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An Initiative of J Sundharesan and Associates

ESG DIGEST

"THE GENESIS OF NEW ERA IS UNFOLDING"

JUNE 2026

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EDITORIAL

Welcome to the ESG Digest Newsletter, your essential guide to corporate governance, sustainability, and responsible business practices. As Environmental, Social, and Governance (ESG) factors continue to shape the corporate landscape, the need for effective governance strategies that integrate these principles has never been more critical.
In this newsletter, we offer valuable insights, practical advice, and in-depth discussions on how companies can align their governance frameworks with ESG considerations. We explore how ESG factors can drive decision-making, enhance risk management, and strengthen board governance structures. We firmly believe that robust corporate governance, combined with strong ESG principles, is key to sustainable growth, resilience, and ethical leadership.

The journey ahead is both exciting and challenging, but with your support, we are confident in our ability to succeed. This year's theme, "YEAR OF TRANSITION – What to so what ", reminds us that change is not just about moving forward, but about transforming challenges into meaningful outcomes.

J Sundharesan

Founder and Sustainability Visionary

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Greenhushing: Why Companies Are Talking Less About Sustainability

Sustainability has become a critical focus area for businesses worldwide, driven by climate concerns, regulatory expectations, investor priorities, and stakeholder awareness. However, a new trend called “Greenhushing” is emerging — where companies deliberately reduce or avoid communicating their sustainability initiatives, achievements, or commitments to prevent criticism or regulatory scrutiny.

Unlike greenwashing, where organizations exaggerate environmental efforts, greenhushing occurs when companies genuinely pursue sustainability initiatives but choose to remain silent about them.

Kamal Mutneja
Certified Independent Director

Many organizations fear that public sustainability claims may attract questions about data accuracy, carbon calculations, ESG ratings, or compliance with evolving disclosure standards.

The rise of stricter ESG regulations, including sustainability reporting requirements and increased investor scrutiny, has made companies more cautious. Organizations are concerned that incomplete disclosures, unclear targets, or poorly explained sustainability strategies could lead to accusations of misleading communication. As a result, some businesses prefer to focus on internal ESG improvements rather than external communication.

However, excessive silence around sustainability can create its own challenges. Stakeholders increasingly expect transparency from companies regarding environmental and social impact. When organizations fail to communicate their sustainability journey, they may lose opportunities to build trust, demonstrate leadership, and engage customers, employees, and investors.

For boards and directors, Greenhushing represents an important governance challenge. Directors must ensure that sustainability reporting is accurate, transparent, and supported by reliable data. ESG communication should not be driven by marketing alone but should reflect measurable outcomes, accountability, and long-term business strategy.

Technology can play a significant role in addressing this challenge. AI-driven analytics, data platforms, and automated ESG reporting tools can help organizations improve data quality, track sustainability metrics, and provide evidence-based disclosures. However, technology must be supported by strong governance frameworks and human oversight.

The future of corporate sustainability will depend on balancing transparency with responsibility. Companies should avoid both greenwashing and unnecessary silence. Instead, they must adopt credible ESG strategies, communicate progress honestly, and demonstrate continuous improvement.

In the era of climate risk and stakeholder capitalism, sustainability is no longer only a reporting exercise — it is a core element of corporate governance, resilience, and competitive advantage. Boards that encourage authentic ESG communication will help organizations build trust while creating long-term value for all stakeholders.

June 2026

Key Highlights in Sight

Blue Alliance Protects 1.5% of Global Coral Reefs, Co-Managing 3.4 Million Hectares

A landmark agreement in Maluku, eastern Indonesia, has brought five major Marine Protected Areas (MPAs) across Indonesia, the Philippines, and Zanzibar under long-term co-management. This milestone expands reef protection across some of the world's most biodiverse seascapes.

Blue Alliance, a non-profit dedicated to effective and financially sustainable MPA management, now co-manages 3.4 million hectares—equivalent to 1.5% of global coral reefs—through government mandates, science-based monitoring, local ranger teams, and blue economy initiatives.

The Maluku signing formalizes protection of 1.4 million hectares across six conservation areas, including Romang, Damer, Tanimbar, South Buru, Kur Tayando Tam, and Lucipara. These waters, part of the Coral Triangle and the 50 Reefs Initiative, are vital for food security and climate resilience.

Blue Alliance's model combines government partnerships, daily patrols by ranger teams, ecological monitoring, and enterprise development to reduce poverty and generate revenue for MPA operations. The goal is financial self-sufficiency, ensuring conservation pays for itself over time.

