MAY

2026

"ESGrite" Your rite - We write

ESG DIGEST

"THE GENESIS OF NEW ERA IS UNFOLDING"

SUSTAIN
SUPPORT
SUCCEED

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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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Key Highlights in Sight

Digital Edge ESG Report 2026: How AI Energy Demand Is Reshaping Data Centres

Digital Edge’s latest ESG Report underscores how AI and cloud expansion are reshaping data centre operations, driving up energy demand and making sustainability a core priority. The company positions ESG not as a side initiative but as a framework embedded across infrastructure design, finance, and operations.

Three guiding pillars—respect for resources, people, and transparency—shape decisions on energy use, water management, emissions tracking, and governance. Partnerships with organizations sharing similar ESG goals further enable Digital Edge to scale sustainable infrastructure across diverse markets. Green finance is central to this strategy. Through its Green Finance Framework, the company channels investment into projects with measurable environmental benefits, including renewable energy adoption and green building certifications. Recent green loans have funded developments in South Korea and Indonesia, such as a hyperscale AI-ready campus in Jakarta designed to deliver massive computing capacity while meeting sustainability benchmarks.

The report highlights AI workloads as a key driver of rising energy demand. To address this, Digital Edge has committed to achieving 100% renewable or carbon-free electricity by 2030. Progress includes a solar power purchase agreement supporting its Mumbai operations.
Efficiency goals are equally ambitious. New facilities target a Power Usage Effectiveness (PUE) of 1.25 or better, supported by modular construction, scalable systems, and advanced cooling technologies like liquid cooling.

By embedding ESG into every layer of its operations, Digital Edge demonstrates how digital infrastructure can expand responsibly while balancing performance, decarbonization, and resource efficiency.

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Circular Data Centre Design: Microsoft’s Push for Zero Waste

Microsoft is rethinking how its data centres operate, embedding sustainability and efficiency at the core. The company has adopted circular design principles to reduce waste, extend hardware life, and limit its environmental footprint. By 2025, single-use plastics in Microsoft's product packaging had been cut to just 0.07%, reflecting a broader push to eliminate unnecessary materials. At the same time, the company achieved a 90.9% reuse and recycling rate for cloud hardware, surpassing its 90% target. More than 3.2 million components were reused in 2024, with 85% of demand for outdated spare parts met using existing inventory.

Circular practices are central to this progress. Servers and components are designed for durability and modularity, making them easier to repair or upgrade. Once equipment reaches the end of its initial lifecycle, it is sent to specialized circular centres in Amsterdam, Dublin, and the U.S., where parts are refurbished, redeployed, or responsibly recycled.

This "reduce, reuse, recover" approach not only alleviates waste but also strengthens supply chains. Reusing components reduces reliance on new manufacturing, cutting emissions and ensuring access to critical materials as demand for computing power rises, driven by AI and digital services.

Microsoft's data centres also support AI-driven environmental initiatives. Projects like ALERTCalifornia use connected sensors to detect wildfire threats, while Project SPARROW tracks rainforest wildlife. The Climate Data Hub, built with global partners, aggregates climate data from nearly 200 countries to aid decision-making.

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Cutting Costs and Emissions: Food Waste in Hospitality Under the Spotlight

Food waste in hospitality is emerging as both an environmental and financial issue, with hotels under growing pressure from regulators and sustainability-minded travelers. From buffets to fine dining, large volumes of food are discarded daily, contributing to emissions and eroding profits.

A recent assessment by WWF, Greenview, and the American Hotel & Lodging Association highlights the scale of the problem. Globally, food waste accounts for 8–10% of greenhouse gas emissions, with hotels responsible for about 3% of the total. Even a 20% reduction across the sector could prevent more than 5 million tons of waste annually, underscoring the importance of hotel sustainability efforts. The economic case is equally compelling. Food waste represents roughly 8% of hotel food costs. Pilot projects show that measuring and managing waste can cut it by up to 40% in just six months, delivering strong returns—on average, $7 for every $1 invested.

