ESG fundamentals: the complete foundation course

What environmental, social and governance (ESG) means and where it came from, why investors, regulators and customers ask about it, the climate basics, materiality, how the main frameworks fit together, ESG ratings and investing, credible data and greenwashing, and ESG careers — with exercises, a case study and a final exam with a certificate.

Facts checked November 2026. Read online, take the exam and get a certificate: intellitick.com/learn/esg-basics/

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What ESG means

In this lesson you will learn to

- ✓ Define ESG and its three pillars
- ✓ Tell ESG apart from CSR and from ethics
- ✓ Explain where the term came from
- ✓ Classify topics into E, S and G

ESG stands for environmental, social and governance: the three groups of subjects a company is asked about when people want to know how responsibly it is run, and how exposed it is to risks that a balance sheet does not show.



The three pillars of ESG

The three letters group very different subjects:

Pillar	What it covers	Examples of what is reported
Environmental	The company's use of resources and its effect on the climate and nature	Energy and its sources, greenhouse gas emissions, water, waste

Pillar	What it covers	Examples of what is reported
Social	Its people, the people in its value chain, its customers and communities	Headcount and diversity, health and safety, wages, training, human rights, consumer complaints
Governance	How the company is run and overseen	Board oversight, policies, anti-corruption, conflicts of interest, fines and penalties

ESG reporting is how a company tells the people who rely on it — investors, lenders, regulators, customers, employees — what it does about these subjects, and how well. A report combines **figures** (tonnes of CO_2e, kilolitres of water, injury rates) with **narrative**: who is responsible, what the policy is, and how progress is reviewed. A report that only lists numbers is incomplete. In India, SEBI requires the largest listed companies to report in this way, in the Business Responsibility and Sustainability Report (BRSR)[1](#ref-1).

Note

ESG is not the same as CSR. Corporate social responsibility is what a company spends or does for society — in India, the CSR spending required by section 135 of the Companies Act. ESG asks how the whole business is run, and CSR is one item inside it.

Where the term came from

The phrase "environmental, social and governance" came into wide use after **Who Cares Wins**, a 2004 report by financial institutions convened by the United Nations, which argued that these factors affect long-term investment value. The **Principles for Responsible Investment**, launched in 2006, then committed investors to take them into account. ESG began as an investor's question — how do these factors affect risk and return? — and has since become a reporting obligation for companies in many countries.

Exercise: E, S or G?

Classify each topic: (1) water drawn from a stressed aquifer; (2) the share of women on the board; (3) a supplier using child labour; (4) a bribery investigation; (5) plastic packaging waste; (6) data privacy breaches affecting customers; (7) executive pay linked to safety targets.

Model answer

1. **E** — resource use. 2. **G** — board composition (often also discussed under S as diversity). 3. **S** — human rights in the value chain. 4. **G** — business conduct. 5. **E** — waste and circularity. 6. **S** — customers (some frameworks treat cyber governance under G). 7. **G** — remuneration and oversight, linked to an **S** outcome.

The boundaries are not rigid; frameworks group some topics differently. What matters is that every material topic is covered somewhere.

Who asks for ESG information, and why

In this lesson you will learn to

- ✓ Name the groups that ask for ESG information and what each wants
- ✓ Explain the main regulations in India and abroad
- ✓ Explain why unlisted suppliers are asked too

Companies report on ESG because the people they depend on ask — and, for a growing number of companies, because the law requires it.



Who asks for ESG information

- **Regulators.** In India, the top 1,000 listed companies by market capitalisation must file a **Business Responsibility and Sustainability Report (BRSR)** under SEBI's listing regulations, mandatory since FY 2022-23[1] (#ref-1) [2] (#ref-2). In the EU, the Corporate Sustainability Reporting Directive (CSRD) requires reporting under the European Sustainability Reporting Standards (ESRS) from the largest companies[5] (#ref-5). In more than 45 jurisdictions, the ISSB's standards were being adopted or otherwise used by September 2026[4] (#ref-4).
- **Investors and lenders** use ESG information to judge risks to a company's cash flows and its cost of capital — a carbon price, a water shortage at a plant, a safety record that invites regulation.

- **Customers** — especially large ones that report themselves — ask their suppliers for emissions, energy and labour figures, because their own reports cover their value chain.
- **Employees and communities** look at how a company treats people and the places where it operates.

Many companies that are not obliged to report do so anyway, because one of these asks first. A supplier that can answer quickly and credibly is easier to buy from.

Exercise: Who is asking, and why?

A mid-sized, unlisted Indian auto-parts maker receives three requests in one month: an emissions questionnaire from a European car maker, a BRSR value-chain data request from an Indian listed customer, and an ESG questionnaire from its bank for a loan renewal. Why is each asking, and what is the common answer?

Model answer

- **The European car maker** reports its own Scope 3 emissions and supply-chain due diligence (under EU rules and its own targets); the supplier's emissions are part of its footprint.
- **The Indian listed customer** may report value-chain disclosures in its BRSR — voluntary for the top 250, covering partners that are 2% or more of its purchases or sales [2 (#ref-2)].
- **The bank** assesses climate and ESG risks in its lending and may report its own financed emissions.
- **The common answer:** one well-evidenced data set — energy, emissions, water, waste, workforce, safety, policies — prepared once and used for all three.

