Position Paper from the Roundtable Discussion
on
ESG: Corporates, NGOs, and CSR Convergence

Organized by IIIT Hyderabad on 26th September, 2023

Context:

IIIT Hyderabad’s the Raj Reddy Center for Technology and Society (RCTS-IIITH), and the Atal Incubation Center (AIC-IIITH), organized a closed-door brainstorming roundtable meeting on, “ESG: Corporates, NGOs, and CSR Convergence” as part of its 2nd Annual Conference on Technology and Society. The objective of this roundtable meeting was to arrive at possibilities and specific suggestions for actions on the overall theme. Help all stakeholders understand the nature and scope of ESG action by Corporates, and also help stakeholders understand how they can partner with Corporates to achieve ESG goals.

The meeting deliberated on how ESG parameters are the new framework of corporate CSR actions and what opportunities exist for the stakeholders. The discussion was around 3 major areas:

- What are priority areas of action for Corporates under ESG? (Under each element of Environment, Social and Governance)?
- In which ESG areas are Corporates looking for external partnership and support?
- Models to engage for other stakeholders to understand their role in corporate ESG plans

Table of Contents

Context: ........................................................................................................................................... 1
Table of Contents.................................................................................................................................. 1

A. Challenges or Barriers to adopt ESG standards................................................................. 2

Lack of awareness is a prominent barrier to involve all stakeholders................................. 2
Paucity of ESG framework to strategize and achieve focussed objectives.......................... 3
Lack of funds in ESG is a challenge for emerging initiatives in the area.................................. 3
Low collaboration leading to partial/segmented development efforts.................................... 3

B. Areas different corporations and organizations look for external partnerships............. 3

Funding an ESG impact innovation is a socially responsible investment............................... 4
Small scale partnership can achieve targeted Long-term Impact.......................................... 4
Open-source AI tools can help access Success Metrics for Collaboration............................... 4
CSR support Beyond Grants is crucial for Managing Relationships....................................... 4
Stakeholders Alignment can sustain Multiple Collaboration................................................. 5

C. Engagement Models for CSRs, VCs, and Corporates..................................................... 5

A supportive ecosystem can amplify a solution with a social benefit.................................... 5
Funding - Partnering - Volunteering - Impact................................................................. 5
Aligning with Corporate’s mission with a well-defined Exit strategy.................................... 6
ESG framework to evaluate achievement of the parameters................................................. 6

Key Observations & Next steps............................................................................................. 6

A. Challenges or Barriers to adopt ESG standards

Adopting Environmental, Social, and Governance (ESG) standards can be challenging due to lack of awareness, complexity, cost, lack of standardization, and lack of reporting requirements. However, intentional efforts to take these standards into consideration from the stage of planning can lead to benefits such as improved performance, increased efficiency, and reputation. Some challenges in the area are as follows:

Lack of awareness is a prominent barrier to involve all stakeholders
This is a crucial need of the hour for every entity to understand that ESG (environmental, social, and governance) is a crucial framework for measuring a company's performance to benefit life
on this planet as a whole. It is essential for sustainable living, as it allows people to make informed decisions about their choices. A recent survey of school children revealed that climate change and waste management are their biggest concerns. Hence, every individual should be encouraged to participate in ESG initiatives in their communities to learn about ESG and support businesses and organizations working towards a sustainable future.

**Paucity of ESG framework to strategize and achieve focussed objectives**

Corporates should internalize Environmental, Social, and Governance (ESG) standards and incorporate ESG auditing at all levels, including product and business. This includes developing and implementing an ESG strategy. ESG auditors can assess the company's ESG performance, identify areas for improvement, and make recommendations. Deeptech can be used to conserve resources by developing more efficient manufacturing processes, reducing energy consumption, and developing renewable energy sources.

**Lack of funds in ESG is a challenge for emerging initiatives in the area**

The lack of funding for ESG initiatives, particularly social responsibility ones, is a significant issue. To address this, increasing awareness of ESG's importance and developing innovative funding mechanisms, such as social impact bonds, can help generate interest in investing in these initiatives. Corporate boards should also play an active role in overseeing ESG initiatives, ensuring they align with the company's goals and values. This can be done by establishing a dedicated ESG committee, allocating resources, and disclosing ESG performance to stakeholders.

**Low collaboration leading to partial/segmented development efforts**

Individually few corporations may be making efforts to comply with the ESG factors, however that will not help unless a joint effort is made to commonize it even for other stakeholders to be aware of. Collaboration is crucial for meeting ESG standards. It can be used to address waste management, poverty alleviation, and reducing disparity. The collaborations can aim to transition to a circular economy and reduce environmental and social impacts. To succeed we need to identify common goals.
B. Areas different corporations and organizations look for external partnerships

CSRs and organizations both seek external partnerships to achieve their mission and goals. Common types include funding, volunteering, donations, expertise, networking, strengthening governance and so on. Expertise from external partners that can enhance program development:

**Funding an ESG impact innovation is a socially responsible investment**

Sustainable financing is important for innovation because it can help to ensure that innovative projects are aligned with ESG goals. Funders and Investors look to collaborate for innovative projects that have ESG parameters, like projects on climate change, inequality, reduction of carbon emissions, water, poverty, etc. Banks like HDFC support startups which align with their reputational risk management. Identifying the ESG goals of what kind of impact you want your innovation to have, and measuring the progress of impact to ensure effective and efficient utilization of the funds are significant ways of sustainable financing.

