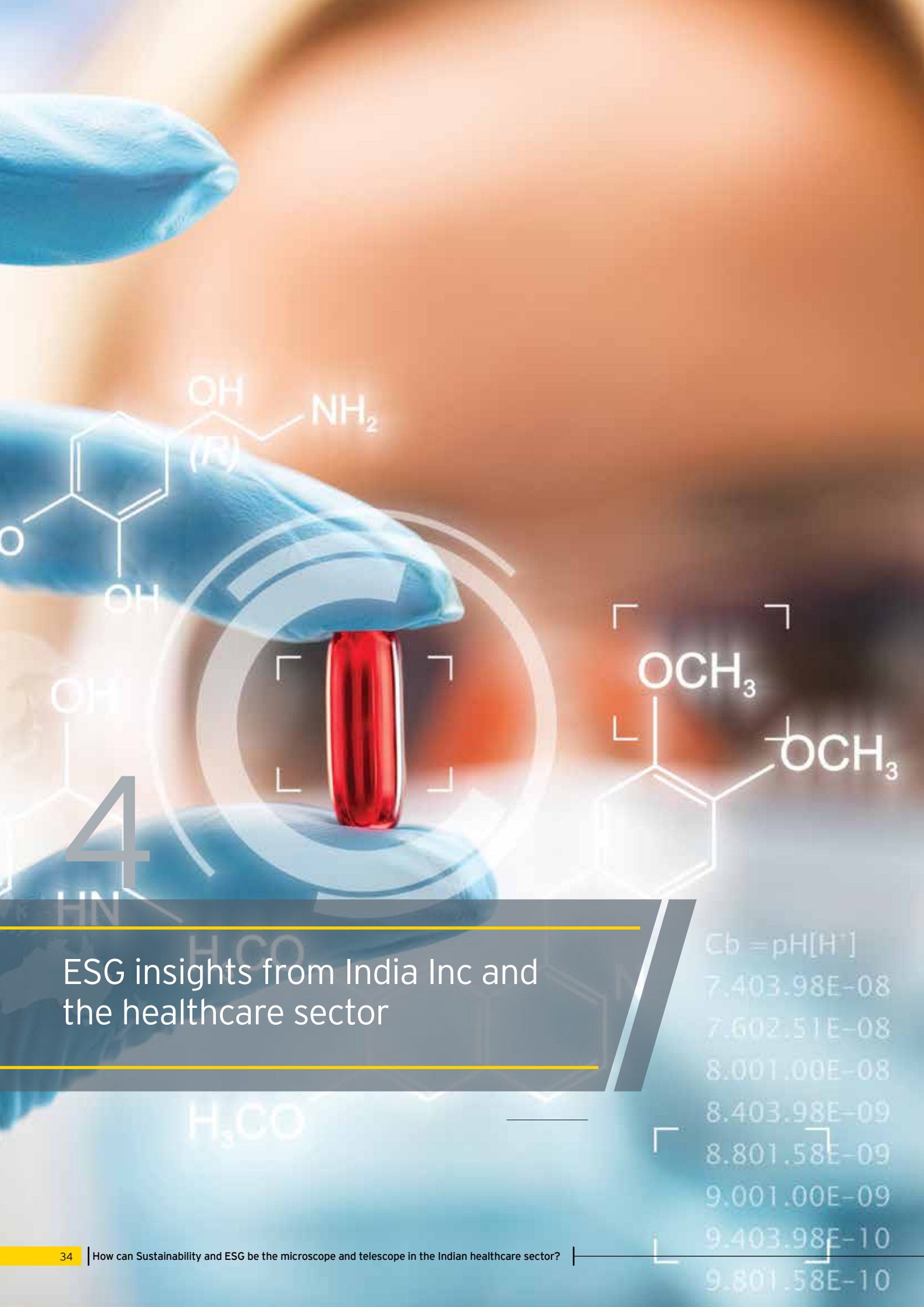
Societal value

- Environmental/ carbon footprint
- Energy and resource usage
- Biodiversity and land use
- Waste management and pollution
- Human rights impact
- Community investment
- Health outcomes
- Economic impact and job creation
- Local sourcing
- Supply chain responsibility
- Regulatory compliance
- External relations

Financial value

- Revenue/growth
- Margin/costs
- Cash flow
- Capital allocation
- Capital structure
- Tax
- Supply chain reliability
- Competitive remuneration

Legend
- Environmental
- Social
- Governance
- Economic



ESG insights from India Inc and the healthcare sector

ESG dashboard @ India Inc

[FY 22-23 ESG performance - across key sectors]

ESG Data model - India Inc

ESG data model

- FY 22-23: **1,000+** companies
- **1,200+** KPIs analyzed
- **Climate, Social & Governance**

Completeness

- **20+** Sector wise analyses
- **19%** revenue from exports

Modelling data

- Carbon exposure: **~ US$ 70 billion**

Sector insights

Performance

Analytics

(As of Oct 2023)

Environmental - Climate action

11%	**56%**	**60%**
% energy consumption from renewable sources	% of Inputs sourced sustainably	% companies that have implemented Zero Liquid Discharge (ZLD)
72%	**1.4**	**14.4**
% companies that have procedures for sustainable sourcing	Total Scope 1 and Scope 2 emissions (billion tonnes of CO2e)	Total volume of water withdrawal (trillion litres)