Climate essentials for ESG professionals

In this lesson you will learn to

- ✓ Explain the greenhouse effect and why emissions are measured in CO_2e
- ✓ Explain the Paris Agreement's goals, net zero and carbon budgets in plain terms
- ✓ State India's climate targets and its carbon market
- ✓ Explain physical and transition risk

Climate is the most reported ESG topic. Every ESG role needs a working knowledge of the science, the international goals and India's commitments.

The science in brief

Greenhouse gases — carbon dioxide, methane, nitrous oxide and others — trap heat in the atmosphere. Burning fossil fuels, deforestation, agriculture and industry have raised their concentrations, and the planet has warmed. Because each gas traps heat differently, emissions are converted into **carbon dioxide equivalent (CO_2e)** to add them up — the subject of the greenhouse gas accounting course [8] (#ref-8) .

The international goals

The **Paris Agreement** (2015) aims to hold the global temperature rise well below 2°C above pre-industrial levels and to pursue efforts to limit it to 1.5°C. **Net zero** means balancing the greenhouse gases a company or country emits with those it removes; for a company, it means cutting its own and its value chain's emissions deeply, and removing only what is left. Each country sets out its contribution in a **Nationally Determined Contribution (NDC)**.

India's commitments

India's updated NDC, approved by the Union Cabinet on 3 August 2022, commits to [9] (#ref-9) :

- reduce the **emissions intensity of GDP by 45% by 2030**, from the 2005 level;
- reach about **50% of installed electric power capacity from non-fossil sources by 2030**;
- move towards **net zero by 2070**;

- promote **LiFE** — Lifestyle for Environment.

India's **Carbon Credit Trading Scheme** sets greenhouse gas emission intensity targets for energy-intensive sectors; by January 2026 it covered 490 obligated entities in sectors including cement, aluminium, refineries and textiles [11](#ref-11).

Risks for companies

- **Physical risks** — floods, heatwaves, water stress — damage assets and disrupt operations and supply chains.
- **Transition risks** — carbon prices, regulation, technology and changing demand — change costs and markets.

Investors ask about both; the ISSB course covers how they are disclosed.

Exercise: Intensity versus absolute

India's target is an **intensity** target: emissions per unit of GDP. If GDP doubles between 2005 and 2030 and emissions intensity falls by 45%, what happens to absolute emissions?

Model answer
Absolute emissions = GDP × intensity. With GDP × 2 and intensity × 0.55, emissions = 2 × 0.55 = **1.1 times** the 2005 level — **10% higher**. An intensity target allows absolute emissions to rise while the economy grows more efficient. The same arithmetic applies to companies with intensity targets.

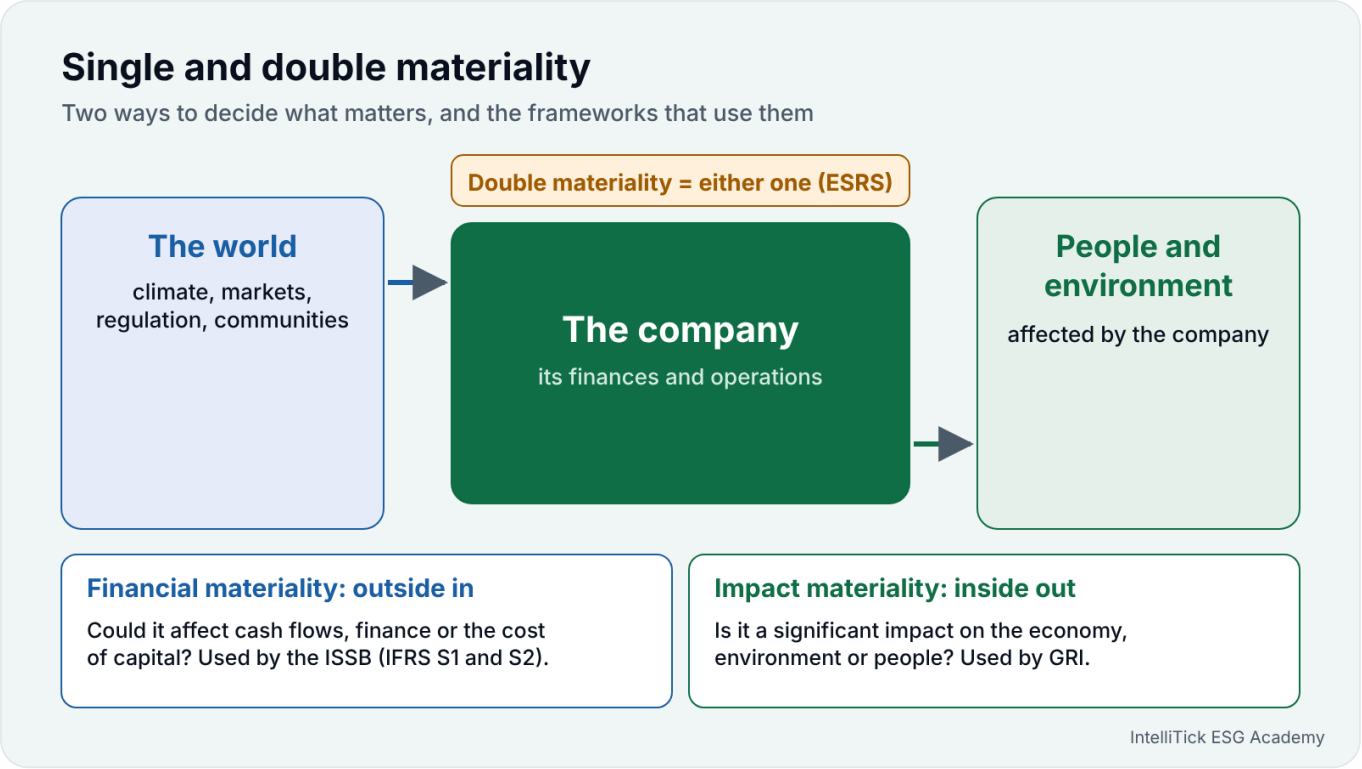
Lesson 4 · Module 2 — Materiality and frameworks

