



CM Inaugurates India's First ESG Lab

Why in News?

Maharashtra CM Devendra Fadnavis inaugurated **India's first ESG (Environmental, Social, and Governance) Lab** in Mumbai, urging students to prepare for a rapidly evolving world influenced by **climate change, artificial intelligence, and quantum computing**.

- The event also included the felicitation of **winners from the national robotics competition**, organized by **STEM Learning** and **Brilio (a Private Company)**.

ESG (Environmental, Social, and Governance)

- **About:** Environmental, social and governance (ESG) is a set of standards for how an institution operates in regard to the planet and its people.

Importance of ESG for India

- **Climate:** India faces extreme weather events (e.g., floods, heatwaves, sea-level rise).
 - In 2024, extreme weather occurred on **322 out of 366 days** (CSE report).
 - Companies with strong environmental practices, clean energy, and reduced emissions can mitigate these risks.
- **Social:** India struggles with **poverty, inequality**, and lack of basic needs.
 - Companies focusing on social responsibility can create a more inclusive economy and drive positive societal change.
- **Governance:** Strong **corporate governance** based on **transparency** and **ethics** rebuilds trust, attracts investments, and supports sustainable growth.

India's ESG Initiatives

- **SEBI Mandate:** The top **1,000 listed companies** must disclose **ESG performance** through the **Business Responsibility and Sustainability Reporting (BRSR) Framework**.
 - The framework aligns with **Global Reporting Initiative (GRI)** and the Sustainability Accounting Standards Board (SASB).

ESG Related Recommendations of Parliamentary Standing Committee

- **ESG Oversight Body:** Proposed within the **Ministry of Corporate Affairs (MCA)** to ensure genuine sustainability claims.
 - The body should include **forensic experts** and set **sector-specific ESG guidelines**.
 - Recommendations to support **Micro, Small, and Medium Enterprises (MSMEs)** in adopting ESG practices.
 - **Amend the Companies Act, 2013** to make ESG a core duty of directors and embed sustainability into business strategy.
- **Penalties for False Claims:** Stricter and faster penalties for **false ESG claims** to prevent **greenwashing**.
 - Strengthen **Serious Fraud Investigation Office (SFIO)** and the **National Financial**

[Reporting Authority \(NFRA\)](#) to tackle **financial crimes** and improve [Corporate Social Responsibility \(CSR\)](#) oversight.

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