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raising the Sustainability Quotient

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Editorial

Should ESG at Financing Institutions be Voluntary or a Directive?

Environmental and Social Governance in India is driven through enforcement of regulations. Financing institutions in India have always been at the "bay" of Environmental, Social and Governance (ESG). The general approach has been to ensure that the borrower or investee is compliant to the law of the land following a "checklist approach". Most financing institutions in India, even today, do not have environmental and social experts as part of the appraisal teams. External consultants are used whenever needed. Further, Environmental and Social (E&S) considerations are looked at as an aspect of risk management and not as an opportunity of value addition.

E&S considerations in project appraisals in India gradually crept in around 1990s, as some of the Indian Financing Institutions engaged with International Development Financing Institutions (IDFIs) such as the World Bank and Asian Development Bank. These IDFIs asked for establishment of ESG. Typically, ESG included formal adoption of E&S policy, reflecting of E&S considerations in the project eligibility and appraisal criteria, ensuring meeting of the best practices and standards - not limited to those directed under Indian regulations. The ESG also included processes such as public consultation, monitoring and reporting. In some cases, independent E&S audits were also asked.

The approach taken by these financing institutions was to meet with the requirements of IDFIs mainly to open access to long term and concessional finance. The idea was to leverage on their association to attract more investors and build credibility. In many ways, IDFIs were responsible to influence the Indian Financing Institutions to start embedding E&S considerations.

The ESG systems created were however

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limited only to the transactions under the lines of credit accessed with the IDFIs and were not established bank wide or rooted as a part of the DNA of the Governance. The E&S management systems (ESMS) were thus "islands" of good practices and served more of "show cases".

While ESG for project finance was the initial focus, requirements for consideration of E&S issues in equities, mergers and acquisitions slowly started emerging from the investor community. More recently, post 2010, the Stock Exchanges in India started responding to the international trends on "green or sustainability indices". In 2012, the Bombay Stock Exchange (BSE) launched the Green Index called Greenex. Greenex was India's first carbon-efficient index that attempted measuring the performances of companies in terms of carbon emissions apart from market capitalisation and turnover. According to the BSE, during the pilot runs, this index has performed better than the Sensex.

Sustainability is today a buzz word and India is no exception. Many banks like the State Bank of India (SBI) and Housing Development & Finance Corporation (HDFC) operate initiatives on sustainability like Carbon Disclosure. One of the additional drivers towards such as change is the recent requirement of spending 2% of the profits on Corporate Social Responsibility (CSR) under the new Company's Rules of 2014.
Most financing institutions in India have however not mainstreamed ESG in the banking and investment operations. The growing interest in sustainability is limited to community development, greening of the offices and sustainability reporting. Many critiques call this as a "green wash" with no real action!

As the central regulator, the Reserve Bank of India (RBI) in its notification dated 20th November 2007 advised banks to take note of E&S issues. RBI also referred to the Equator Principles and advised banks/Financial Institutions to keep themselves abreast of the developments on an on-going basis. RBI suggested that the progress made thereunder could be placed in the public domain as non-financial reporting along with the annual accounts of banks. Unfortunately this notification has not yet made the desired impact.

India needs to consider establishing a nationally directed ESG like a common code of practice on lines similar to the one established by the Bangladesh Bankers Association (BBA). A commonly agreed ESG will certainly help in creating a level playing field and achieve a wide acceptance. A clear directive on sustainable finance for Indian Financing Institutions is needed.

- Prasad Modak

Deciphering Sustainable Finance in India

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Sustainable finance can be defined as, 'the practice of creating economic and social value through financial models, products and markets that are sustainable over time'.

Definition by - Centre for Responsible Finance, Haas School of Business, University of California (Berkeley)

Investments in various sectors, instruments, products that create environmental and/or social value could be construed as sustainable finance. Financial Inclusion initiatives undertaken by Reserve Bank of India (RBI); rural finance; and extending finance to Micro, Small and Medium Enterprises by banks in the public and private sector constitute sustainable finance. Similarly, reserving a portion of funds for investment in particular sectors construed as environmentally friendly such as renewable energy is also sustainable finance. Weather based insurance schemes; impact funds investing in social enterprises; institutional financing for particular sectors; green bonds; and the most recent modality of finance under Corporate Social Responsibility are various forms of sustainable finance. Sustainable finance also incorporates the mechanisms and systems adopted by financial institutions to ensure sustainability of their investments. A few important forms of sustainable finance operational in India have been described in brief in this article.

Sustainable Finance through Financial Inclusion

Financial Inclusion is defined as '*the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost*' (The Committee on Financial Inclusion, Chairman: Dr. C. Rangarajan). The RBI adopted a bank-led model for achieving financial inclusion in India while permitting non-bank entities to partner banks in their financial inclusion initiatives. Since January 2006 various policy measures have been undertaken by the RBI for creating conducive regulatory environment and providing institutional support for banks in accelerating the process of financial inclusion.

RBI's Policy Initiatives to foster Financial Inclusion

(a) Reach

Branch expansion in rural areas - Branch authorization has been relaxed such that banks do not require prior permission to open branches in centres with population less than 1 lakh, subject to reporting. Banks have been mandated to open at least 25 % of their new branches in unbanked rural centres.

Agent Banking - Business Correspondent/ Business Facilitator Model - In January 2006, RBI permitted banks to utilize the services of intermediaries in providing banking services through the use of business facilitators and business correspondents (BC). This model allows banks to do 'cash in - cash out' transactions at a location much closer to the rural population.

Combination of Branch and BC Structure to deliver Financial Inclusion - To ensure increased banking penetration and control over operations of BCs, banks have been advised to establish low cost branches in the form of intermediate brick and mortar structures in rural centres between the present base branch and BC locations, so as to provide support to a cluster of BCs (about 8-10 BCs) at a reasonable distance of about 3-4 kilometers.

(b) Access

Relaxed KYC norms - Know Your Customer (KYC) requirements have been simplified such that small accounts can be opened with self-certification in the presence of bank officials and 'Aadhaar' cards have been allowed as one of the eligible documents.

Contd......

RBI's Policy Initiatives to foster Financial Inclusion Contd......

Roadmap for Banking Services in unbanked Villages - In the first phase, banks were advised to draw up a roadmap for providing banking services in every village having a population of over 2,000 by March 2010. In the second phase, roadmap has been prepared for covering remaining unbanked villages i.e. with population less than 2000 in a time bound manner.

(c) Products
In order to ensure that all the financial needs of the customers are met, RBI has advised banks to offer a minimum of four basic products – (i) a savings cum overdraft account; (ii) a pure savings account, ideally a recurring or variable recurring deposit; (iii) a remittance product to facilitate EBT and other remittances; and (iv) entrepreneurial credit products like a General Purpose Credit Card (GCC) or a Kisan Credit Card (KCC)

(d) Transactions
The introduction of direct benefit transfer will leverage the Aadhaar platform and help facilitate delivery of social welfare benefits by direct credit to the bank accounts of beneficiaries.

Source: Keynote address delivered by Dr. K.C. Chakrabarty, Deputy Governor, Reserve Bank of India at the Finance Inclusion Conclave organized by CNBC TV 18 at New Delhi on September 6, 2013

Impact Investing

The Global Impact Investing Network defines Impact investing as '*investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return*'.