Materiality: deciding what matters

In this lesson you will learn to

- ✓ Explain financial, impact and double materiality
- ✓ Apply each to a business
- ✓ Describe how a materiality assessment is documented

Materiality is how a company decides which ESG subjects matter enough to report. There are two ways to look at it, and the frameworks differ on which they use.



Single and double materiality

- **Financial materiality** (outside in): a subject is material if it could reasonably be expected to affect the company's cash flows, access to finance or cost of capital. The ISSB standards, IFRS S1 and S2, use this lens [3](#ref-3).
- **Impact materiality** (inside out): a subject is material if it represents the company's most significant impacts on the economy, the environment and people. The GRI Standards use this lens [6](#ref-6).
- **Double materiality** uses both: a subject is material if it is material from either perspective. The EU's ESRS require it.

A water-intensive plant in a dry region shows the difference. Its water use is an **impact** on the local community and environment, and it is also a **financial** risk if the plant has to cut production in a

drought. Under double materiality, both reasons count.

Materiality is a decision a company has to document: which subjects it considered, how it assessed them, who approved the result, and why each subject is in or out. That record is what an assurer, an investor or a regulator asks to see.

Exercise: Which lens finds it material?

For a software services company with 40,000 employees and offices in Bengaluru and Pune, decide whether each topic is likely material under financial materiality, impact materiality, or both: (1) employee attrition and skills; (2) electricity use in offices and data centres; (3) data privacy; (4) water use; (5) diversity and inclusion.

Model answer

1. **Both** — talent drives revenue and costs (financial); careers and wellbeing of 40,000 people (impact).
2. **Impact and moderately financial** — emissions from electricity (impact); energy cost and customer emissions questions (financial).
3. **Both** — breaches harm customers (impact) and bring penalties and lost contracts (financial).
4. **Likely impact only, and modest** — offices use water, sometimes in stressed cities; rarely a financial driver for software. It may still be material on impact in a water-stressed city.
5. **Both** — impact on people, and financial through talent and client requirements.