Independent verification by CNRS highlights strong impact: 158,000 people supported through sustainable fishing, 280+ local staff deployed, 70 threatened species protected, 250,000 tonnes of CO_2 avoided, rising fish stocks, and six businesses generating $1.2M in revenue—on track to $10M by 2030.
Looking ahead, Blue Alliance aims to scale its model to protect 5% of the world's coral reefs (around 9 million hectares) by 2030, improving food security and supporting half a million coastal fishers.

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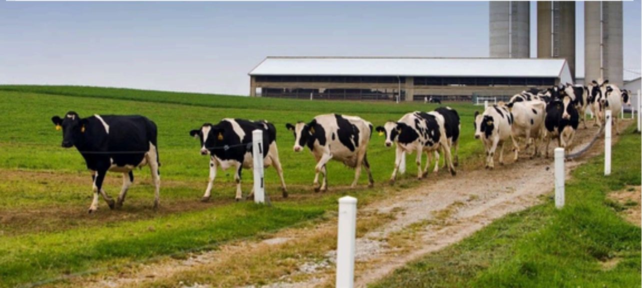
Nestlé Dairy Plan Cuts Emissions While Boosting Farmer Welfare



Nestlé has unveiled its first-ever Dairy Plan, a global strategy to reduce greenhouse gas emissions while improving farmer livelihoods, animal welfare, and ecosystem health. Since 2018, the company reports a 26% reduction in emissions across its dairy supply chain, achieved through precision feeding, lower-carbon feed, improved manure management, methane-reducing technologies, and regenerative farming practices.

The plan comes as dairy producers face challenges from climate change, rising costs, labor shortages, and volatile milk prices. Nestlé, which works with 130,000 farmers and over 200 suppliers worldwide, aims to make dairy farming more efficient, resilient, and sustainable rather than reducing production. Regional projects highlight this approach: biodigesters in India to manage waste and generate clean energy, a net-zero pilot farm in New Zealand, and a program in the Netherlands targeting a 50% footprint reduction by 2030. Nestlé collaborates with major suppliers including Fonterra, Lactalis, FrieslandCampina, Sodiaal Euroserum, Agropur, and Land O'Lakes to improve traceability and develop low-emission solutions.

Executives emphasize that productivity and sustainability can reinforce each other. Farmers are being supported with new technologies and business skills to adapt to climate and economic pressures while maintaining milk quality. Animal welfare and soil health are also central, as feed quality, herd health, and environmental conditions directly influence both sustainability and product quality.

Nestlé's Chief Sustainability Officer, Antonia Wanner, described the Dairy Plan as "shared value," benefiting farmers, businesses, and the environment. The initiative forms part of Nestlé's broader net-zero strategy, positioning sustainable dairy as key to long-term supply chain resilience.

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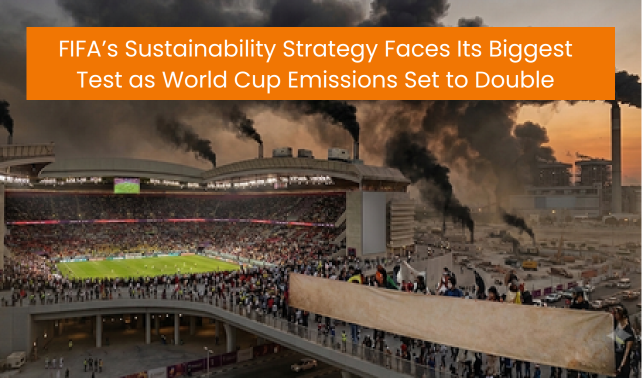
FIFA's Sustainability Strategy Faces Its Biggest Test as World Cup Emissions Set to Double

The 2026 FIFA World Cup is set to carry the largest carbon footprint in football history. A recent analysis by Greenly projects emissions of 7.8 million metric tons of CO_2—more than double Qatar 2022's 3.8 million. The expanded format, with 48 teams playing across 16 cities in three countries, makes long-haul flights unavoidable, with travel expected to account for 87% of emissions. While FIFA highlights mitigation measures such as using existing stadiums, encouraging public transport, and reducing diesel reliance, critics argue these efforts barely address the scale of the problem.

Beyond travel, the tournament's digital ecosystem—streaming, broadcasting, sports data, and betting platforms—adds a massive but largely invisible carbon dimension. Multi-screen viewing habits amplify demand, with national grids already straining under match-day spikes. Experts warn this footprint is entirely absent from FIFA's official sustainability accounting, leaving a significant portion of emissions unacknowledged.

