



ESG Strategies and  
Practices in Indian  
**Gems &  
Jewelry  
Industry**



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## List of Abbreviations

CAGR	Compound annual growth rate
CFC	Common Facility Centre
CIBJO	The World Jewellery Confederation
CII	Confederation of Indian Industry
COP	Code of Practice
CSR	corporate social responsibility
ESG	Environmental, Social, and Governance
EU	European Union
FY	Financial Year
GDP	Gross Domestic Product
IJEX	India Jewellery Exposition
LBMA	London Bullion Market Association
NFCG	National Foundation for Corporate Governance
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Co-operation and Development
PPP	Product, People, Planet
R&D	Research & Development
RGMPs	Responsible Gold Mining Principles
SDG	Sustainable Development Goals
SEZ	Special Economic Zone
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNGC	The UN Global Compact
USA	The United States of America
USD	The United States dollar
WGC	World Gold Council



# Executive Summary

***The Gem & Jewellery sector has a key player to India's economy contributing significantly to India's merchandising exports annually and employing nearly 5 million people.***

Conversations around ESG (environmental, social and governance) are migrating from academia and industry conventions to boardrooms and investment models real fast. As the ESG revolution swept through advanced economies and global investment practices, it is time for India, the world's fifth largest and fastest growing economy, which leads the G20's ESG agenda, to step up.

The efficacy of regulations and pace of implementation promises India an important seat at the ESG-conscious global table. Developing a sustainability strategy is an important step towards supporting this mission further to ensure a more resilient industry with a positive impact on the world around us.

This report has made a concerted effort to focus on the Gems and Jewellery industry and the ESG practices by examining the supply chain of the Jewellery industry, discussing the importance of transparency and traceability and providing insights into how ESG practices can drive positive change in the industry, while also benefiting a company's bottom line.

The Gem & Jewellery sector has a key player to India's economy contributing significantly to India's merchandising exports annually and employing nearly 5 million people. The industry has the power and promise to realise the goal of local goes global.

Hon'ble Prime Minister Shri Narendra Modi's vision is to make India No. 1 in the Gem & Jewellery global business with Make in India products as well as focussing on the design aspects. India is a destination for Jewellery as well as for creativity, ideas, and progress.

India has always been known as the land of Gems & Jewels, intricate workmanship, and unparalleled artistry of Jewellery creations. India's legacy in this industry dates back to centuries as continues to evolve embracing modern trends and technology while honouring our traditional roots. The lab grown industry in the country is rising and championing sustainability at every step of the way. Surat Diamond Bourse, the world's largest building is expected to become the hub of all diamond trading activity soon.

Progressing towards a greener society and adopting the ESG practices, companies need to get into the practice of disclosing their sustainability imperatives, initiatives, and performance, and outline their plans to transform themselves while positively impacting their stakeholders and industry. An ESG strategy will enable the businesses to determine where to focus their efforts in order to have the greatest impact, to identify where they want to lead and to set relevant targets against which to measure their performance and progression.

To really make a change, the industry has already begun considering every aspect of a product's life, the impact each of the supply chains is having on the production process, and restructuring the company's operations to incorporate ESG strategies.

Yet, not only the companies, but everyone as stakeholder must also get involved. The responsibility for ESG practices should be shared throughout the entire organization, rather than a single C-level role hidden within the marketing department or alongside procurement.

All such structural turnaround implies costs, which larger and established Jewellery brands have a greater ability to adjust to these changes. Then it's not just the monetary costs. Besides being more expensive, recycled materials require additional traceability efforts to guarantee their sustainable origins. The monitoring also needs to reach sub-suppliers to be truly meaningful, and these efforts require investment in technologies. In the creative department, designers have to retrain to adopt sustainable practices.