**Small scale partnership can achieve targeted Long-term Impact**

To achieve long term impact, small-scale collaboration helps to build trust and relationships between different stakeholders. For e.g. social entities like Recyckal does waste management programs at district level in collaboration with ragpickers. For social organizations to work in collaboration with large corporations, there is a need to find core areas of competency and see where both their objectives can align. Collaboration with NGOs on micro projects can actually help impact on ground. Risk averse can lead to limited impact. So there should be funds allocated for such areas, e.g. less than 10% of the VC fund goes to ESG and better ROI for value creation.

**Open-source AI tools can help access Success Metrics for Collaboration**

Measuring progress towards achieving the impact outcomes is crucial for long-term survival, especially for NGOs. Funders should create a success matrix for collaboration. Open-source AI tools can promote collaboration in the ESG space. Three approaches to access time to time include sharing ideas, inspiring pledges, investing in sustainable communities, and local leadership and governance. Using technology, like the 'Sustainability cloud' can analyze company product impact and reduce costs.
CSR support Beyond Grants is crucial for Managing Relationships

There should be emphasis on managing investor relationships for long-term goals, focusing on ESG scores and communication with investors. The engagement with CSR and investors should also go beyond only financial needs, which is to state the non-financials also clearly. For sustainable development focused investment is needed in education and employment. The startup collaboration with VCs and incubators should also be done for tracking market needs and providing tech support. The CSR initiatives should extend beyond grants to include startups in the ecosystem.

Stakeholders Alignment can sustain Multiple Collaboration

Collaboration with consumers is crucial for tech startups with a hybrid model, especially in eco-sensitive regions like the Himalayas. Trust and compassion are essential for ESG initiatives. Gaps exist in infrastructure, but a sustainable collaboration is the key. Collaboration with SBI and RBI is essential for reducing paper usage and creating a platform for smart city solutions. Responsibility and accountability are essential at all levels, from planning to development to production deployment. Alignment between partners is crucial for successful collaboration, considering time and resource limitations.

C. Engagement Models for CSRs, VCs, and Corporates

The government is focusing on achieving Net Zero goals due to electoral pressure, but is facing challenges in taxing extreme wealth and implementing new initiatives, including impact measurement matrix. However the right engagement models can act as a bridge for many challenges.

A supportive ecosystem can amplify a solution with a social benefit

Supporting early stage social enterprises involves funding, mentoring, networking, and sharing best practices in impact measurement. Mentors can provide guidance on business strategy, marketing, and fundraising, while networking helps build relationships and connect with resources. Open conversations between stakeholders build a supportive ecosystem, identifying challenges and sharing best practices. Sharing best practices in impact measurement ensures effective systems and contributes to a more just and sustainable world.
Funding - Partnering - Volunteering - Impact

Corporates can support innovative impact solutions by partnering with social enterprises, engaging employees in volunteering and social impact programs, and providing access to social impact investing opportunities. Ground level impact analysis is essential for designing effective social impact programs, enabling companies to identify community needs, assess program impact, and make necessary adjustments.

Aligning with Corporate’s mission with a well-defined Exit strategy

To approach a corporation for a partnership, first understand the corporation's mission and goals. This will help identify potential collaboration areas and tailor your pitch. Highlight how your work aligns with the corporation's ESG standards. Then, articulate your expected project impact, sustainable model, and exit strategy. These include the positive impact on the community or environment, the sustainable model for continued operation and revenue generation after corporate support, and a well-defined exit strategy.

ESG framework to evaluate achievement of the parameters

Overseeing ESG implementation in any built solutions, infrastructure and facility services involves developing an ESG strategy. Engaging the dialogue across the organization and gaining more representatives can be achieved through the formation of an ESG committee, holding ESG training sessions, creating an ESG intranet site, and rewarding employees for their ESG contributions. Social media can also be used to raise awareness of ESG issues and motivate people to take action.

Key Observations & Next steps

Few key discussion points which came up very prominently during the roundtable were:-

- Adoption of ESG is hard, because of lack of awareness, complexity, expense, and standardization. However, taking these standards into account can have positive effects on reputation, performance, and efficiency.
- Socially responsible investing must support ESG impact innovation, and sustainable financing can assist guarantee that innovative projects are in line with ESG objectives.
Collaboration with consumers is crucial for tech startups with a hybrid model, and responsibility and accountability are essential at all levels.

Aligning with a corporation's mission and goals is essential for a successful partnership.

Overseeing ESG implementation in built solutions, infrastructure, and facility services involves developing an ESG strategy through the formation of an ESG committee, and rewarding employees for their ESG contributions.

Next Steps Proposed:

In summary, ESG is an important framework for promoting sustainability, but going beyond ESG can help us achieve even greater environmental and social outcomes. The roundtable discussion aimed to move forward into the ESG domain by a joint effort to increase overall results in the long run. Possible activities that IIIT institute can conduct:

I. Run an ESG Tech challenge towards advancing collaborative efforts.
II. Organise Workshops on specific ESG topics for achieving sustainable and social outcomes.
III. Start an ESG community: xxxx Create a community of ESG interest groups through holding spaces for continuing these dialogues.
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**About IIIT Hyderabad:**

IIIT Hyderabad is a higher-education institute deemed-to-be-university, founded as a non-profit public-private partnership (N-PPP). It is the first IIIT in India under this model. IIIT Hyderabad has established the Raj Reddy Center for Technology and Society (RCTS) to celebrate and amplify the passion of Prof Raj Reddy towards research helping the bottom of the pyramid. (https://rcts.iiit.ac.in/). AIC-IIITH was established to catalyze sustainable development goals using technology to become a thought leader in the space of technology for social impact.” (https://aic.iiit.ac.in/)