For investors, sponsors, and executives, the event underscores a widening gap between FIFA's sustainability messaging and the measurable climate impact of its flagship product. The decision to expand the tournament without a credible offset or reduction framework has magnified reputational risks. Regulators and ESG frameworks may soon find it difficult to ignore an event projected to be the most carbon-intensive in international football.

As pressure builds from researchers, governments, and fans, the 2026 World Cup highlights a critical question: can global sporting bodies credibly balance expansion with environmental responsibility, or will climate risk become a defining factor in how future mega-events are judged?

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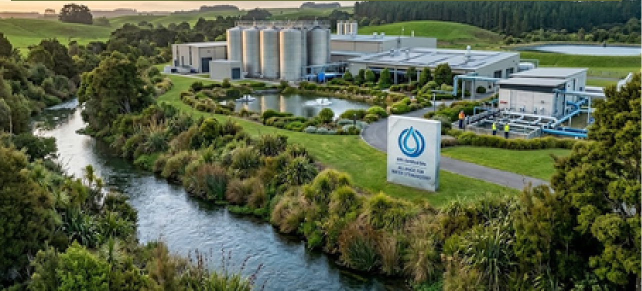
PepsiCo Advances Water Stewardship with Global AWS Standard Adoption



PepsiCo has reached two major water sustainability milestones ahead of its 2025 target, achieving 100% water replenishment across high-risk watersheds and adopting the Alliance for Water Stewardship (AWS) standard at all company-owned sites in these regions. The announcement, timed with World Water Day, underscores a shift in corporate water strategy toward ecosystem restoration, climate resilience, and long-term business sustainability.

In 2025 alone, PepsiCo implemented over 60 projects, replenishing nearly 29 billion liters of water globally. Initiatives included reconnecting the Colorado River through the Windy Gap Connectivity Project, agroforestry in the Dominican Republic's Ozama Basin, irrigation efficiency programs in Egypt's Nile watershed, and riverbank restoration in Spain and Türkiye. Alongside replenishment, AWS adoption strengthens governance by embedding water stewardship into operational decision-making. PepsiCo leaders emphasized collaboration between global partnerships and local expertise as key to resilience.

For investors and supply chain operators, the achievement highlights how water scarcity is evolving into a material risk, particularly in agriculture-heavy industries. PepsiCo's progress reduces exposure to regulatory, reputational, and operational challenges while advancing its ambition to become Net Water Positive by 2030. Future goals include expanding replenishment to franchise bottlers, improving efficiency across product categories, and providing safe water access to 100 million people. With its 2025 goals met early, PepsiCo is now focused on integrating water stewardship with climate resilience and regenerative agriculture, signaling how water management is becoming a strategic priority for global businesses.

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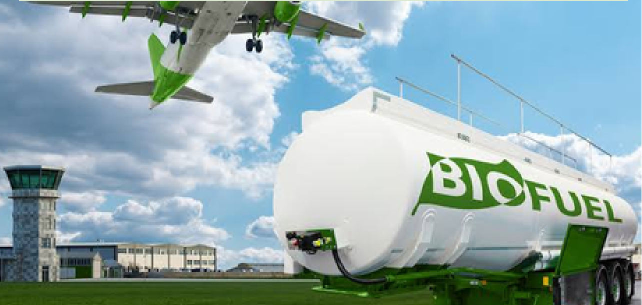
Airbus, Technip, Safran and Tereos to Develop Large-Scale SAF Production Facility in France



Airbus, Technip Energies, Safran, and Tereos have announced a joint venture to build one of Europe's largest Sustainable Aviation Fuel (SAF) production facilities at the Port of Dunkirk, Northern France. The project is designed to deliver 160,000 tons of SAF annually, using the Alcohol-to-Jet (AtJ) pathway, which converts advanced ethanol from agricultural and forestry residues into drop-in aviation fuel compatible with existing aircraft engines. SAF is widely recognized as a critical tool for decarbonizing aviation, though current production remains limited, accounting for just 0.6% of airlines' fuel consumption in 2025.

Under the agreement, Technip Energies will lead development and provide engineering services, as well as an industrial site offering logistical advantages for feedstock and product transport. Airbus and Safran will act as industrial partners and potential offtakers, while Tereos will supply advanced ethanol. The partners will jointly fund the development phase, including engineering studies, permitting, and activities required before a Final Investment Decision.