However, the costs of not implementing sustainable practices are even more alarming. Government and policies are rapidly decrypting transparency and emissions with new norms and charges making sustainability no longer just a nice thing to have, but core to every business. Due to the confluence of these regulatory changes and resultant push, along with an increasing realisation on part of businesses that there is an inherent business case for the same, ESG disclosure has been on a rise in India, and Gems and Jewellery industry follows the suit.

ESG criteria matter not only to consumers, but also to prospective employees who check the company's ESG records before considering joining. Financial institutions offer better deals to companies with good ESG scores. Considering the supply chain as a value chain becomes the key here.

With improved ESG-focused disclosures and a well-established ESG ratings and other practices framework, the next step involves raising awareness in the investing ecosystem.

This Report is a comprehensive document that sheds light on the importance of ESG practices for the Gems and Jewellery industry that delves into the ways in which companies can adopt, practice, and report on their ESG performance, including responsible sourcing of materials, reducing environmental impacts, and promoting social responsibility. It provides insights into how ESG reporting can drive positive change in the industry, while also benefiting a company's bottom line.

With a powerful Roadmap of 'PPP for P' expanding to Product, People, Planet for Prosperity, the Report, through case studies and examples captures how jewellery companies can integrate ESG practices into their business strategies, build brand trust, and meet the growing demand for sustainable and ethical products- an important aspect for anyone interested in the future of the jewellery industry leading towards a more sustainable world.

**“** *The jewellery industry is at a tipping point. We must get everyone on this journey. How do we bring all members of the supply chain along? This is the challenge. We need to step up a gear and show collectively the good impact of the business.*

**Iris Van der Veken**  
Executive Director of the Responsible Jewellery Council

**“** *We need to pay attention to the 3Cs: climate, carbon and circularity. All firms should have a social purpose. We need a strong and planned way of dealing with this. Harmonization is critical and I believe there is a will across the industry to work together, so that both large and small firms can share information.*

**Mark Hanna**  
Chief Marketing Officer at the Richline Group (Part of Warren Buffet's Berkshire Hathaway corporation)

**“** *The period of the coronavirus has proven to be an inflection point for the industry. For an organisation like CIBJO, which brings together jewellery, gemstone and watch associations and companies from around the world, the adoption of online and digital technologies led to a period of increased activity, and a level of productivity and achievement that most probably is greater than at any time in the organisation's history.*

**Gaetano Cavalieri**  
President, CIBJO

*Larger industry is of the view that they wish to lead by example to contribute to the sustainable transformation of the industry. They want to significantly lower their business/industry impact on the planet and create positive outcomes for people and communities touched by their business.*



The background is a dense, close-up photograph of vibrant green leaves, likely from a tropical plant, with prominent veins. A white rectangular frame is superimposed over the center of the image, with a slight offset on the right and bottom edges. Inside the frame, the text '01' is positioned above the word 'Introduction'.

01

Introduction



# About the Report

*The research has laid a weighted focus on the three elements of ESG, with 50% weighted average to the Environmental aspects and each of Social and Governance elements scoring 25% in the weightage.*

This Report discusses the Gems & Jewellery industry performance and achievements in the areas of Environmental, Social and Governance (ESG) issues. Prepared in consultation with the industry players in the Gems and Jewellery sector, this report has tried to do macro-economic and ESG-variable analysis of the Gems and Jewellery industry, including regulatory, policy, and innovation landscape. Key insights have also been added on ESG issues affecting the industry, infrastructure, and other supportive developments, including identifying key initiatives and the impact of companies and analysis of industry activities and sentiments based on information collected from both primary and secondary sources.

We have followed a holistic and robust research methodology focused on delivering precision. ESG key issues are selected following a thorough analysis with both industry members and researchers by making references to a range of sources including regulatory agencies, trade associations, company filings, white papers, and analyst reports during the due diligence on data and information aggregation. Each ESG metric is assigned a specific weight based on its relevance across the sector.