Yet measurement remains a hurdle. Many hotels lack systems to track waste accurately, making it difficult to identify problem areas. Experts stress that better data is the foundation for effective management.
Patterns also vary widely: resorts generate about 75% more waste than non-resort hotels due to larger buffets and higher turnover. This means tailored strategies, not one-size-fits-all solutions, are essential.

Industry groups are now launching pilot programs to improve data collection and reporting. The message is clear: tackling food waste is no longer optional. It is a strategic priority that can cut costs, lower emissions, and strengthen competitiveness in a sustainability-driven market.

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Indonesia Bets on Its Forests to Fund Its Climate Future

In a bold move that could reshape how emerging economies approach climate finance, Indonesia has announced plans to rehabilitate 12 million hectares of degraded land — one of the largest reforestation ambitions currently under discussion globally — and tie the effort directly to the international carbon credit market.

Forestry Minister Raja Juli Antoni unveiled the commitment at the United Nations Forum on Forests in New York, stating that new tree-planting initiatives would be integrated with the country's growing carbon offset program. Indonesia has already issued supporting regulations, with carbon offset sales expected to meet high-integrity standards and be conducted in partnership with local communities. The initiative aligns with President Prabowo Subianto's broader ambition to monetize emissions reductions and attract international climate finance.

But the announcement arrives under a shadow of scrutiny. Forest loss in Indonesia surged 66% in 2025 — the highest rate in eight years — driven by weak environmental protections and the president's push for food and energy self-sufficiency, according to environmental group Auriga.

For investors and corporate buyers alike, the key question is execution: Indonesia has the land base and policy intent, but success will depend on consistent enforcement, credible verification, and a project pipeline that can withstand global due diligence. The world is watching — and so are its forests.

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REGULATORY
UPDATES

EFRAG Calls For European Input As ISSB Advances SASB Standards Revisions

Europe is preparing a coordinated response to the International Sustainability Standards Board's (ISSB) latest consultation, which runs until 24 July 2026. The ISSB is seeking feedback on proposed updates to three Sustainability Accounting Standards Board (SASB) standards—covering Electric Utilities and Power Generators, Agricultural Products, and Meat, Poultry and Dairy—alongside revisions to industry guidance supporting IFRS S2 climate disclosures.

The European Financial Reporting Advisory Group (EFRAG) has launched its own consultation on a Draft Comment Letter, urging stakeholders to contribute via surveys and workshops. The goal is to shape a unified European position before the ISSB finalizes revisions. EFRAG emphasizes that this is a critical opportunity to influence the future of sustainability reporting and ensure interoperability between global and European frameworks.

The ISSB's consultation marks the final stage of its SASB overhaul under the 2024–2026 work plan. By targeting high-impact sectors with significant emissions exposure and transition risks, the updates aim to refine industry-specific disclosure requirements and strengthen alignment with IFRS S2.

For investors, the revisions promise tighter disclosure expectations and improved comparability across markets. Enhanced transparency in power and agriculture sectors could reduce fragmentation in ESG data, supporting better capital allocation decisions.

Brussels' push reflects Europe's determination to remain a leading voice in shaping global sustainability standards, ensuring that European priorities on climate, supply chain resilience, and emissions intensity are embedded in the evolving global framework.

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The Climate Disclosure Clock Is Running Out and Corporate America Is Watching

The U.S. Securities and Exchange Commission has officially began dismantling one of the Biden administration's most significant ESG milestones, setting the stage for a prolonged period of regulatory uncertainty for companies navigating climate reporting.

The White House is now reviewing a proposal from the SEC to formally rescind climate disclosure requirements introduced during the Biden administration, following a May 4 filing with the Office of Management and Budget. The SEC has also informed the U.S. Court of Appeals of its plans, stating that it does not intend to defend the rules and has submitted a new proposed rule titled "Rescission of Climate-Related Disclosure Rules."
The original 2024 rules, adopted under former SEC Chair Gary Gensler, were the first of their kind — requiring public companies to disclose climate risks, the financial impact of severe weather events, and in some cases their greenhouse gas emissions. The agency argued that the rules exceed its statutory authority and that their costs outweigh the benefits.