Airbus emphasized the project's role in expanding SAF availability, reducing aviation emissions, and strengthening Europe's energy security. Safran highlighted the importance of scaling SAF to meet climate goals, while Tereos underscored its alignment with building low-carbon value chains rooted in European agriculture. The staged development process will involve technology licensor selection, feedstock agreements, and financing for construction. This collaboration reflects growing momentum to scale SAF production capacity, address feedstock challenges, and accelerate aviation's energy transition. By combining industrial expertise with agricultural innovation, the project aims to establish a competitive SAF industry in Europe, create new jobs, and contribute to long-term climate resilience. At full scale, the Dunkirk facility will be a cornerstone in Europe's push to decarbonize air transport.

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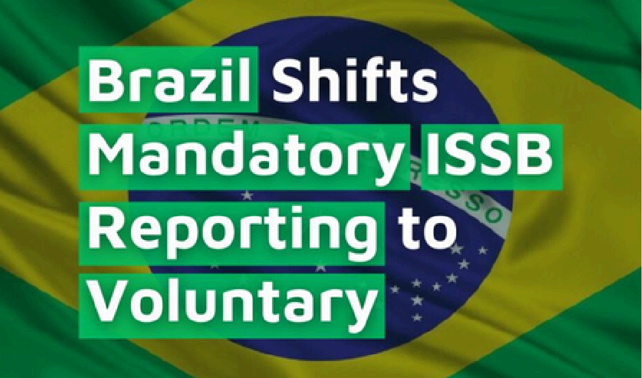
REGULATORY UPDATES


Brazil Shifts
Mandatory ISSB
Reporting to
Voluntary

Brazil's Securities and Exchange Commission (CVM) has revised its sustainability reporting rules for public companies, shifting from mandatory ISSB-aligned disclosures to a voluntary system. Originally set to begin in 2026, the requirement has been replaced with a "comply-or-explain" model. Companies that choose not to publish sustainability reports must issue a market announcement explaining their decision when filing annual financial statements in 2027.

For those that proceed, reporting must follow the standards developed by the Brazilian Sustainability Pronouncements Committee (CBPS), based on the International Sustainability Standards Board's (ISSB) IFRS S1 and S2 frameworks. Companies opting in must commit to reporting for at least three consecutive years. If they later decide to stop, they must disclose the decision in advance through a public announcement. The CVM first introduced mandatory sustainability reporting in 2023, requiring disclosures for fiscal years beginning January 1, 2026. The updated regulation maintains transparency and comparability by retaining ISSB standards but allows companies greater flexibility to weigh costs and benefits.

In its statement, CVM explained the changes aim to "preserve transparency and comparability" while respecting companies' freedom to allocate investor resources. The regulator emphasized that voluntary adoption, combined with clear disclosure requirements, will still provide investors with reliable sustainability information. This adjustment reflects broader global debates on balancing mandatory ESG reporting with corporate flexibility. While Brazil's approach eases compliance burdens, it also ensures accountability by requiring companies to justify non-reporting decisions. For investors and stakeholders, the framework continues to support transparency while encouraging companies to align with international sustainability standards.

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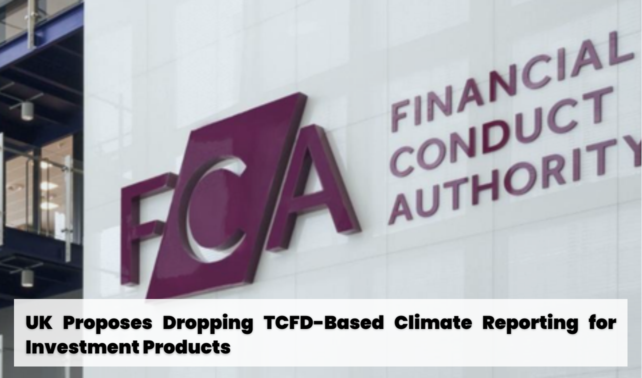

UK Proposes Dropping TCFD-Based Climate Reporting for Investment Products

The UK's Financial Conduct Authority (FCA) has proposed changes to climate disclosure rules for investment products, aiming to simplify reporting requirements for asset managers and asset owners. The regulator plans to drop mandatory Taskforce on Climate-related Financial Disclosures (TCFD)-based product reports, replacing them with streamlined rules tailored to retail and institutional investors. The FCA estimates the new approach could save firms around £20 million annually.

Under current rules introduced in 2021, firms must publish detailed entity- and product-level reports, including carbon metrics and scenario analyses. A recent FCA review found the requirements improved risk management and transparency, helping firms integrate climate risks into strategies. However, retail investors struggled with the complexity of TCFD reports, leading to low engagement. Institutional clients, meanwhile, preferred requesting specific emissions data directly from firms rather than relying on public reports.