The research has laid a weighted focus on the three elements of ESG, with 50% weighted average to the Environmental aspects and each of Social and Governance elements scoring 25% in the weightage. Data is obtained and collated from diverse source points, continuously cleansed to ensure that only validated and verifiable sources are represented. During this research, we conducted multiple primary consultations and conversations with industry members.

We received responses from a wide section of industry participants through carefully crafted and comprehensive tools and questionnaire, which were triangulated into quant models and generated meaningful qualitative insights.

This Report encapsulates not only our research efforts but also our ESG commitments to serve the interests of all stakeholders, helping demonstrate greater progress.

We, at CII, recognise the importance of sustainability in various industrial sectors, their business operations and performance. Increasingly, there is more emphasis placed on long term sustainable practices to create growth and value for all stakeholders, with specific reference to the Gems and Jewellery industry.

## Scope and Key Objectives of Jewelry Industry ESG Thematic report

- Developing a comprehensive understanding of macro-economic, Policies & Regulations and innovations affecting the industry
- Key insights into ESG issues affecting the theme and developments perspectives
- Identifying ESG risks and opportunities to business among leading players in the industry
- Obtaining a clear and relevant understanding of company actions, progress, and impact and suggest a way forward that can help find opportunities for future investment, growth, and development in the sector





02

Industry  
Outlook &  
Trends



# Market Overview: Global

*The demand for Jewelry is expected to be driven by increasing disposable income and innovative Jewelry designs from manufacturers.*

Based on the type, the Gems and Jewellery market can be segmented into Gold, Diamond, Platinum, Gems, Others.

The Global Gems and Jewellery market is anticipated to rise at a considerable rate between 2023 and 2030. In 2022, the market was growing at a steady rate and with the rising adoption of strategies by key players, the market is expected to rise over the 2023-2030 horizon.

Globally, the countries that are leading the Gems and Jewellery Market are North America (United States, Canada and Mexico), Europe (Germany, UK, France, Italy, Russia and Turkey etc.), Asia-Pacific (China, Japan, Korea, India, Australia, Indonesia, Thailand, Philippines, Malaysia and Vietnam), South America (Brazil, Argentina, Columbia etc.), and Middle East and Africa (Saudi Arabia, UAE, Egypt, Nigeria and South Africa).

In 2021, the global jewelry market was valued at USD 249.02 billion, and it is expected to grow at a compound annual growth rate (CAGR) of 8.5% between 2022 and 2030. The demand for Jewelry is expected to be driven by increasing disposable income and innovative Jewelry designs from manufacturers.

Globally, North America, especially The United States, will play an important role which cannot be ignored. Any changes from United States might affect the development trend of Gems and Jewellery. The market in North America is expected to grow considerably in the current

decade. The high adoption of advanced technology and the presence of large players in this region are likely to create ample growth opportunities for the market. Europe also play important roles in global market.