But the rollback is far from the end of the story. California, the European Union, and several other jurisdictions are pressing ahead with their own climate disclosure frameworks, meaning many large U.S. companies could still face requirements — just in an inconsistent, patchwork fashion that experts warn will make reliable, comparable data harder to obtain. For investors betting on transparency, the rulebook just got a lot murkier.

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Future of ESG

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

For a long time, sustainability efforts within organizations were confined to what was visible and controllable factory emissions, office energy use, and operational efficiency. However, as ESG frameworks evolve, it has become clear that the true environmental impact of a business lies beyond its direct operations. This broader impact is captured under Scope 3 emissions, a concept defined by the Greenhouse Gas Protocol.

Scope 3 emissions represent all indirect emissions occurring across a company's value chain both upstream and downstream. This includes activities such as procurement of raw materials, transportation, product usage by customers, and disposal at the end of a product's lifecycle. What makes Scope 3 particularly significant is its magnitude; in many industries, it contributes the majority often more than 70% of total emissions. As a result, companies can no longer claim meaningful progress on climate goals without addressing this critical component.

Unlike Scope 1 and Scope 2 emissions, which are relatively easier to measure and control, Scope 3 introduces a layer of complexity due to its dependence on external stakeholders. Suppliers may operate in different regulatory environments, lack standardized reporting systems, or have limited awareness of ESG practices. This creates challenges in data reliability, consistency, and verification. Yet, growing stakeholder expectations are compelling organizations to overcome these barriers.

Global frameworks such as the Task Force on Climate related Financial Disclosures have played a pivotal role in expanding the focus toward value chain risks and opportunities. At the same time, regulators are stepping in to formalize these expectations. In India, the Securities and Exchange Board of India, through its enhanced Business Responsibility and Sustainability Reporting (BRSR) requirements, is encouraging listed entities to disclose ESG related information across their value chains, including key suppliers and partners.

This shift is fundamentally redefining how companies engage with their ecosystems. Procurement functions are evolving from transactional roles to strategic enablers of sustainability, where vendor selection is increasingly influenced by ESG performance. Organizations are beginning to collaborate with suppliers, invest in digital tools for tracking emissions, and set shared sustainability targets to ensure alignment across the value chain.

Ultimately, the expansion of Scope 3 signals a deeper transformation in corporate accountability. ESG is no longer limited to internal metrics it is about understanding and managing the broader impact of business activities on the environment and society. Companies that proactively embrace this change will not only enhance transparency and compliance but also build resilience, strengthen stakeholder trust, and position themselves as leaders in the transition toward a sustainable economy.

Jayanth , Trainee at
J Sundharesan and Associates

DID YOU KNOW

International Labour Day
May 1st

A day to honour workers' contributions and advocate for their rights. It also serves as a reminder of the historical struggle for better working conditions worldwide.

International Day for Biological Diversity
May 22nd

marks the International Day for Biological Diversity, a global initiative to increase understanding and awareness of the vital importance of a healthy, diverse ecosystem.

MAY 1

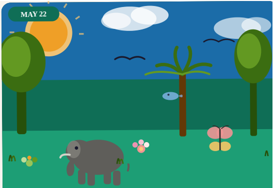
WORKERS UNITED

International Labour Day

Also known as May Day, it honours workers worldwide and the labour movement. The 8-hour workday we enjoy today was fought for by these very workers.

Celebrated in over 160 countries worldwide.
"An injury to one is an injury to all."

MAY 22



International Day for Biological Diversity

Earth is home to an estimated 8.7 million species — yet 86% of land species and 91% of marine species remain undiscovered. Biodiversity keeps our planet alive.

Observed since 2001 — UN Convention on Biodiversity.
"In every walk with nature, one receives more than he seeks."

THANK YOU