Core characteristics of Impact Investing are:

- Intentionality – The intent of the investor to generate social and/or environmental value. These investments are made into enterprises and funds that expand access to critical goods and services, and/or generate positive impact through their operations.
- Investment with return expectations – Impact investments are expected to generate a financial return on capital and, at a minimum, a return of capital. While grants are not themselves impact investments, they can play an important role in enabling impact investing – for instance, through incubating early-stage business models, providing certain forms of credit enhancement, providing technical assistance, or funding needed research and development.
- Range of return expectations and asset classes – Impact investments generate returns that range from below market to risk-adjusted market rate. Impact investments can be made across asset classes, including but not limited to cash equivalents, fixed income, venture capital and private equity. Impact investors may also earn fees through the provision of catalytic instruments such as guarantees.
- Impact measurement – A hallmark of impact investing is the commitment of the investor to measure and report the social and environmental performance and progress of underlying investments.

Impact investors encompass a wide range of players in the investing space – Angel investors, Family Offices, Venture Capital funds, private equity funds, Development Finance Institutions, and Foundations. The Government of India, through the Department of Science and Technology, also directly funds entrepreneurs as well as through incubators at various educational institutions.

Case Study – Acumen Fund

Acumen, founded in 2001, was the first foreign social venture fund to invest in India. They raised funds from US based investors through the venture philanthropy route. Acumen made its first impact investment in 2004 and opened its local office in India around 2005. A snapshot of the criteria, process and principles of Acumen's investment model in India is given below.

Investment Criteria

- Sectors: Operate in one of our investment sectors of Agriculture, Education, Energy, Health, Housing, or Water.
- Stage: Be an early-mid stage company that is in the process of scaling.
- Investment Size: Be seeking investment capital in the range of $0.25M-$3M, structured as either debt or equity.

Case Study – Acumen Fund *Contd...*

- Strong Management Team: Have a strong and experienced management team with the skills, will, and vision to execute the business plan, an unwavering commitment to serve the poor, and unyielding ethics.
- Potential for Significant Social Impact: Make a product or deliver a service that addresses a critical need for the poor in our sectors and geographic focus. These products or services must be economically better or create greater social impact than what is available currently through the market, aid, or charitable distribution.

Investment Process

- Potential for Financial Sustainability: Have a clear business model that demonstrates the potential for financial sustainability within a five to seven year period; including the ability to cover operating expenses with operating revenues.
- Potential to Achieve Scale: Be able to demonstrate a clear path to scale for the number of end users over the period of our investment, and be positioned as one of the leading service providers in the market.

Source: Acumen Fund website http://acumen.org/investments/investment-model-2/, *accessed in August 2014*

Weather Based Insurance

Agriculture is the backbone of Indian economy and is significantly impacted due to droughts in one region and floods in another at the same time. The erratic pattern of rainfall destroys the harvest with a severe impact on farmer's livelihoods. Insurance is the tool for farmers to hedge risks of crop and yield losses.

Weather based crop insurance scheme has been piloted by Agriculture Insurance Company of India Ltd. (AIC) in India since 2003 to mitigate the hardship of the insured farmers against the likelihood of financial loss on account of anticipated crop loss resulting from incidence of adverse conditions of weather parameters like rainfall, temperature, frost, humidity etc. While Crop Insurance specifically indemnifies the cultivator against shortfall in crop yield, Weather based Crop Insurance is based on the fact that weather conditions affect crop production even when a cultivator has taken all the care to ensure good harvest[1]. Weather based schemes have also been introduced by private insurance companies like ICICI Lombard and HDFC ERGO.

Case Study – HDFC ERGO Weather Insurance Policy

HDFC ERGO offers a comprehensive Weather Insurance Policy to deal with adversely changing climatic trends. It is an index based product that covers the losses to the crop occurring due to varying weather conditions such as temperature, wind speed, rainfall, humidity etc.

The insurance policy is available to farmers; banks; and financial institutions / companies extending credit facility for agricultural/ non-agricultural seasonal operations.

The Policy covers:

(a) Cost of input - Covers the diminished agricultural output/yield resulting due to deviation from optimum weather requirement of a crop within a specific geo graphical location and specified time period; and

(b) Increased operational costs of agricultural or non-agricultural economic activity resulting from deviation of Observed Weather index from Strike index.

Source: HDFC ERGO website http://www.hdfcergo.com/rural-insurance/weather-insurance.html, *accessed in August 2014.*

[1] *Refer the WBCIS, Frequently Asked Questions page for further details at http://www.aicofindia.com/AICEng/General_Documents/Product_Profiles/WBCIS_FAQ.pdf*

Corporate Social Responsibility (CSR)

The CSR Rules 2014 drafted under Section 135 of the Companies Act 2013 requires large and medium sized companies to spend every financial year 2% of their average net profits during the three immediately preceding financial years on activities that create environmental and social value. Schedule VII of the Companies Act, 2013 lists a number of activities that could be included under CSR.

It is perceived that, investing in these activities would lead to social welfare and overall sustainable development thus forming a part of sustainable finance.

Figure 1: Activities under CSR

Frameworks by Development Finance Institutions and Foreign Banks[2]

Multilateral, regional and bilateral Development Finance Institutions (DFIs) work across various regions of the world fostering economic growth and sustainable development. They provide a broad range of financial services such as loans or guarantees to investors and entrepreneurs, taking equity participation in firms or setting investment funds for financing public infrastructure projects.

As part of their mandate, DFIs require that their financing activities are conducted in conformance to their environmental and social safeguards. When DFIs initiate a dialogue with government institutions, private entrepreneurs or financial intermediaries, an Environmental and Social Management System (ESMS) is stipulated. The system is so designed that the host country environmental and social regulations as well as lending agency's environmental and social safeguards are addressed in parallel. A monitoring and reporting mechanism is established to review the conformance to the ESMS. For situations where the financial institution enters the project cycle at a later stage such as refinancing transactions, and environmental and social due diligence is conducted by an Independent Reviewer to establish conformance of the borrower to the lending agency's environmental and social safeguards. The disbursement conditions to be implemented during the life of the projects are drawn based on the level of conformance. Majority of the bilateral DFIs subscribe to IFC Performance Standards for the implementation of their environmental and social safeguards. Almost all DFIs refer to World Bank Group's Environmental, Health& Safety Guidelines for general application as well as sector specific for implementation in the borrower's projects.

Similar procedures are implemented by Equator Principles Financial Institutions (EPFIs)[3] investing in India. The objective is to provide a minimum standard for due diligence to support responsible risk decision-making. The Principles are based on the IFC Performance Standards and World Bank Group's EHS Guidelines. These apply globally, to all industry sectors and to four financial products 1) Project Finance Advisory Services 2) Project Finance 3) Project-Related Corporate Loans and 4) Bridge Loans based on thresholds and specific criteria. A number of foreign and Indian Private Equity funds also follow suit.

Other Modes of Sustainable Finance

The subsidies and discounts available to entrepreneurs and companies by the National Solar Mission under the aegis of Ministry of New and Renewable Energy; financing available to renewable energy and energy efficiency projects by Indian Renewable Energy Development Agency Ltd; financing activities undertaken by National Bank for Agriculture and Rural Development; finance extended to micro, small and medium enterprises by public and private sector banks; investments made through *green bonds* to finance environment-friendly projects by IFC in renewable energy sector in India, all constitute sustainable finance.