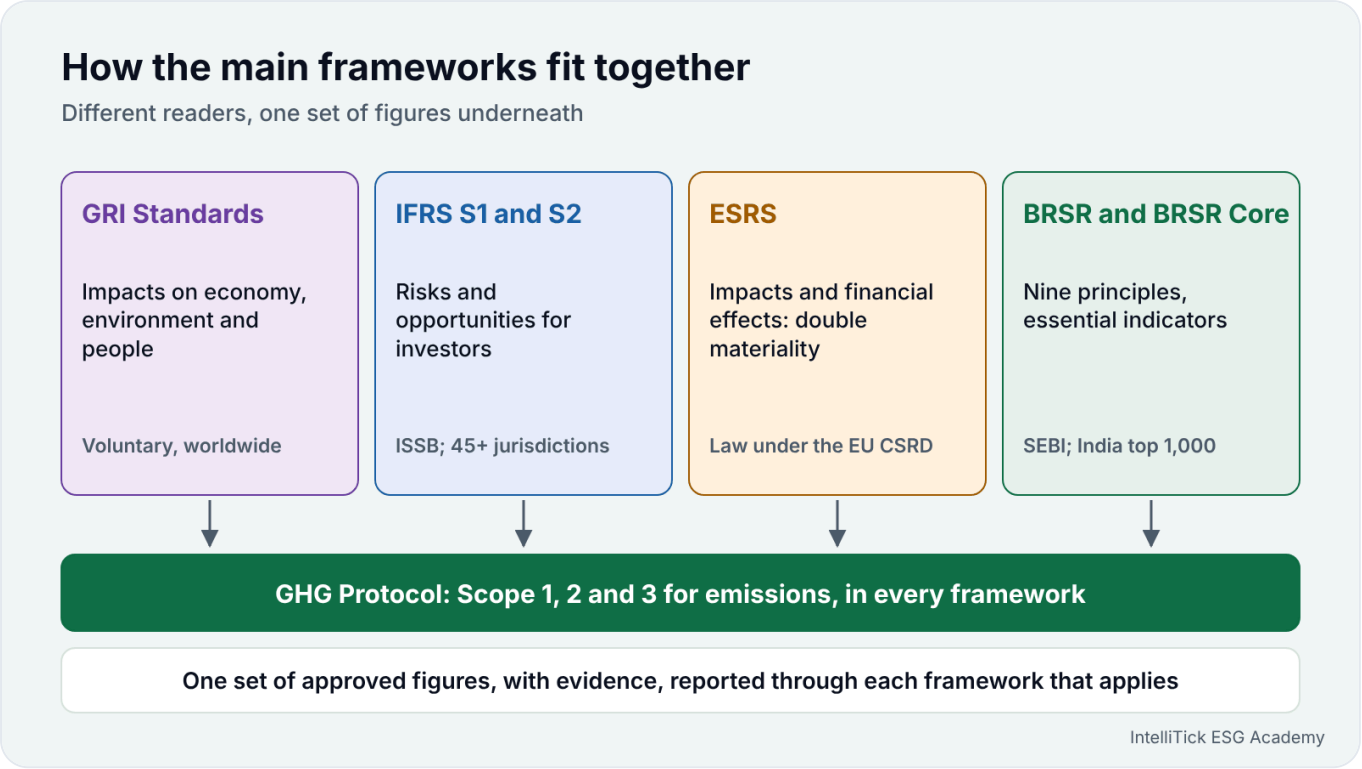
The point: the same topic can be in or out depending on the lens, so state which lens you apply.

The frameworks and how they fit together

In this lesson you will learn to

- ✓ Name the main frameworks and who sets them
- ✓ Explain which reader each serves
- ✓ Explain why one data set should feed every framework

Several frameworks set what an ESG report contains. They overlap, but each answers a different question and serves a different reader.



How the frameworks fit together

Framework	Set by	What it asks	Status
BRSR and BRSR Core	SEBI	India's nine principles of responsible business conduct, with essential and leadership indicators	Mandatory for India's top 1,000 listed companies [2] (#ref-2)
IFRS S1 and S2	International Sustainability	Sustainability-related risks and opportunities that could affect	Adopted or used in more than 45 jurisdictions by September 2026 [4] (#ref-4)

Framework	Set by	What it asks	Status
	Standards Board (ISSB)	cash flows, finance or cost of capital	
ESRS	The EU (developed by EFRAG)	Impacts on people and the environment, and financial effects on the company: double materiality	Law for companies in the CSRD's scope [5] (#ref-5)
GRI Standards	Global Reporting Initiative	A company's most significant impacts on the economy, environment and people [6] (#ref-6)	Voluntary, widely used

Two older names still appear. The **TCFD** recommendations on climate disclosure are fully incorporated into IFRS S2; the Task Force disbanded in October 2023 [7] (#ref-7). And underneath almost every framework, greenhouse gas emissions follow one method: the **GHG Protocol**, with its split into Scope 1, 2 and 3 [8] (#ref-8).

In practice, a company collects one set of well-evidenced figures and reports them through whichever frameworks apply to it — rather than collecting the same figure again for each.

Exercise: Which framework applies?

Name the framework(s) each company is most likely to use: (1) an Indian company ranked 300th by market capitalisation; (2) a German company with 3,000 employees and €900 million turnover; (3) an Indian company with a bond listed in London whose investors want climate risk information; (4) a small Indian supplier asked for emissions by a customer.

Model answer

1. **BRSR and BRSR Core** (mandatory), with the GHG Protocol for emissions.
2. **ESRS under the CSRD** (in scope: more than 1,000 employees and more than €450 million turnover) [5] (#ref-5).
3. **IFRS S2** (investor-focused climate disclosure), voluntarily or as its investors require, alongside its BRSR if listed in India.
4. **The GHG Protocol** for Scope 1 and 2, presented in the format the customer asks for — often aligned with the BRSR or the EU's voluntary standard.

ESG ratings and ESG investing

In this lesson you will learn to

- Explain what ESG ratings measure and why ratings of the same company differ
- Explain how India regulates ESG rating providers
- Describe the main ESG investing approaches
- Explain how a company should engage with raters

ESG ratings turn a company's disclosures and other information into a score that investors use. They are influential — and they often disagree.

What ratings measure

Rating providers collect information from company reports, regulatory filings, news and questionnaires, and score the company on the ESG topics they consider material for its industry. Methods differ: some measure **risk to the company** (financial materiality), others measure **impact**, and they weight topics differently. That is why the same company can score well with one provider and poorly with another.

Regulation in India

Since **3 July 2023**, ESG rating providers in India are regulated by SEBI under a new chapter of the SEBI (Credit Rating Agencies) Regulations, 1999: no one may act as an ESG rating provider without a SEBI certificate, and providers must disclose their rating definitions and state that ratings are not recommendations to buy, hold or sell securities [10] (#ref-10) .

