

Transforming for good

Pertinence of social responsibility for companies is growing

The link between a responsible company's social and environmental impact and its financial performance is more real than ever. Environmental, social and governance (ESG) factors cover a wide spectrum of issues that traditionally are not part of financial analysis, yet may have financial relevance. Over a decade ago, fewer companies invested in ESG or understood it. According to Bloomberg Intelligence, there is an increased emphasis on adopting sustainable growth, along with a surge in ESG investing globally, with these assets surpassing \$35 trillion by the end of 2020.

At the recent COP26 World Leaders Summit, a decision was taken to target the sought-after 'Net Zero Carbon' goal. Prime Minister Narendra Modi presented the *panchamrit* at Glasgow COP26, defining the goals India is expected to address. Taking leadership in the area, India announced that, by 2030, India will achieve 50 per cent of its energy requirement through renewable energy. Secondly, we will also bring non-fossil energy capacity to 500 GW. Additionally, India will cut down its net projected carbon emission by 1 billion tonnes by 2030 and India will bring down the carbon intensity of its economy by more than 45 per cent. And, lastly, by 2070, India will achieve the target of 'net-zero'.

While the world is talking about 'net zero', there is an open opportunity to bring equality in the world through sustainable practices. A circular economy is imperative now, as the production industry is becoming mineral-intensive.

There is a significant value creation potential in incorporating ESG principles into business practice. Traditional management tools, such as evaluating baselines, understanding the technical solutions, setting targets, generating and committing resources and organising the finance can enable any company to integrate ESG.

Just as ESG is an inextricable part of how you do business, its individual elements are themselves intertwined. For example, social criteria overlap with environmental criteria and governance when companies seek to comply with environmental laws and broader concerns about sustainability.

The participation of the investment community has greatly accelerated corporate adoption of these practices. As corporations and investors experience growing influence and power, their actions and decisions increasingly shape the future. These market-led changes will act as a force for good on a truly massive scale.

There is growing research that ESG issues can pose serious risks to operations and profits, thereby



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negatively impacting a stock's valuation. Companies actively addressing such risks should see fewer business disruptions and produce comparable or more reliable financial results over time. That means lower downside risk for shareholders.

Vedanta has always believed in the philosophy of running a responsible business and giving back to society. We have a legacy of over 10 years of systematically incorporating sustainability factors in our business.

Over the last 12 months, we have re-evaluated our approach and have crafted an ambitious vision that integrated ESG into every aspect of the organisation. Under the aegis of our vision statement, 'Transforming for Good', our ESG strategy is built on the pillars, 'Transforming Communities', 'Transforming the Planet' and 'Transforming the Workplace'.

One of the key aims for the organisation is our commitment to become Net Zero Carbon by 2050 or sooner. As an energy-intensive company, it becomes our responsibility to carefully consider our approach to energy use while reaching maximum efficiency. By 2030, the company plans to use more than 2.5 GW of round-the-clock renewable energy and decrease our absolute GHG emissions by 25 per cent. Towards this, the company has pledged \$5 billion over the next 10 years to accelerate the transition to net-zero operations.

Focussing on inclusion and diversity within the company, we have rolled out an Equal Opportunity Policy, which aims to encourage equal employment opportunities without any discrimination. It also provides an environment conducive to persons with disabilities as well as transgender persons. Moreover, the thrust is to have at least 30 per cent women in key decision-making bodies across the company.

Giving back to society is in the DNA of Vedanta. Our flagship social impact programme, Nand Ghar, aims to transform lives of 70 million children and 20 million women by modernising *anganwadis* with focus on eradicating child malnutrition, providing education, healthcare and empowering women with skill development. Under the aegis of the Anil Agarwal Foundation, we touched lives of more than 42 million people last year and have pledged ₹5,000 crore over the next five years.

ESG not only makes business sense, but through our actions, we aim to strengthen and implement the highest standards of ESG practices in the businesses as are committed towards nation building and larger good.

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