[2] Text adopted from the Paper 'Can we have a Global Standard on Environmental, Social and Governance?', Prasad Modak, Rahul Datar, Lucille Andrade; presented in IAIA 2013

[3] Visit http://www.equator-principles.com/ for further details regarding Equator Principles Financial Institutions.

How Natural Capital Risks are Increasingly Relevant for Financial Institutions

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Dependence of our Economy on Natural Capital

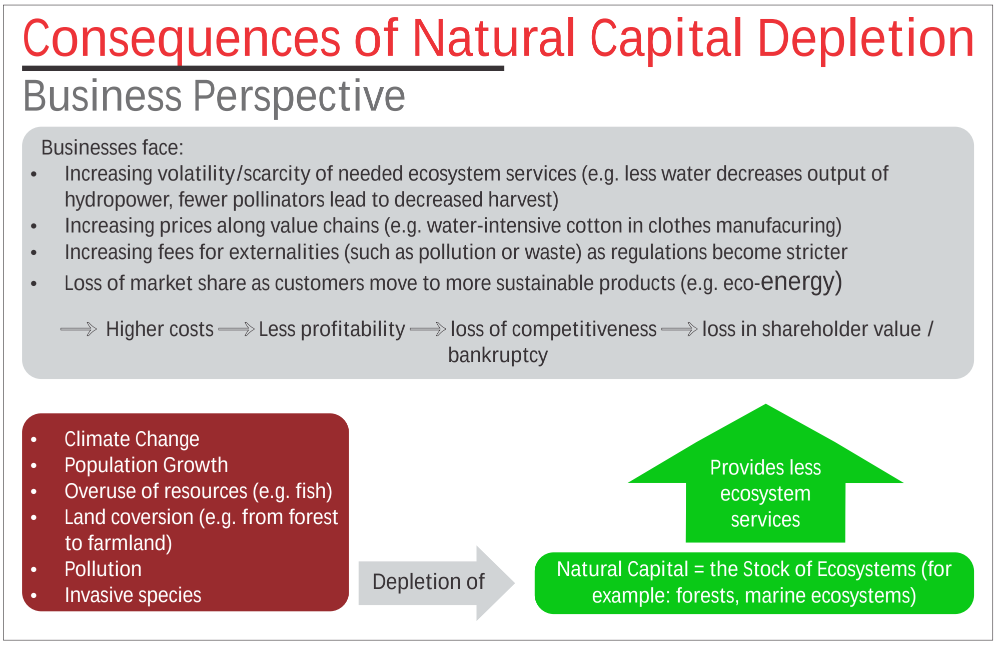
Our economies are dependent on inputs provided by nature – on *Natural Capital*. From soil, nutrient cycling and pollination needed for agriculture to water usage in thermal power plants, pulp&paper production or manufacturing of semi-conductors for electronic devices, Natural Capital forms the basis for any economic activity – either as a direct input for a business or through its value chains. In 2010, the UN Environmental Programme (UNEP) estimated the annual value of nature's inputs for the global economy at USD 45 trillion, approximately 80% of global GDP.[4]

Consequences of Natural Capital Depletion for Businesses

To date, however, markets neither capture nor adequately measure the value created by Natural Capital in terms comparable to economic services or manufactured goods. This neglect in valuing Natural Capital has contributed to over-exploitation of, for example, fresh-water sources and forests. Climate change, population growth, continuous resource-intensive economic growth, land conversion, pollution and over-exploitation of natural resources all contribute to a rapid degradation of ecosystems worldwide and hence the continuous depletion of the Natural Capital our economies depend on. The result is that businesses face an increased volatility or scarcity in the supply of needed Natural Capital, rising prices along their value chains, additional fees or penalties for environmental externalities they create, and a potential loss of market share, as customers opt for more sustainable products.

Water Risks as an Example for Natural Capital Risks

One striking example of increasing risks from Natural Capital depletion for businesses is water, which strongly affected by both regional over-exploitation and global climate change. At the beginning of 2014, the South of Brazil experienced a drought – an extreme weather event that has been occurring in the region with increasing frequency and severity over the last 15 years. Both Bloomberg and Reuters covered the consequences this drought had for businesses in the region quite extensively, reporting on production interruptions in the beverage, pulp & paper, and the petrochemical industries. Not only regional businesses were affected, but also the world market for crops like coffee, of which Brazil is the largest producer. Prices for Arabica coffee rose by 40% as a result of this drought, leading Bloomberg to speculate on the consequences these rising input costs will have for businesses like Starbucks.[5] Extreme weather events, such as

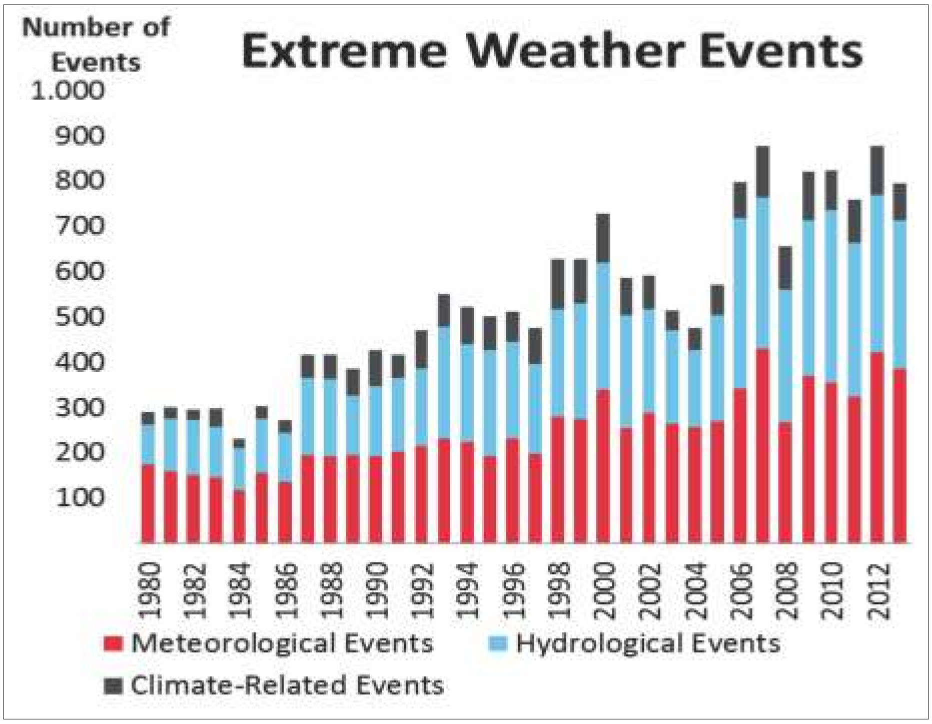


[4] *UNEP 2010: Dead Planet - Living Planet, http://www.unep.org/pdf/RRAecosystems_scree.pdf*

[5] *Bloomberg, 19.02.2014, "Coffee to Soybeans Surge as Brazil Drought Damages Crops", http://www.bloomberg.com/news/2014-02-18/starbucks-favored-coffee-jumps-most-since-2004-on-weather.html.*

droughts, are becoming more frequent and severe worldwide (see graph) and generally, changes in rainfall patterns and temperatures are already and will increasingly lead to water supply volatility and scarcity in many regions around the world. In India, for example, many areas already experience water stress, and an increase in the variability of monsoon rainfall due to climate change is expected to exacerbate these water shortages significantly[6].

