

Impact of Global Environment, Social and Governance (ESG) standards

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Global Environment, Social and Governance (ESG) standards emphasize reducing carbon emissions, managing waste, minimizing environmental degradation and governance impacts. For the coal industry, this means complying with environmental norms, adopting cleaner technologies and practices to reduce their carbon footprint.

ESG standards focus on improving the social aspects of business operations, such as ensuring fair labour practices, community engagement, and health and safety standards. Coal companies are now more accountable for their impact on local communities and workers.

Governance practices are critical under ESG standards. This includes transparency in operations, ethical business practices, and robust risk management. Companies are required to disclose their ESG performance, which increases accountability and trust among stakeholders.

Public Sector Undertakings (PSUs) under Ministry of Coal, are adopting the sustainable and social responsible practices as per Global Environment, Social and Governance (ESG) standards. Coal India Limited (CIL) has published comprehensive Business Responsibility and Sustainability Reports (BRSR) to link their financial results with ESG performance.

Clause 11.5 of Coal Block Development and Production Agreement (CBDPA) for commercial mining executed between successful bidder and Nominated Authority mandates that the Successful Bidder shall implement mechanised coal extraction, transport and evacuation in the Coal Mine, in line with modern and prevalent technologies. Further, the Successful Bidder shall strive to minimise the carbon footprints from operations at the Coal Mine, undertake steps to reduce environmental pollution and promote sustainability, in accordance with Good Industry Practice.

Steps taken to ensure Compliance Disclosure of adoption of ESG through Business Responsibility and Sustainability Report (BRSR) are as under-

- i. The Securities and Exchange Board of India (SEBI) has mandated the top 1,000 listed companies to disclose their ESG performance through the BRSR. This framework aligns with global standards like the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). BRSR for FY-2023-24 was prepared and published as part of Annual Report of CIL. It is a public document and is also filed with NSE and BSE.
- ii. Environmental Initiatives: Afforestation and Green Cover, Water Management, Emission Reduction through cleaner coal technologies, alternative use of overburden, Deployment of Blast-free technology in mining, Energy Efficiency Measures, deployment of E-Vehicles, development of Eco-parks, mine water supply to community, promoting Renewable Energy and clean coal initiatives, etc.
- iii. Social Initiatives through Corporate Social Responsibility (CSR)
- iv. Governance Initiatives through Transparency and Accountability

This information was given by Union Minister of Coal and Mines Shri G. Kishan Reddy in a written reply in Rajya Sabha.

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