ESG investing approaches

Approach	What it means
Exclusion (negative screening)	Avoiding sectors or companies — for example, tobacco, thermal coal, weapons
Integration	Including ESG factors in financial analysis and valuation

Approach	What it means
Best-in-class	Choosing the leaders on ESG within each sector
Thematic	Investing in themes such as renewable energy or water
Impact investing	Investing to achieve measurable positive outcomes alongside a return
Stewardship	Using voting and engagement to influence companies

Engaging with raters

1. Know which providers rate you and which your investors use.
2. Publish complete, consistent data — most raters rely on public information; gaps are often scored as zeros.
3. Review the provider's data about you when offered, and correct factual errors with evidence.
4. Focus on what is material for your industry, not on every question.

Exercise: Why do the ratings differ?

Provider A rates an Indian cement company highly; provider B rates it poorly. Give three likely reasons.

Model answer

1. **Different lenses:** A may measure how well the company manages the ESG risks to its own finances (strong energy efficiency, alternative fuels); B may measure its absolute impact (cement's very high emissions).
2. **Different weights:** A may weight governance heavily; B may weight climate heavily for cement.
3. **Different data:** one may use the company's latest BRSR and assured BRSR Core figures; the other older or estimated data, or treat missing disclosures as poor performance.

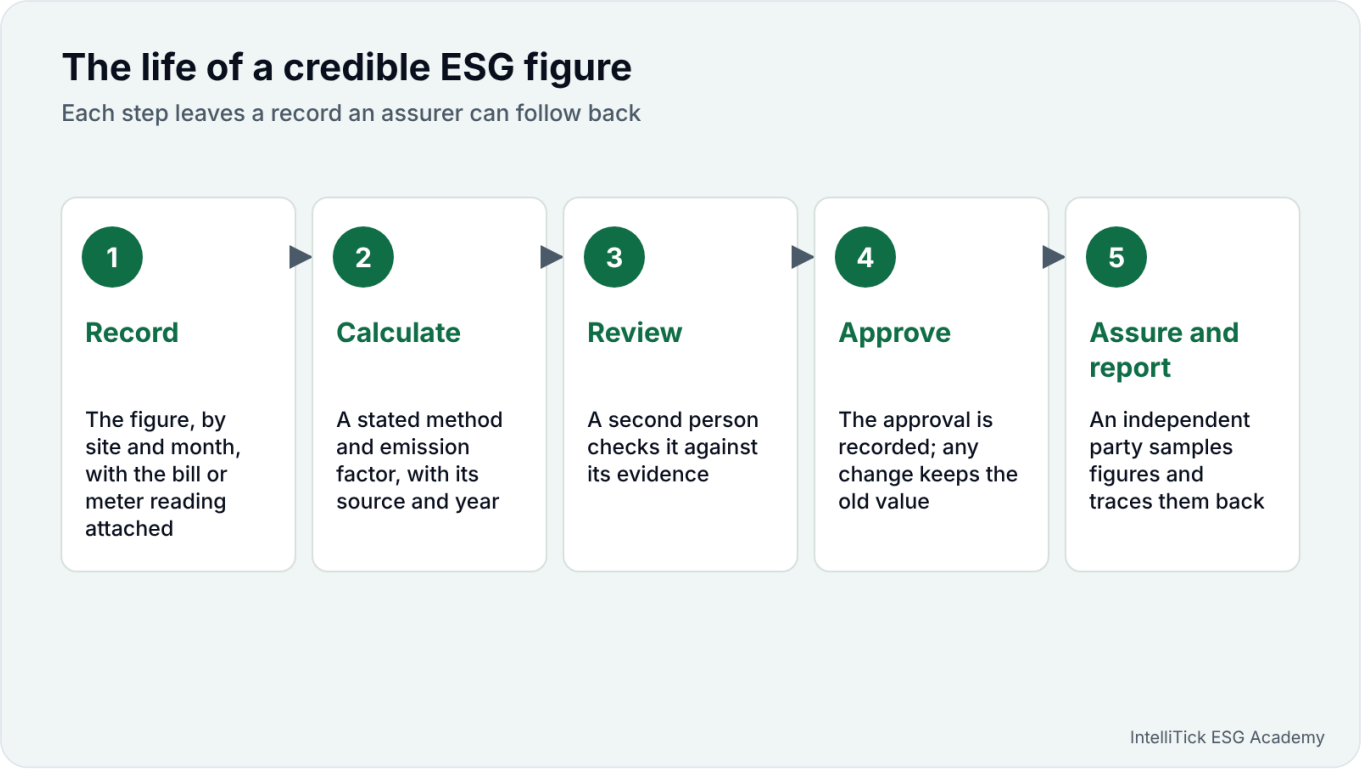
Lesson 7 · Module 3 — Credibility, careers and practice

What makes ESG figures credible

In this lesson you will learn to

- ✓ List the six features of a credible ESG figure
- ✓ Explain assurance in plain terms
- ✓ Trace a figure from source to report

Readers increasingly test ESG figures the way they test financial ones: by tracing a number back to its source.