Source: Munich RE



Relevance for Financial Institutions

As one example of Natural Capital dependencies, this increasing water stress has proven to be a significant operational risk for companies in sectors for which it is a key input, such as power plants, utilities, mining, pulp & paper, petro-chemicals, or food and beverage. Supply volatility and scarcity of this key input lead not only to operational risk, as production inputs are not secure, but also to business risk, as overall production costs increase once regulators put a higher price on scarce water resources or capital expenditures need to be made for securing alternative water sources. Both lead to a decline in profitability and competitiveness and a reduction of free cash-flows, increasing the risk faced by banks and investors providing finance for the company. Water risk is already considered by rating agencies as a factor impacting the creditworthiness of companies, as illustrated by the downgrade of the energy producer AES by Fitch in April, for which hydrological risk was given as one of the main reasons[7].

The Financial Sector as a Lever

While Natural Capital risks can be a material factor for financial institutions to consider and to price into their lending and investment decisions, a financial sector that integrates Natural Capital risks can be an important lever to increase resource efficiency and sustainable production methods throughout the economy. Once Natural Capital risks become a factor that influences, for example, the interest rate for a business loan and businesses more heavily exposed to Natural Capital risks than their peers face a higher cost of capital, there is a strong incentive to invest in resource efficiency and more sustainable production methods.

The Gap

However, at present few financial institutions are aware of and understand material Natural Capital risks in their portfolios. Those who understand these risks lack the data, methodologies and tools to estimate impacts from Natural Capital risks on the cash flows and profitability of companies and on probability of default.

The Emerging Markets Dialogue Programme on Green Finance

The Emerging Markets Dialogue Programme on Green Finance (EMD) is commissioned by the German Ministry for Economic Cooperation and Development and implemented by the Deutsche Gesellschaftfür Internationale Zusammenarbeit (GIZ). The purpose of the EMD is to work with financial institutions from G20 Emerging Markets as well as developed countries on market-based mechanisms to increase investment in resource-efficient and sustainable business practices.

Currently, the EMD works with financial institutions from Brazil, India, Germany, Switzerland and the US to address the gap in awareness as well as methodologies

[6] *The World Bank, http://www.worldbank.org/en/news/feature/2013/06/19/india-climate-change-impacts.*

[7] *http://www.businesswire.com/news/home/20140430007017/en/Fitch-Downgrades-AES-Panama-BB-Outlook*-Revised

and tools to integrate Natural Capital risks, such as water risks, into lending and investment decisions and valuation procedures. Specifically,

- together with the Natural Capital Declaration (represented by UNEP-FI and the Global Canopy Programme), the German Association for Environmental Management and Sustainability in Financial Institutions (VfU) and several financial institutions, EMD has set up a pilot project on quantifying water risks and developing and testing a tool to integrate them into corporate bond valuation. The Project has started in mid-August and the finalized tool is planned to be published in summer 2015.

- the Sustainable Finance Working Group of CEBDS (the Brazilian chapter of the World Sustainable Business Council) and EMD are jointly organizing a series of three workshops on Natural Capital and its Relevance for Financial Institutions in Brazil and will launch two studies on "Quantifying the Natural Capital Risk Exposure of Financial Institutions in Brazil" and "Seizing Business Opportunities: Investing in Eco-friendly Markets and Sustainable Business Models" during these workshops. The first workshop took place on September 23rd 2014 in Sao Paulo.

- together with several Indian financial institutions, the EMD is planning a series of workshops on Natural Capital Risks and Opportunities in Finance in India.

Should you be interested in finding out more about participating in EMD activities or have any further questions, please do not hesitate to contact: simone.dettling@giz.de. This article reflects the personal opinion of the author, Simone Dettling. Simone Dettling works on the Emerging Markets Dialogue Programme in her role as an advisor at GIZ.

'MORE PLANTED'

Mobilising the Financial System for Sustainable Development

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Background

Hesitantly at first, but now gathering momentum, governments across the world have started to add a new suite of policy instruments to the sustainable development toolbox. Whether it's green credit guidelines for banks in China, a revitalized definition of prudent investing in South Africa or non-financial disclosure requirements in Europe, the message is clear: reforming the financial system is a necessary part of the transition to a green and inclusive economy.

Six years on from the first tremors in the 2008 crisis, we are entering a new phase in financial reform. Collapse has been averted and stability strengthened – though signs of incipient housing bubbles show how hard it remains to replace the dynamics that fostered the credit crunch. Now the task is to rethink the rules that govern the financial system so that it's 'fit for purpose'. And what is that purpose? For Christine Lagarde, Managing Director of the International Monetary Fund, the answer is clear: "we can identify the true purpose of finance. Its goal is to put resources to productive use, to transform maturity, thereby contributing to the good of economic stability and full employment - and ultimately, to the well-being of people, in other words to enrich society"[8]. This emphasis on ultimate purpose was also underscored by Bank of England Governor Mark Carney in his recent reaffirmation of the Bank's mission to "promote the good of the British people by maintaining monetary and financial stability"[9].

In our century defined by mounting resource stress, hazardous levels of local air and water pollution along with global climate disruption, these aspirational goals cannot be realized without factoring in the environmental and social dimensions. Hitherto, the twin agendas of financial reform and sustainable development have been kept largely separate. This year a new initiative was established to bridge the gap. Launched by the United Nations Environment Programme (UNEP) in January 2014 at Davos, the Inquiry into the Design of a Sustainable Financial System aims to 'advance policy options that would deliver a step change in the financial system's effectiveness in mobilizing capital towards a green and inclusive economy'. The Inquiry builds on UNEP's long-standing partnership with financial institutions through UNEP-FI and its strategic programme of work on the green economy.

UNEP Inquiry into the Design of a Sustainable Financial System

The Inquiry's core focus is on the 'rules of the game' that govern the world's financial systems – from voluntary codes through market standards to hard regulation – to understand how these can be better aligned with resource efficiency, low-carbon development and social inclusion. The Inquiry is guided by an international Advisory Council and will present its final report at the end of 2015. Its work programme involves research and engagement across the world in Bangladesh, Brazil, China, Colombia, the European Union, India, Indonesia, Kenya, South Africa, Uganda and the UK. The aim of this work is to understand the market and policy innovations that are already underway – and look at the critical success factors which would enable these to be multiplied and scaled up.

The Inquiry is identifying an important shift in policy thinking, with growing recognition that the financial system suffers from an array of market failures – short-termism, misaligned incentives, inadequate transparency and ill-defined responsibilities – which entrench the allocation of capital towards resource and carbon intensive assets. What is striking is that banking and investment leaders are recognizing that reforms are needed within the financial system to complement traditional environmental and sustainability policies.