Social

11.7 million	**18%**	**19%**	**40,463**	**21%**
Total workforce (employees and workers)	% female workforce (employees and workers)	% female board of directors	No. of differently abled employees (<0.6%)	Turnover/ attrition rate of permanent employees

Governance

85%	**84%**	**16%**	**14%**
% companies reporting on a standalone basis	% companies having committee of board on ESG	% of environmental and social spend in R&D	% of environmental and social spend within capex

ESG dashboard @ India Inc

FY 22-23 ESG Healthcare sector performance analysis

ESG Data model – Indian Healthcare service providers

- ESG data model
- Completeness
- Modelling data
- Sector insights
- Performance
- Analytics

- FY 22-23: **15** Healthcare service provider companies benchmarked
- **1200+** KPIs analysed
- **Climate, Social & Governance**
- Sector wise analysis

Environmental – Climate action

18%	61%	53%
% Energy consumption from renewable sources	% of inputs sourced sustainably	% of companies that have implemented zero liquid discharge (ZLD)
53%	403,912	11.45
% of companies that have procedures for sustainable sourcing	Total Scope 1 and Scope 2 emissions (MTCO2e)	Total volume of water withdrawal (billion litres)

Social

199,527	41%	22%	169	33%
Total workforce (employees and workers)	% Female Employees	% of female board of directors	# of differently abled employees (0.091%)	Turnover/ attrition rate of permanent employees

Governance

60%	67%	21%	13%
% of companies reporting on a standalone basis	% of companies having a committee of board on ESG	% of environmental and social spend in R&D	% of environmental and social spend within capex

How can emerging technologies/ AI create real time alerts ?

AI enabled ESG data discovery

Predicting climate scenarios

ESG analytics and benchmarking

ESG sector intelligence

Supply chain intelligence

ESG chat bot and upskilling

5

Knowledge resources

Key ESG Learning Resources

Themes	Titles
Climate Change Risk, Measurement & Management	▶ Implementing the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) ▶ Handbook for Nature-Related Financial Risks ▶ TCFD Knowledge Hub ▶ Network for Greening the Financial System (NGFS) - First comprehensive report - Climate change as a source of financial risk
Greenhouse Gas (GHG) Emissions - Quantifying & Reporting	▶ The GHG Protocol (wbcsd.org) ▶ Official GHG Protocol Courses
Sustainability in Business	▶ UN Principles For Responsible Investment ▶ Principles for Responsible Banking

Themes	Course name
Sustainable Finance	▶ "UNEP-FI Principles For Responsible Banking," United Nations Environment Programme Finance Initiative ▶ "UN Principles For Responsible Investment," Principles for Responsible Investment, 2021.
Climate Change Risk	▶ "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures," Task Force on Climate-related Financial Disclosures, October 2021. ▶ "Risk Management Fundamentals," Global Association of Risk Professionals (GARP), December 2022.
Sustainability and Climate Policy, Culture, and Governance	▶ "A call for action: Climate change as a source of financial risk," Network for Greening the Financial System (NGFS), April 2019. ▶ "The GHG Protocol: A corporate reporting and accounting standard (revised edition)," The Greenhouse Gas Protocol and World Business Council for Sustainable Development (WBCSD), March 2004.
Climate Risk Measurement and Management	▶ "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures," Task Force on Climate-related Financial Disclosures, October 2021.

Useful links

- EY ESG Compass - Innovation to transform sustainability journey
- Sustainability in business | Insights & trends (ey.com)
- EY Sustainability Reporting Maturity Assessment
- Taskforce on Climate - Related Financial Disclosures Report (ey.com)
- Corporate Sustainability Reporting Directive (CSRD) maturity assessment | EY India
- What right questions CFOs need to answer for ESG-driven transformation (ey.com)
- How can data build the roadmap for a sustainability revolution (ey.com)
- EY annual report 2023 | Value Realized | EY - Global
- Transformation Realized: How can sustainability and ESG metrics create competitive differentiation? (ey.com)
- Green finance is gaining traction for net zero transition in India (ey.com)
- Why HR leaders need to put people at the center of the sustainability agenda (ey.com)
- How to accelerate transition finance for net zero | EY - Global
- Sustainability in business | Insights & trends | EY - Global
- 2023 EY Climate Risk Disclosure Barometer | EY - Global
- How can we accelerate climate action? | EY - Global

ESG Compass

CSRD Maturity Assessment

ESG Maturity Assessment

Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with around 9,000 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 286 national and regional sectoral industry bodies.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

As India strategizes for the next 25 years to India@100, Indian industry must scale the competitiveness ladder to drive growth. It must also internalize the tenets of sustainability and climate action and accelerate its globalisation journey for leadership in a changing world. The role played by Indian industry will be central to the country's progress and success as a nation. CII, with the Theme for 2023-24 as 'Towards a Competitive and Sustainable India@100: Growth, Livelihood, Globalisation, Building Trust' has prioritized 6 action themes that will catalyze the journey of the country towards the vision of India@100.

With 65 offices, including 10 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 350 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.

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