The life of a credible ESG figure

A report holds up when:

1. **Each figure has a method.** Emissions follow the GHG Protocol, with the emission factors, their sources and the global warming potentials stated [8 (#ref-8)]. Intensities state their denominator.
2. **The boundary is clear.** The report says which entities and sites it covers, and every figure sticks to it.
3. **Every figure has evidence.** A bill, a meter reading, a register — attached to the figure it supports, not lost in a shared folder.

4. **Someone approved it.** The person who enters a figure is not the person who approves it, and the approval is recorded.
5. **Changes are traceable.** When a figure changes, the old value, who changed it and why are kept.
6. **An independent party checks it.** Assurance — limited or reasonable — tests a sample of figures against their evidence. In India, BRSR Core indicators must be assessed or assured[2] (#ref-2).

Most of the work of ESG reporting is not writing. It is gathering figures from every site and function, and getting each one approved with its evidence, before the report is assembled.

Exercise: Trace a figure

A company reports "Water withdrawal: 1,52,000 kL". List what a reviewer should be able to see behind that number.

Model answer

- **The method:** the boundary (which sites), the definition (withdrawal by source), and the unit.
- **The data:** monthly meter readings for each borewell and the municipal bills, by site.
- **The evidence:** the logs and bills attached to each month's figure; where a meter was missing, the estimate and its method — for offices, the BRSR Industry Standards allow 45 litres per person per working day[12] (#ref-12).
- **The approvals:** who entered each month, who reviewed it, when it was approved.
- **The changes:** any correction, with the old value and the reason.
- **The assurance:** if BRSR Core applies, the assurer's sample and conclusion.

Greenwashing: how to recognise and avoid it

In this lesson you will learn to

- ✓ Define greenwashing and its common forms
- ✓ Test a sustainability claim before it is published
- ✓ Rewrite a claim so that it is specific and supportable

Greenwashing is giving a misleading impression of environmental or social performance. It damages trust, invites regulatory action and, increasingly, lawsuits.

Common forms

Form	Example
Vague claims	"Eco-friendly", "green", "sustainable" with no definition
Selective disclosure	Reporting the one plant that improved, not the group
Unsupported targets	"Net zero by 2040" with no plan, base year or scope
Offsets presented as reductions	"Carbon neutral" achieved by buying credits while emissions rise
Irrelevant claims	Highlighting the absence of a substance that is already banned
Hidden trade-offs	Recyclable packaging that is heavier and has higher total emissions

Testing a claim before publication

1. **Is it specific?** What exactly, which product or site, which period?
2. **Is it supported?** Is there evidence that would convince an assurer?
3. **Is it complete?** Does it leave out something that would change the reader's view?
4. **Is it comparable?** Is the baseline fair, and the method consistent?
5. **Does it separate reductions from credits?** Report gross emissions, and credits separately — as the GHG Protocol and the main frameworks require [8] (#ref-8).

Exercise: Rewrite the claim

"Our products are carbon neutral and we are a green company." Rewrite it as a supportable statement for a company whose Scope 1 and 2 fell 12% in two years and which bought carbon credits equal to its remaining Scope 1 and 2.

Model answer

"Our Scope 1 and 2 emissions fell 12% between FY 2023-24 and FY 2025-26, to 46,200 tCO_2e, mainly through switching two boilers from coal to biomass and buying renewable electricity. We also retired 46,200 carbon credits from [registry, project type] to compensate for these remaining emissions; these credits are reported separately and are not counted as reductions. Our Scope 3 emissions, about 3.4 times our Scope 1 and 2, are not covered."

Specific numbers, a period, the method, the separation of credits from reductions, and the limits of the claim.

Mandatory or voluntary: the ESG compliance map

In this lesson you will learn to

- ✓ Separate mandatory ESG obligations from voluntary frameworks and ratings
- ✓ Name the Indian laws and filings that produce ESG data, and who enforces them
- ✓ Explain what happens when a mandatory filing is late or wrong

ESG work sits on three layers: disclosure laws that say what a company must publish, operating laws that make it record and file the underlying data with government, and voluntary frameworks and ratings that investors and customers ask for. Only the first two carry penalties — but all three draw on the same figures.

Layer 1: disclosure laws

These tell a company what to publish about sustainability:

- **India:** the **BRSR**, required in the annual report of the top 1,000 listed companies by Regulation 34(2)(f) of SEBI's LODR Regulations, with BRSR Core assessment or assurance for the largest [2] (#ref-2). A late annual report draws a stock-exchange fine of ₹2,000 a day under SEBI's procedure, escalating to suspension if ignored [2] (#ref-2).
- **European Union:** the **CSRD** and the ESRS, for the largest EU companies and some non-EU groups after the Omnibus [5] (#ref-5). Penalties are set by each member state.
- **Other jurisdictions** adopting the **ISSB standards** — through their own laws, on their own timetables [4] (#ref-4).