For example, Mark Wilson, CEO of Aviva, global insurance company with investment assets of over USD350bn has written in the first of the Inquiry's Financial Leadership Series: "In my view, there are a number of important global capital market problems that relate to sustainable development and are in need

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[8] *Source - https://www.imf.org/external/np/speeches/2014/052714.htm*

[9] *Source - http://www.bankofengland.co.uk/publications/Documents/speeches/2014/speech715.pdf*

of correction by governments. We see the primary failure of the capital markets in relation to sustainable development as one of a misallocation of capital. One of the main sources of market inefficiency is the misaligned incentives that produce an excessively short-term view among many investors, analysts and brokers. I believe that the financial sector as a whole has a generational opportunity to build sustainable capital markets."[10]

To date, the focus of attention has been on closing the deficit in sustainability information on the world's stock exchanges, with voluntary initiatives such as the Global Reporting Initiative and the CDP now prompting stronger regulatory action. This is coming in the form of new laws mandating corporate reporting – such as the recent agreement by the European Union to introduce corporate disclosure rules for sustainability and India's own Business Responsibility reporting requirement for the top 100 companies on the stock market. In the USA, the Securities and Exchange Commission (SEC) issued Interpretive Guidance to companies on climate disclosure in 2010 so that they could report their "material" risks. As of 2013, over 40% of companies listed on the Standard & Poor's 500 Index were still not voluntarily disclosing climate risks. There is now discussion of making reporting mandatory.

A number of countries are going further and requiring financial institutions to introduce environmental and social risk systems, particularly in the banking sector. In Bangladesh, the Central Bank has made it mandatory for the banks it regulates to introduce environmental risk management systems and is now actively monitoring implementation, including the volume of green finance.[11] China's Banking Regulatory Commission introduced its 'green credit guidelines' in 2012 with the goal of encouraging banks to "increase the support to a green, low-carbon and recycling economy, fend off environmental and social risks, and improve their own environmental and social performance".[12] From 2010 to 2012, lending in China for energy efficiency and environmental protection more than tripled to RMB 3.58 TRN (UKP 338 bn).[13]

The latest addition to this 'green banking' trend came in April 2014, when the Central Bank of Brazil introduced a new resolution requiring the banks it regulates to implement environmental and social risk policies. By 2015, banks in Brazil must put in place the necessary governance structures so that environmental and social factors become a core component of overall risk management. Long a leader in corporate governance, South Africa has also been in the vanguard of updating its pension policy to make it clear to institutional investors that prudence now means incorporating critical environmental, social and governance factors.

Long used to managing the risks of natural hazards, insurance policy is now being extended to climate change, with states such as California in the USA leading the move to get insurers to report their exposure to climate risks and their strategies for resilience. And in the UK, the Prudential Regulatory Authority, part of the Bank of England, has accepted an invitation from the government to complete a climate change adaptation report. With a focus on insurance, the report will examine the impact of climate change on the PRA's objectives and the role of insurance regulation in supporting adaptation to climate change.

Beyond the question of de-risking the financial system lies the critical challenge of re-balancing capital allocation towards investments in clean energy, efficient housing, sustainable agriculture, smart urban transportation as well as water & waste infrastructure. Here, the spotlight is growing even brighter on the world's largest asset class – the USD100trn bond market, which provides essential financing for governments and corporates to fund long-term investment. Governments are upgrading their fiscal and regulatory incentives to encourage investments in 'infrastructure bonds'. A potential pillar of this is the fast-growing 'green bond' market which raises ring-fenced financing for investments in clean energy and resource efficiency continues to grow by leaps and bounds. This has reached issuance of USD24bn so far in 2014 compared with USD11bn for the whole of 2013. To take this market further, critical policy issues include common standards to ensure market integrity, providing tax incentives to encourage inflows and offering credit enhancement to enable institutional allocations.

In India, the Inquiry is working in partnership with FICCI which has set up a broad-based advisory committee of financial institutions, think tanks and

[10] *http://www.unep.org/greeneconomy/financialinquiry/Portals/50215/Documents/MWAvivaFinancialLeadershipseries.pdf*

[11] *Source - http://www.bangladesh-bank.org/openpdf.php*

[12] *Source - http://www.cbrc.gov.cn/EngdocView.do?docID=3CE646AB629B46B9B533B1D8D9FF8C4A*

[13] *Source - http://www.iisd.org/pdf/2014/greening_china_financial_system_en.pdf*

NGOs, chaired by Ms. Naina Lal Kidwai, country head of HSBC India and a member of the Inquiry's international advisory council. The aim of the India work is to identify where policy and market innovations could help to deploy capital effectively to meet the country's sustainable development priorities, whether in terms of better risk management or in growing a new 'green bond' market in India, for example.

The Road Ahead

Heading into 2015, a series of international policy processes will place the spotlight on what financial architecture is needed to respond to strategic environmental and social challenges the financial architecture for sustainability: the Hyogo framework for disaster risk reduction, the Financing for Development summit, the new Sustainable Development Goals, and the finalisation of a new climate change agreement. Most recently, the Intergovernmental Panel of Experts on Sustainable Development Financing released its final draft report concluding that 'current financing and investment patterns will not deliver sustainable development', and setting out a basket of policy measures covering public and private finance at the domestic and international levels.[14]

The prize is a framework of rules including standards and regulations that shift real incentives and change actual behaviour so that markets are more resilient in the face of sustainability risks and capital is more efficiently allocated to the clean industries of the future. The task of the Inquiry is to set out that this process is already underway and suggest a roadmap for the way ahead. We invite you to take part in the Inquiry's work.

Details of the Inquiry's invitation to participate can be found at: http://www.unep.org/greeneconomy/financialinquiry/Portals/50215/Inquiry_summary_final%20June%202014.pdf

[14] *Source - http://sustainabledevelopment.un.org/content/documents/4588FINAL%20REPORT%20ICESDF.pdff*

Source: https://econfix.wordpress.com/2014/02/

Environmental and Social Risk Management at IDFC

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Background

IDFC Ltd is one of India's leading project financiers. It was formed in 1997 for leading private capital to infrastructure sectors in India. Project Finance is a method of funding in which the lender looks primarily to the revenues generated by a single project, both as the source of repayment and as security for the exposure. Project financiers are therefore concerned with minimizing the dangers of any events which could have an adverse impact on the financial performance of the project, in particular, events which could result in:

(1) the project not being completed on time and within budget,
(2) the project not operating at its full capacity,
(3) the project failing to generate sufficient revenue to service the debt

The performance of a project is intrinsically linked to its environmental and social contours and associated risks. Environmental and Social (E&S) risks in a project play a major role in determining its timely completion and satisfactory operations. Early engagement with project proponents on identifying potential environment and social issues and mechanisms to address and mitigate the same is important for ensuring effective project development. Project financiers therefore need to ensure effective environment risk mitigation by building requisite environmental and social covenants as part of their loan agreements and implementing the E&S mitigation measures for projects funded by them. The key to timely and cost effective project implementation is mainstreaming E&S Risk due diligence and monitoring in the project appraisal and post sanction monitoring process by project lenders.

Since its inception IDFC has been a pioneer in integrating environmental and social risk management and good governance into its business operations. The Environment, Social and Governance (ESG) agenda of IDFC has been built on an edifice of a sound risk culture that includes a comprehensive E&S risk management framework and an inclusive approach of working with project promoters in adopting "best in class" sustainability practices. This includes encouraging our borrowers to adopt good practices on governance, environment and social safeguards in their projects. IDFC has successfully mainstreamed environmental and social risk management into its business operations and instituted a dedicated environment risk group (ERG) to conduct E&S due diligence for projects financed by it. ERG is part of the risk team at IDFC Ltd and incorporates best in class Environment & Social Due Diligence and monitoring mechanisms for IDFC's lending operations.