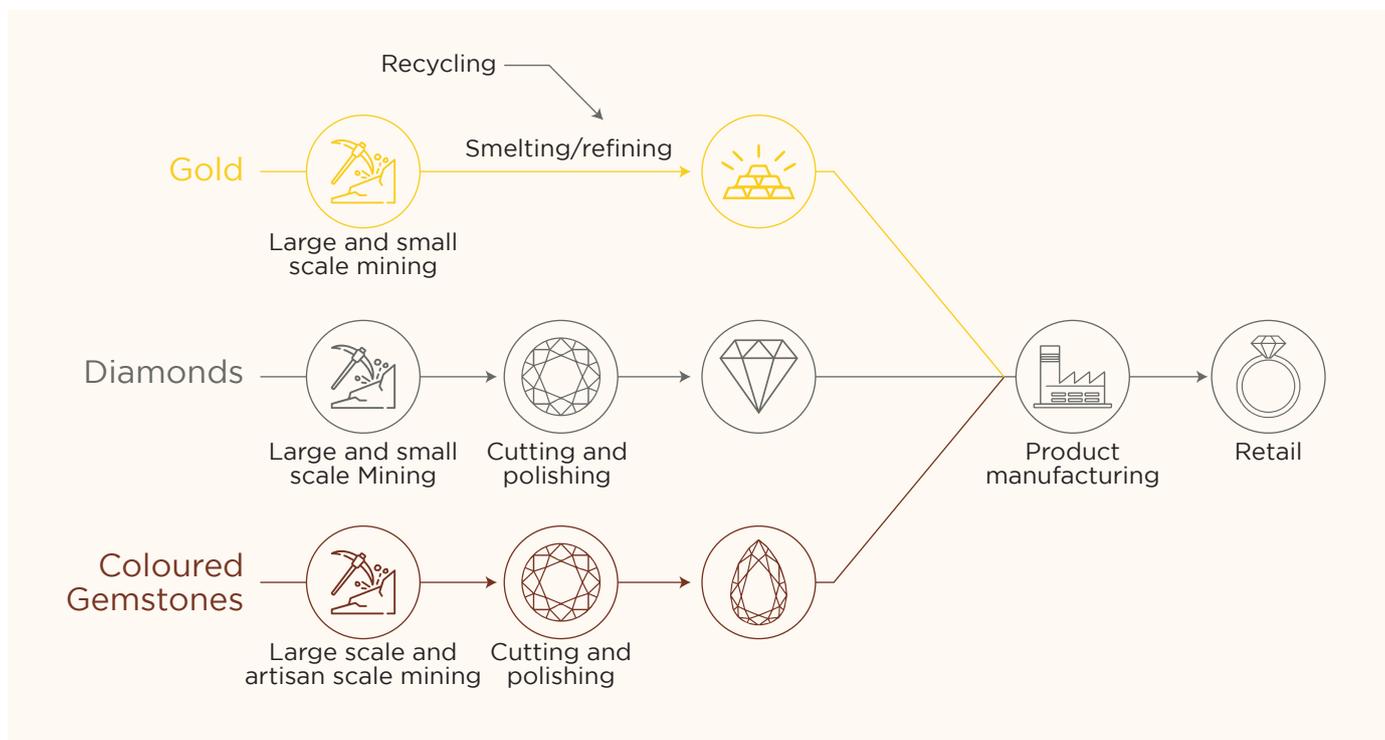


Figure 3: Simplified value chain for jewellery and watch manufacturing

# Market Overview: India

Indian jewellery industry embodies a dynamic and thriving industry, deeply integrated into both the domestic and global economic landscape, known for its craftsmanship, diverse product range, and substantial contribution to India's economic growth and international trade. Indian Gems and Jewellery Market was worth US\$ 37.25 bn in 2022 and total revenue is expected to grow at a rate of 21.35% CAGR from 2023 to 2029, reaching almost US\$ 144.37 bn in 2029.

India's gems and jewellery market stands as a powerhouse within the country's economy, contributing significantly to its GDP, employment, and export revenue. Comprising skilled and semi-skilled artisans, this sector

employs over 5 million individuals, showcasing the depth of its workforce. Constituting around 7% of India's GDP, this industry also plays a pivotal role in the country's export landscape, accounting for 10-12% of total merchandise exports.

Diamonds constitute more than 55 per cent of the overall gems and jewellery export basket.

The Commerce Ministry has given a target of USD 42 billion for the gems and jewellery segment exports in 2023-24.

The Government of India is actively engaged in promoting exports, addressing challenges faced by stakeholders, and supporting SME units within this sector.

With a strong focus on export promotion, the government has declared the gems and jewellery industry as a focus area for concentrated efforts. India's export portfolio within this sector encompasses various products including cut & polished diamonds, lab-grown synthetic diamonds, coloured gemstones, gold, silver, platinum jewellery, and imitation jewellery. The western region, particularly Surat in Gujarat, stands as a significant exporting hub, contributing significantly to India's total exports in this sector, housing around 500 organised jewellery manufacturers, importers, and exporters.