Layer 2: the operating laws that produce the data

In India, much of what a BRSR reports has already been filed with a government authority:

Area	Law and filing	Authority	Penalty for failure (examples)
Pollution consents	Consent to establish and to operate under the Water and Air Acts	State Pollution Control Board	Operating without consent remains a criminal offence [15] (#ref-15)

Area	Law and filing	Authority	Penalty for failure (examples)
Environmental data	Environmental Statement in Form V, by 30 September [13] (#ref-13)	State Pollution Control Board	₹10,000 to ₹15 lakh per contravention, plus ₹10,000 a day [15] (#ref-15)
Hazardous waste	Authorisation, records, annual return (Form 4) by 30 June, manifests [14] (#ref-14)	State Pollution Control Board	As above [15] (#ref-15)
CSR	2% of average net profit for qualifying companies; Unspent CSR Account; Form CSR-2 [16] (#ref-16)	Ministry of Corporate Affairs	Twice the unspent amount or ₹1 crore, whichever is less [16] (#ref-16)
Energy and carbon	PAT forms; the Carbon Credit Trading Scheme's monitoring and verified emission reports [11] (#ref-11)	Bureau of Energy Efficiency	Penalties, and certificates to buy for a shortfall

The BRSR course covers each of these, with the forms, due dates and penalties, and a compliance calendar; the greenhouse gas accounting course covers PAT and the CCTS in detail.

Layer 3: voluntary frameworks and ratings

GRI, **CDP**, the **SBTi** and ESG ratings are voluntary: no regulator fines a company for not using them. But what a company publishes under them is still a public statement. A listed company's claims in its annual report and BRSR must be accurate under SEBI's rules [2] (#ref-2), and an unsupported claim is greenwashing whatever framework it appears in.

Why the layers must agree

A water figure in the BRSR, the same plant's Form V and a CDP response should agree, or the differences be explained. An analyst, an assurer or a regulator can compare them — and the first question after a mismatch is which one is wrong. The practical rule: **one approved data set, many outputs**.

Exercise: Sort the obligations

Narmada Cement Ltd is a top-500 listed company with two plants, it exports clinker to the EU, and an investor has asked it to respond to CDP. Sort these into mandatory and voluntary, and name the authority for each mandatory one: (a) BRSR with BRSR Core assurance; (b) Form V; (c) CDP response; (d) CCTS monitoring plan and verified emission report; (e) SBTi target; (f) HW Form 4; (g) CSR spending.

Model answer

Item	Mandatory or voluntary	Authority
(a) BRSR with BRSR Core assurance	Mandatory	SEBI, through the stock exchanges [2] (#ref-2)
(b) Form V	Mandatory	State Pollution Control Board [13] (#ref-13)
(c) CDP response	Voluntary	— (requested by investors)
(d) CCTS reports	Mandatory — cement is a notified sector [11] (#ref-11)	Bureau of Energy Efficiency
(e) SBTi target	Voluntary	—
(f) HW Form 4	Mandatory, if it generates hazardous waste	State Pollution Control Board [14] (#ref-14)
(g) CSR spending	Mandatory, if it meets the section 135 thresholds	Ministry of Corporate Affairs [16] (#ref-16)

Clinker exports also bring CBAM data requests from EU importers — a commercial necessity rather than an Indian filing.

Lesson 10 · Module 3 — Credibility, careers and practice

ESG roles, skills and how to get started

In this lesson you will learn to

- Describe the main ESG roles in companies, consultancies, assurance firms and investors
- Name the skills each needs
- Plan a learning path through the Academy

ESG work has grown from a corporate communications task into a profession spanning reporting, data, risk, assurance and investment. Most roles need the same core: frameworks, data and clear writing.

The main roles

Role	Where	What the work is
ESG or sustainability analyst	Companies	Collecting and reviewing data, preparing the BRSR and other reports, answering customer and rater questionnaires
Sustainability manager / head	Companies	Strategy, targets, materiality, board reporting, managing data owners
Carbon accountant	Companies, consultancies	Building and maintaining GHG inventories, Scope 3, targets, CBAM and carbon market data
ESG consultant	Consultancies	Gap analyses, materiality assessments, report preparation, systems
Sustainability assurance associate	Audit and assurance firms	Testing figures against evidence, reviewing processes, under assurance standards
ESG research analyst	Investors, rating providers	Analysing companies' disclosures, scoring, engagement
Supply chain sustainability specialist	Companies	Supplier data requests, audits, human rights due diligence

The skills

- **Frameworks:** BRSR and BRSR Core for India; the GHG Protocol everywhere; IFRS S2, the ESRS and GRI as the company's investors and customers require [2] (#ref-2).
- **Data:** spreadsheets, unit conversions, ratios, data quality checks, evidence management.
- **Writing:** clear, specific disclosures without jargon or greenwash.
- **Business understanding:** how the company makes money and where its impacts and risks lie.

A learning path through the Academy

1. **ESG fundamentals** (this course) — the map.
2. **Greenhouse gas accounting** — the most requested technical skill.
3. **BRSR and BRSR Core** — essential for any role in India.
4. **IFRS S1 and S2**, **CSRD and ESRS**, and **GRI** — for investor-facing, EU-facing and impact reporting.