IDFC adopted the Equator Principles (EP) on 3rd June 2013. It was the first and till date the only Indian financial institution to do so. The Equator Principles are a credit risk management framework for identifying, assessing, and managing environmental and social risk in project finance. IDFC has since then re-aligned its E&S systems and procedures to the principles as espoused by the Equator Principles Association.

IDFC's E&S Policy

IDFC's rigorous E&S policy along with its commitment to the Equator Principles (EP) is reflected in its environment and social policy. IDFC's E&S policy ensures that its lending is made to environmentally sustainable, socially acceptable and economically viable projects. IDFC suitably addresses a project's environmental and social risks throughout its investment tenure as described in the following paragraphs.

Managing Environmental and Social Risk at IDFC

The ERG group is responsible for managing E&S risk in IDFC's lending business. ERG identifies the environmental risk depending on the project stage at which it is considered at IDFC.

i) Environment categorisation

The first step in IDFC's E&S due diligence begins with the environment categorisation. IDFC categorizes all projects funded by it as either Category A or B or C. This categorization is based entirely on the extent of impacts and not on type of the sector or project and is in accordance with the environmental and social screening criteria of the International Finance Corporation (IFC). The following criteria are used at IDFC to classify projects as either Category A or B or C:

- Category A – Use of proceeds is expected to have significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented;
- Category B – Use of proceeds is expected to have limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures; and
- Category C – Use of proceeds is expected to have minimal or no adverse environmental and social risks and/or impacts.

IDFC has devised an in –house toolkit which can be used by its business executives in categorizing projects at the initial stages of the due diligence process.

ii) Environment and social due diligence and Monitoring of Projects

The ERG conducts environment risk assessment of all category A and category B projects at two stages as described below:

a) Appraisal / Sanction stage: ERG works closely with the borrower, project finance, legal and credit teams to comprehensively evaluate the environmental and social risks of projects as per the Environment and Social due diligence (ESDD) process developed by IDFC. The ESDD and monitoring process in IDFC is depicted in following flowchart.

ESDD covers the followings aspects of a project:

- Whether the project meets the extant requirements of Indian Environmental Legislations and EP in its design and the likely scenario in the operational phase.
- List of significant environmental and social impacts that include involuntary resettlement, loss of biodiversity, impacts on indigenous and/or local communities, worker safety, pollution, contamination, and others.
- Public disputes of the project, if any
- Health & Safety issues associated with the project and an assessment of the borrower's managerial capacity to handle the same.
- Grievance redressal Mechanism for the project
- Stakeholder Engagement mechanism
- Identifying the requirement of additional E&S studies and mitigation measures for the project
- Potential for Green House Gas emissions and reductions, if applicable and available information on the same.

Suitable E&S related loan covenants arising out of the ESDD process are stipulated and incorporated in loan agreements with clients which are then closely monitored at time of loan disbursements and during the life of the loan.

b) Post sanction stage: ERG undertakes Environment and Social Monitoring & Review (ESMR) of portfolio projects after sanction to monitor and ensure compliances to the requirements of applicable Indian Environmental Legislations, Equator Principles and E&S related loan covenants on an ongoing basis.

ESMR covers the followings aspects of a project:

- Compliance to E&S conditions stipulated in the loan agreement;
- On-going compliance with statutory requirements
- Status of any new/emerging Environment, Health, Safety and Social (EHSS) development involving the project and consequent risks associated with it.
- Status of implementation of Environmental Management Plan (EMP) and Resettlement Action Plan (RAP)
- Information on expansion plans etc, if any

This entire process is documented in an ESMR report prepared as part of our annual review of porfolio projects in IDFC Ltd. The Projects not confirming to E&S covenants are reviewed and depending upon the significance of environment risk, such cases are included in the E&S watch list and discussed with senior management at IDFC Ltd. Regular follow up with client is carried out to ensure that the non-compliances are rectified and corrective measures are implemented.

Sustainability Driven Infrastructure Development

IDFC's environment & social management system which has been refined over the years has ensured that the environmental and social risks associated with the projects are identified at the project appraisal stage itself. This enables IDFC to constructively engage with the project proponents and address and mitigate identified E&S risks through appropriate action plan and measures. This approach has been productive in promoting a culture of E&S risk redressal at the project level and also ensuring that our lending is directed towards sustainability driven infrastructure development.

IDFC's sustainability focus has led it to identify low-carbon infrastructure businesses as an area of strategic focus. IDFC has funded close to Rs. 4200 crore as on March 2014 in renewable energy projects in India. IDFC's focus on renewable energy has enabled it to reach out to new committed project promoters in the Renewable Energy (RE) space and influence them to adopt good construction and labour practices and initiate community welfare activities in their project areas. IDFC is today preferred by most of the development banks and multilateral institutions as a strategic partner for their lines of credit in the renewable energy and low carbon economy space. These institutions include and are not limited to International Finance Corporation (IFC), Asian Development Bank (ADB), Overseas Private Investment Corporation (OPIC), DEG (KfWBankengruppe) and DFID, UK.

Benefits experienced by IDFC through ESG integration

There are various examples that could be quoted bringing out the benefits accruing to IDFC as a result of the commitment to E&S issues. There have been cases where IDFC has been able to bring to light E&S risks due to presence of sensitive receptors in close vicinity to the project area which was not very evident to the project promoters. These sensitive receptors are overlooked during execution of the project through several layers of contractors and sub-contractors. Timely identification by IDFC has helped in avoiding unnecessary delays in project design and implementation. There has been a marked improvement in the labour practices and amenities that are provided by project developers in projects financed by IDFC, mainly as a result of IDFC's monitoring and due diligence process. IDFC has been able to identify and flag social issues relating to land acquisition and rehabilitation process that have been factored in the assessment of the project's execution. This has enabled IDFC to predict project cashflows more accurately and suitable structure the lending. The E&S risk appraisal in IDFC has been of immense help in identifying E&S issues related to associated facilities that impact the timely completion of the main project. This includes associated facilities like access road to project site, transmission corridors of power lines, water supply, issues relating to fuel availability and transportation, land availability for ash handling, regulatory permissions for land diversion and transfer, and social and livelihood issues connected with land acquisition. IDFC's experience demonstrates that a lack of proper E&S management system and process in projects is a strong indicator of a deeper malaise affecting the projects execution. It is the proverbial canary in the cage which is a red flag for IDFC in any project.

Summarizing in a nutshell, a strong environment and social management system has enabled IDFC to better understand the various E&S risks that impact a project's execution and cash flows and take suitable mitigative measures as a result of the same. This in turn has helped IDFC in developing a more robust lending portfolio.

The Road Ahead

IDFC continues to lead from the front as far as ESG issues are concerned. IDFC Ltd truly believes that development and environment are two sides of the same coin and need not be in conflict with each other. Adoption of EP and its implementation has strengthened IDFC's belief that the ESG agenda can be balanced with the development agenda. IDFC is fully committed to ensuring a more sustainable framework for developing and executing projects in India. IDFC strongly feels that this not only benefits the local community and the environment at large but is also beneficial for the long term sustainability of the projects that are financed. A focused engagement with clients not only ensures effective progress in meeting IDFC's sustainability goals but also those of the clients. The strong track record demonstrated by IDFC in this matter is a testimony to the commitment to this cause. IDFC is hopeful that other banks and financial institutions will also realize the benefits of sustainable financing and take immediate measures to mainstream it in their lending operations.