The new proposal introduces more outcomes-focused requirements. For retail investors, firms would disclose climate risks and opportunities only when they are materially relevant to product performance or returns, integrating this information into general communications about risk. For institutional clients, firms would provide scope 1, 2, and 3 greenhouse gas emissions data upon request, limited to one request per product per year. Michelle Beck, FCA Director of Wholesale Buy-Side, said the changes reflect a "smarter, more proportionate" regulatory approach, cutting complexity while ensuring investors receive clear, useful information. The proposals mark a shift toward more practical, targeted climate reporting, balancing transparency with efficiency for both firms and investors.

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The Invisible Footprint: Mastering EPR Compliance for Plastic Packaging in Luxury Retail

In the high stakes world of luxury retail, the focus has long been on the brilliance of the product. However, as of 2026, Indian regulators have shifted their gaze to what carries that product: the packaging. For jewelry retailers and luxury brands, the plastic box is no longer a mere presentation tool; it is a Category I Rigid Plastic obligation under the Plastic Waste Management (PWM) Rules.

The Branding vs. Burden Dilemma

Under the current Extended Producer Responsibility (EPR) framework, jewelry entities are classified as Brand Owners. This designation mandates that every gram of rigid plastic packaging from reinforced boxes to protective films must be accounted for, tracked, and offset through recycling credits. The complexity arises because these items are often retained by consumers for years as storage or gifting accessories, yet the law requires brands to meet annual collection and recycling targets based on the quantity of packaging introduced into the market.

Non-compliance can result in environmental compensation charges, regulatory scrutiny, and reputational risks. Consequently, packaging has evolved from a marketing consideration into a boardroom-level compliance issue requiring continuous monitoring and reporting.

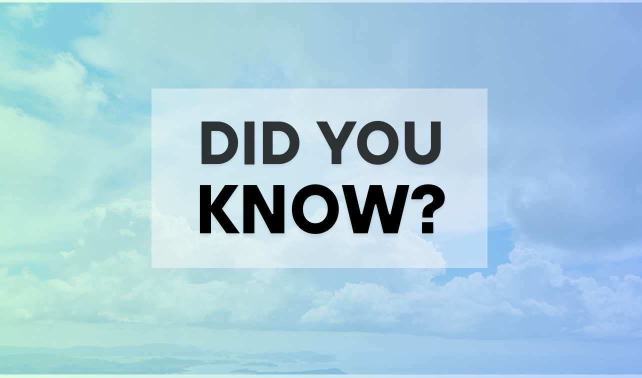
Strategic Integration in BRSR

For listed entities, this is not merely a waste management exercise; it forms part of Principle 2 (Product Lifecycle Sustainability) disclosures under the Business Responsibility and Sustainability Report (BRSR). Leading luxury brands are moving beyond basic compliance by adopting strategic initiatives such as:

- Material Substitution: Transitioning to recyclable paper based alternatives, innovative composite materials, or certified compostable packaging wherever feasible.
- Design Optimization: Reducing packaging weight and eliminating unnecessary plastic components while preserving the premium customer experience.
- Digital Traceability: Utilizing QR codes on packaging to facilitate consumer led return programs and improve transparency across the packaging lifecycle.
- Supplier Collaboration: Engaging packaging vendors to ensure accurate material declarations and compliance ready documentation.
- EPR Credit Management: Leveraging the CPCB's centralized EPR portal to procure or trade recycling certificates, thereby optimizing compliance costs.
- Consumer Awareness Initiatives: Educating customers about responsible disposal and recycling practices through packaging inserts and digital campaigns.

As secretarial audits and ESG assessments become increasingly rigorous, the "Invisible Footprint" of packaging is emerging as a key indicator of corporate sustainability maturity. Investors, regulators, and consumers now expect brands to demonstrate accountability beyond the product itself. In 2026, the hallmark of a luxury brand is no longer defined solely by the purity of its gold or the brilliance of its gemstones, but also by the transparency, traceability, and sustainability of its packaging lifecycle.

Disha , Trainee at
J Sundharesan and Associates


DID YOU
KNOW?

World Environment Day

June 5th

IT IS A GLOBAL INITIATIVE TO INSPIRE AWARENESS AND ACTION FOR THE PROTECTION OF OUR PLANET.

World Food Safety Day

June 7 th

IT RAISES AWARENESS ABOUT THE IMPORTANCE OF SAFE FOOD PRACTICES TO PROTECT HEALTH AND PROMOTE SUSTAINABLE DEVELOPMENT.