Exercise: Plan your first 90 days

You join an Indian listed manufacturer as its first ESG analyst, three months before the BRSR data collection starts. List five things you would do first.

Model answer

1. Read last year's BRSR, its assurance report and the auditor's or assurer's findings.
2. Map the owner of every BRSR Core indicator and meet each one.
3. Check the data sources: meters, bills, HR and finance systems, the vendor master — and where evidence is kept.
4. Build or update the factor register and the calculation sheets for energy and emissions.
5. Agree the timetable with the company secretary, finance and the assurance provider — including the data freeze.

Lesson 11 · Module 4 — Capstone

Case study: Narmada Textiles answers its first ESG questionnaire

In this lesson you will learn to

- ✓ Apply the course to a real-world request
- ✓ Decide what is material and which framework applies
- ✓ Prepare credible answers and avoid greenwashing

Narmada Textiles is a fictional unlisted Indian garment exporter with 1,800 workers in two factories in Tiruppur. Its largest customer, a European retailer, sends an ESG questionnaire; its bank asks for an ESG summary for a loan. The figures are illustrative.

The facts

- Electricity: 9,200 MWh a year from the grid; a 1.5 MW rooftop solar plant on one factory.
- Boilers fired on wood briquettes (biomass); diesel generators used during outages.
- Water: groundwater for dyeing in a region with water stress; an effluent treatment plant with zero liquid discharge.
- Workforce: 1,800 workers, 70% women; a grievance committee; a past audit finding on excessive overtime, now closed.
- Policies: a code of conduct; no written environmental policy; no targets.

Exercise: Task 1 — What matters?

Name the four topics most likely to be material, with the lens.

Model answer

1. **Water** — impact (groundwater in a stressed region) and financial (dyeing depends on it; regulatory risk).
2. **Labour conditions and human rights** — impact (1,800 workers, mostly women; overtime history) and financial (customer audits, contracts).
3. **Energy and emissions** — impact, and financial through the customer's Scope 3 targets.
4. **Chemicals and effluent** — impact (dyeing chemicals) and financial (pollution control consent, customer chemical rules).

Exercise: Task 2 — Credible answers

The sales team wants to answer: "We are a green, zero-impact factory powered by clean energy." Rewrite it accurately.

Model answer

"Our two Tiruppur factories used 9,200 MWh of grid electricity in FY 2025-26, plus electricity from a 1.5 MW rooftop solar plant at one factory. Our boilers use wood briquettes (biomass); diesel generators run during grid outages. Our effluent treatment plant operates on zero liquid discharge. We do not yet have a written environmental policy or emissions targets; we plan to adopt both in FY 2026-27."

Exercise: Task 3 — First steps

List the three improvements that would most strengthen Narmada's answers next year.

Model answer

1. **An environmental policy and targets** — energy, water and emissions, approved by the owners.
2. **A greenhouse gas inventory** — Scope 1 (diesel; biomass CO_2 reported separately, its CH_4 and N_2O in Scope 1) and Scope 2 at the CEA grid factor, by the GHG Protocol [8](#ref-8).
3. **Evidence and review** — monthly meter and bill records for electricity, water and diesel, with a second person reviewing them, so that every figure in the questionnaire can be traced.

Lesson 12 · Reference

Glossary and where to go next

In this lesson you will learn to

- ✓ Use the core ESG vocabulary precisely
- ✓ Know which Academy course to take next

The reference you will come back to: the core vocabulary of ESG, and where to go next in the Academy.

Glossary

Term	Meaning
ESG	Environmental, social and governance
CSR	Corporate social responsibility; in India, spending under section 135 of the Companies Act
Materiality	Deciding which topics matter enough to report: financial, impact or double
BRSR / BRSR Core	India's report for the top 1,000 listed companies / its assured subset [2] (#ref-2)
ISSB, IFRS S1, IFRS S2	The global investor-focused standards [3] (#ref-3)
CSRD, ESRS	The EU's reporting law and standards [5] (#ref-5)
GRI	The impact-focused global reporting standards [6] (#ref-6)
GHG Protocol	The method for measuring greenhouse gas emissions [8] (#ref-8)
Scope 1, 2, 3	Direct, purchased-energy and value-chain emissions
CO_2e	Carbon dioxide equivalent
NDC	A country's Nationally Determined Contribution under the Paris Agreement [9] (#ref-9)
CCTS	India's Carbon Credit Trading Scheme [11] (#ref-11)

Term	Meaning
ESG rating provider	A firm that scores companies on ESG; regulated by SEBI since 2023 [10] (#ref-10)
Assurance	An independent check of reported information
Greenwashing	A misleading impression of environmental or social performance

Where to go next

- **GHG accounting** — to calculate emissions.
- **BRSR and BRSR Core** — to prepare India's report.
- **IFRS S1 and S2**, **CSRD and ESRS**, **GRI** — for investor, EU and impact reporting.

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