A Brief Snapshot of the Indian Impact Fund
- A Case Study by Ankur Capital

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In the 1990s, a new conceptual framework began to emerge amongst entrepreneurs, investors and social workers that blended the work and value of non-profit organizations, businesses and their investments. This 'blended value' approach would consider not just direct financial returns of an investment but would measure it's social and environmental impact as well – the triple bottom line.

In the 2000s, as these socially conscious models of businesses began to develop, entrepreneurs and investors began experimenting with different approaches towards building companies that both turn a profit and create sustainable social and positive environmental impact. By 2007, a term had developed to describe this: impact investing. Since then, a vast amount of valuable research and literature on this topic has accumulated, each paper with its own subtle and nuanced definition of what impact investing is and how it works. Still, there is a consensus on a broad definition of what impact investing is: an investment approach that intentionally aims to create a social and environmental impact while generating a certain financial return.

In this on-going, unraveling impact investment story, India has played and continues to play a major role.

The Nature of Impact Funds

Currently, social enterprises are funded by both mainstream funds and impact funds. Mainstream funds would look at only the financial and business model of the company, while an impact fund in addition would also consider the social impact model. The broad difference is that mainstream funds generally fund enterprises that are able to absorb more financial capital and scale rapidly, but impact funds target both companies which may scale rapidly or ones that may scale slowly... A lot of impact funds also invest in startups.

According to arecentIntellecap report published earlier this year, over USD 1.6 billion has been invested in over 220 impact enterprises in India. Of those investments, 30% were first round investments (~USD 487 million). While mainstream investors continue to provide the bulk of that investment (around 57%), impact funds such as Ankur have contributed over 25% of capital in the space – with the potential to deliver more in the coming fiscal years.[15]

Generally, impact funds can provide a basic amount of seed capital for smaller, but by no means insignificant, enterprises. These enterprises can generate significant social impact by using limited capital. Impact funds also distribute capital in a tiered approach, based on the enterprises' short-term success, followed by larger amounts of capital as they scale.

The other significant charaterstic of iimpact capital is patient capital, Typically impact funds have a longer life cycle and are willing to stay invested for a longer period than mainstream funds.

Impact funds also like to do, what we at Ankur Capital call, 'active engagement'. The active engagement method is an answer to one of the most pressing needs entrepreneurs face. For the seed-stage startup, the most important indicator of success is whether the startup is empowered with the mentors, resources, partnerships, capital and know-how it needs to advance to the next stage of scalability and growth. An impact fund like Ankur can begin intermediation at the very early stage of a company's development and customize its approach to address the immediate challenges the enterprise is facing on the ground.

Measuring Social Rate of Return or Social Impact

The definition of social impact is still in formation and continuous to be as nebulous as the definition of entrepreneurship itself. In broad terms, social impact is the overall effect of a business's activities on local communities and their overall well being.

There have been some popular social impact measurement standards that have emerged. IRIS and Prism for Impact are two such measurement standards. Impact funds invest based on their impact mandate and use one of the above to measure the impact returns.

Impact funds are sensitive to the idea that social impact can play out in different ways with different companies. For example, with one of our investee enterprises, the *suppliers* are the primary beneficiaries of social impact. The enterprise provides rural artisans an increase in living wages, and sells their end product to consumers in the city. In another example, the *end consumers* are the primary beneficiaries of social impact – such as with one of our investee companies that provide accessible eye care. Lastly, the *employees themselves* can be the primary beneficiaries of social impact as they receive both valuable skills training and living wages.

This is precisely why different metrics are needed to measure social impact for different firms. Everything from waste management to healthcare to agriculture to education will have different metrics and different indicators of success. The challenge is that much of this data is only

[15] *Intellecap. "The Indian Impact Investing Story." Feb. 2014 p.2*

now starting to be recorded and documented, so investee company performance cannot be measured against a base line at this point. Over the next few years, however, as impact investment researchers and funds begin tracking this information, we should see the weight of this challenge decrease.

A Success Story: CropIn Technology Pvt. Ltd.

Agriculture in India remains the primary occupation of a vast majority of Indians. However, our productivity is one of the lowest by global standards, and the famers remain overly exposed to risks of agriculture. In addition, their markets linkages to wholesalers and retailers in cities remain limited. Farmers, while critical to the entire supply chain, have limited *real* and *tangible* ability to set the terms of engagement, and they bear the majority of risk. In other words, farmers are a depowered element of the supply chain and are often the most affected by problems in the supply.

CropIn, in the entrepreneur's words, is "CropIn is an effort to provide Agri businesses the technology and expertise needed to create a smart farm."

CropIn's mobile app digitizes, assembles and structures farm data, enabling real-time insights on farm efficiency, productivity and forecast. Currently, the mobile application allows clients to remotely manage farmers in the most efficient manner, thereby improving overall productivity of the farming community. Also, farmers can use the app to communicate with agricultural specialists across the country to actively deal with "alerts or cases" such as crop diseases and ill effects. In a nutshell, by using CropIn technology, farmers can play a greater role in the value chain. In engaging with the company, their ability to negotiate is also far higher.

The Operating Model

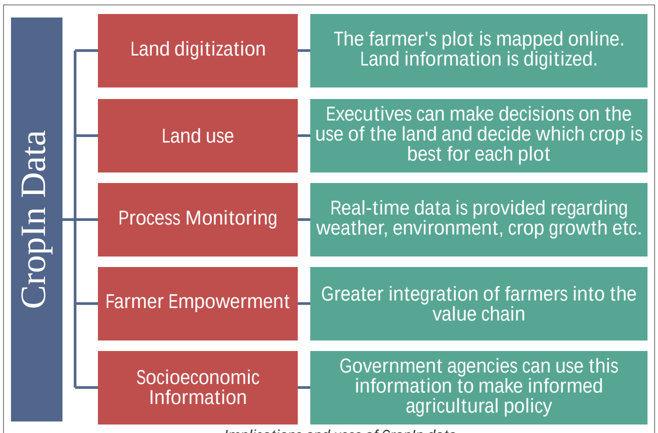
CropIn's process begins with farmer registration. Farmers are provided with smartphones and registered on the CropIn database. The farmers' plotsare then mapped online.Once they're registered on the database, farmers, executives, managers and field technicians all have access to real-time data from each plot of land.

From the moment of farmer registration to harvest collection and shipment, data is tracked online – data that can inform executive decisions as well as public policy.

The Implications

CropIn, through its technology, can give us five layers of information: land digitization, land use, process monitoring, farmer empowerment and socioeconomic data.

These layers of information allow CropIn to provide solutions for four groups of individuals: management executives, managers, field staff and farmers. These individuals can now make more accurate forecast, strategic planning, workforce and production management decisions. In addition, farmers have access to best practices and to practitioners and specialists all over the country (and eventually, the world), so they can deal with immediate issues and threats with the crops.



Implications and uses of CropIn data

The Impact

The company has made a significant impact this last year in the lives of over 15,000 farmers, and through its alert system, CropIn was able to address hundred of alerts or issues such as crop diseases in which the farmers were able to receive speedy advice.

Last but not least, through active engagement this last year, Ankur worked with CropIn to standardize governance and financial management apart from there are marketing strategy. We were able to work effectively with the leadership team to help define their strategy, to build their organizational structure, and to help build out a value proposition by providing them with the network they needed.

Ankur was able to coordinate recently with a mainstream investor and provide CropIn with a second round of funding. Such social enterprises have a lot to gain from impact funds' active engagement.

