

Climate Change: Cos Need Some Big Changes on Compliances

51 of top listed 1,000 cos failed to follow environmental laws in FY23: Prime Database

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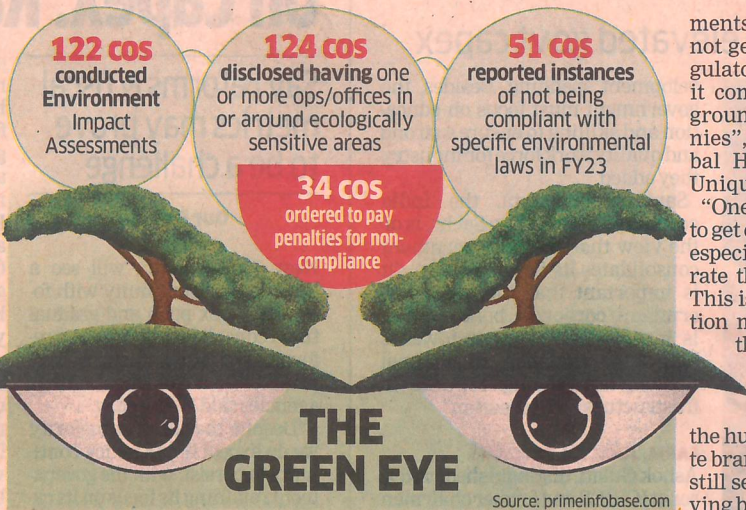
Mumbai: In the era of climate change, occasions such as World Environment Day assume significance for companies as well as businesses. However, India Inc's record on environmental compliances reveals a patchy picture where there is a steady increase in awareness of environmental protection but efforts on the ground still need to step up.

As per data sourced from Prime Database, only 122 companies among the top listed 1,000 companies disclosed of having conducted environmental impact assessments (EIAs) of projects undertaken by them in their FY23 business responsibility and sustainability report.

EIAs are typically required for projects involving industrial manufacturing, mining, infrastructure, power, waste management, water resources and handling of hazardous substances. The objective is to ensure that potential environmental impacts are considered and mitigated before project approval and implementation.

Companies such as Adani Ports & SEZ, Ambuja Cements, Coal India, GMDC, Patel Engineering, Ramco Cements, Tata Steel and Ultratech Cement have undertaken a high number of EIAs in FY23. Most companies get external independent agencies to undertake the EIAs.

In all 124 companies have disclosed having one or more operations or offices in or around ecologically sensitive areas



(such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc) for which they have complied with the conditions of environmental approval or clearance.

And 51 of the 1,000 companies reported instances of not being compliant with specific environmental laws in FY23. Companies such as ACC, Ambuja Cement, IOCL and Sun Pharma have reported specific instances of non-compliance. As many as 34 companies have reported being ordered to pay penalties. For instance, Grasim Industries, in its FY23 annual report, disclosed paying a fine of Rs 2.07 crore to Jharkhand State Pollution Control Board for alleged pollution of water in full and final settlement without admitting liability.

The cases of violations commonly pertain to non-compliance of Air (Prevention and Control of Pollution) Act, Water (Prevention and Control of Pollution) Act, Environment

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Protection Act, Hazardous Waste Management and Handling Rules with fines levied by National Green Tribunal or the state pollution control boards. In most instances, the remedial action taken to become

compliant has been disclosed. Sustainability experts are cautiously optimistic about level of environmental law compliance.

"Most companies are ensuring their basic compliance require-

ments. They are careful about not getting entangled in any regulatory issues. However, when it comes to compliance on the ground, it varies across companies", said Anu Chaudhary, Global Head of ESG Consulting, Uniquis Consultech.

"One of the biggest challenges is to get consistent and correct data, especially when companies operate through multiple locations. This is because data in each location may not be collected using the same methods. For example, in the case of banks, data may not be collected uniformly for all

the hundreds of ATMs and remote branches. A few companies are still seen cutting corners like having borewells that are not reported, which invalidates their final data that shows water consumed to be more than water drawn. There is also an issue with the guidelines not being universally clear. What is considered hazardous waste in one state is not considered to be so in some other state," Chaudhary said.

There are companies adopting international environmental standards like ISO 14001 that provide a system for measuring and improving an organisation's environmental impact. For instance, last month drug major Lupin announced that all 12 of its manufacturing sites, its R&D centre, and corporate office in India have got ISO 14001 certification.

"However, the majority of companies are yet to have a stewardship view regarding the environment," said a senior ESG consultant who did not wish to be identified.