The Impact Story Continues

The ecosystem for impact investing will continue to mature, and the flow of capital to smaller, sustainable enterprises will grow alongside it. Over the next few years, we will see flows of capital towards more non-traditional impact investment sectors including waste management and clean energy. Most interesting will be to see the role that corporates and domestic impact funds play in this ecosystem. With the fiscal deficit stretched as it is, government outreach and subsidy programs for the base of pyramid population cannot be sustainable. We should begin to see corporates under the CSR mandate (although regulation clarity is still needed) and impact investors play a much more pivotal role in the overall social impact of the BoP population.[16] When and how, only time will tell.

[16] *Intellecap. "The Indian Impact Investing Story." Feb. 2014 p.54*

Green Bonds Principles 2014

Green Bonds enable capital-raising and investment for new and existing projects with environmental benefits. The Green Bond Principles (GBP) released in January 2014 are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond. For more details regarding Green Bond Principles, click here

Components of Green Bond Principles

Use of Proceeds - The GBP recognizes several broad categories of potential eligible Green Projects (but not limited to): (a) Renewable energy, (b) Energy efficiency (including efficient buildings), (c) Sustainable waste management, (d) Sustainable land use (including sustainable forestry and agriculture), (e) Biodiversity conservation, (f) Clean transportation, and (g) Clean water and/or drinking water.

Process for Project Evaluation and Selection - The issuer of a Green Bond should outline the investment decision-making process it follows to determine the eligibility of an individual investment using Green Bond proceeds.

Management of Proceeds - The net proceeds of Green Bonds should be moved to a sub-portfolio or otherwise tracked by the issuer and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for projects. The management process to be followed by the issuer for tracking the proceeds should be clearly and publicly disclosed.

Reporting - In addition to reporting on the Use of Proceeds and the eligible investments for unallocated proceeds, issuers should report at least annually, via newsletters, website updates or filed financial reports on the specific investments made from the Green Bond proceeds (specific project and dollars invested).

Equator Principles Implementation Tool

The Equator Principles III was released in June 2013 wherein scope of application was widened and changes were effected to align with the updates in IFC Performance Standards 2012. To provide support to Equator Principles Financial Institutions (EPFIs) and external stakeholders on understanding the Equator Principles, an Implementation Note was published in July 2014 by the Equator Principles Association. The document comprises a series of modules containing information to support the implementation of the requirements contained in the Equator Principles on scope, climate change (Principle 2 and Annex A of the Equator Principles) and reporting (Principle 5, 10 and Annex B of the Equator Principles).Click here for the Implementation Note.

The Update section has been compiled by Lucille Andrade, Assistant Vice President, Environmental Management Centre LLP, Mumbai.

Bombay Chamber Awards

The Chamber Civic Awards and the Good Corporate Citizen Awards 2013-14 has been declared by the Hon. Judges and were given away by the Chief Guest, Prof. Ashish Nanda, Director, Indian Institute of Management, Ahmedabad on September 18, 2014 at the 179th Foundation Day Celebration of the Chamber. The recipients of the Awards and the categories are given below:

Civic Awards 2013-14	
Category	Name of the Organization
Sustainable Environmental Initiatives	Tata Consultancy Services Ltd.
Social Development	Glenmark Pharmaceuticals Ltd.

Good Corporate Citizen Awards 2013-14	
Large Corporate	Mahindra & Mahindra Ltd.
Banks and Financial Institutions	YES Bank Ltd.
Small & Micro Companies	Ambit Holdings Pvt. Ltd.

National Consultation - "Public Private Partnership and Forest Conservation in India"

- August 28, 2014

Bombay Chamber of Commerce & Industry and USAID Forest-PLUS Program has organized the above programme at the Board Room, Dadar (W), Mumbai. Chief dignitaries: Mr. Tom L. Vajda, US Consul General in Mumbai, Mr. R. Mukundan, Vice President, Bombay Chamber and Mr. Subhash Chandra, Deputy Inspector General of Forests, MoEF&CC, presided over the inaugural session and delivered key messages highlighting the importance of the event.

Seminars / Training / Workshop

Session on Practical Fire Safety Awareness

- September 5, 2014

The Sustainability Committee has organized a Practical Fire Safety Awareness session on September 5, 2014 at the Bombay Chamber Conference Room at Ballard Estate. The Session was conducted by Ms. Bhawna Solanki, Senior Executive – Projects, International Resources for Fairer Trade (IRFT).

The session was wrapped up with certain facts about the fire that would help to work on establishing practical and robust fire management systems. Some participants have shown interest in attending one day training for Fire/Evacuation Wardens as this is a very responsible role in fire protection. The participants left the training room with a personal message saying "Safety Begins with Me".

Training under Low Emissions Asian Development (LEAD) program in collaboration with USAID

As a part of this joint effort, the following programs were organised on September 23 and 24, 2014 respectively at the Board Room, Bombay Chamber in Dadar, Mumbai :

a) Introduction to Lubrication Management

Objectives:

The training program will comprise presentations and case studies to stimulate learning. Experts from USAID LEAD Program (provided by ICF India) and other technical specialists with subject expertise will share their experiences and case studies. It is expected that after completion of this training program, participants will:

- Understand the principles of integrated lubrication management and conservation, and methods to assess lubricant needs for specific industries;
- Understand the contribution of lubrication to improvements in energy efficiency and extension of machine life;
- Develop an understanding of lubrication storage, handling, and dispensing systems;
- Understand estimated material and financial savings achieved from improved lubrication practices;
- Understand how to improve monitoring, reporting and management of data for lubricants usage and equipment performance.

b) Training Program on Industrial Water Management

Objectives :

- Understand the concept of Integrated Water Resource Management and how it can be practically implemented in their factory;
- Be aware of compliance and regulatory standards for treating industrial wastewater;
- Understand Zero Effluent discharge requirements;
- Know what wastewater pollutants are typical for their industry, and be aware of treatment options;
- Be aware of the financial costs and benefits of water management technology, and financing options;
- Be aware of global best practices in industrial waste water treatment.

Seminar on "Road and Travel Safety"

- October 9, 2014

To highlight the issues and create awareness amongst the corporate, industry, companies and employees, the Committee has organized the seminar at the Bombay Chamber Conference Room at Ballard Estate. The Keynote Speaker: Mr. Satish B. Sahasrabudhe, Addl. Commissioner of Transport, Maharashtra State, Address by Guests of Honour: Mr. Ravi Kirpalani, MD, Castrol India Ltd. and Mr. Chaitanya Sathe, Vice President & Centre Head – Mumbai & Corp. Corporate Safety Leader, Tata Consultancy Services Ltd. Other Speakers were: Mr. K. Shanker, Road Safety Head, Castrol India Ltd., Mr. Marazban Bharucha, Head - Non Voice Services, Tata Teleservices Ltd., Mr. Anil Bakshi, Head – Admn. for BPS, Tata Consultancy Services Ltd., Mr. Sujit Wagh, Sr. Manager, Commercial EHS-India, Global Environmental, Health & Safety and Ms. Manisha Vithaldas, Head-Sales Training, Abbott Healthcare Pvt. Ltd., Mr. Prashant Banerjee, Head–Homologation & Product Evaluation, Tata Motors Ltd. and Mr. Amol Tope, SucceedSafe.

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