Growing demand for the following elements, both in India and globally, has had a direct impact on the growth of the Gems and Jewellery, which include Collections, Wedding, Festive Blessing, Fashion, and others.

For gems and jewellery, the major contributing market is The US and China, where the demand is slowing down. Rising interest cost, inflation, among other concerns and consumers' confidence is also going down.

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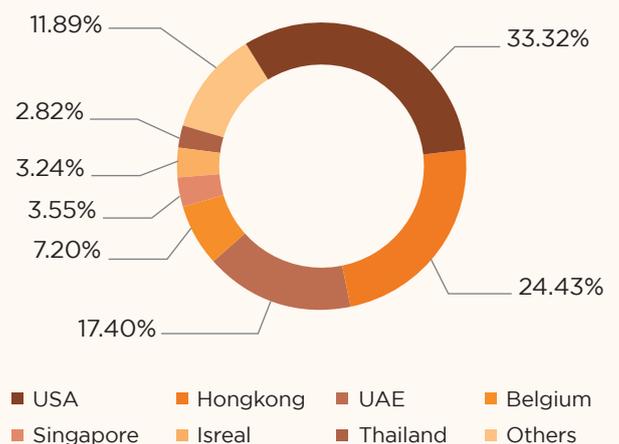
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**Country-wise Share of India's Gem and Jewellery Exports in 2022-23**



**Market Size-Gem and Jewellery Industry in India form 2020 to 2022 (in Trillion INR)**



# Indian Market Dynamics

India's gem and jewellery market is a global force, evidenced by its position as the seventh largest exporter in the world, contributing about 3.5% to the global gems and jewellery exports. The country holds dominant positions in various categories, leading in diamonds, silver jewellery, lab-grown diamonds, and synthetic stones.

In FY23, India's overall gross exports in this sector amounted to US\$ 20.58 billion, with cut and polished diamonds accounting for US\$ 12.22 billion. The government has set ambitious targets, aiming for gems and jewellery exports to reach US\$ 45.7 billion in 2022-23.

To facilitate this growth, there's a concerted effort to create a conducive trade environment, with key focus markets identified including the USA, Hong Kong, UAE, Belgium, Israel, Thailand, Singapore, Japan, France, and Botswana. The major export destinations for Indian jewellery industry include the USA, Hong Kong, UAE, Belgium, Israel, Thailand, Singapore, the UK, Netherlands, and Japan.

Notably, the USA stands as the largest importer of Indian jewellery, registering significant growth in recent years. Markets like Israel, Thailand, UK, and Netherlands have displayed remarkable growth, attributing it to consumer spending returning to pre-pandemic levels and increased retail sales post-COVID restrictions.

Government initiatives play a crucial role in nurturing this industry, with measures such as revamping gold monetization schemes, reducing import duties on gold and diamonds, implementing mandatory hallmarking, and offering financial assistance for setting up production centers, design facilities, and testing hubs. The government has also emphasized steps to promote patented designs, diversification of products, collaboration for cost-effective methods, and the promotion of lab-grown diamonds to drive growth.



# Transformative Trends

India's gem and jewellery market thrives on government support, innovation, a focus on quality, and strategic initiatives aimed at expanding its global footprint and securing its position as a dominant player in the global market.

The industry witnessed a noticeable pivot towards sustainability, as ethical sourcing and sustainable practices gained traction. Consumers now demand transparency and certification regarding the origin of metals and gemstones, prompting several brands to adopt eco-conscious approaches such as utilizing recycled gold and ethically sourced Gemstone Market Trends. Moreover, governmental initiatives like the Gold Monetization Scheme, Common Facility Centers (CFCs), and Special Economic Zones (SEZs) aimed to invigorate the sector by incentivizing gold deposits, offering advanced training facilities, and providing tax benefits to attract investments.

Embracing technology emerged as pivotal, manifesting in various facets from the surge in online jewellery sales via e-commerce platforms to the adoption of cutting-edge methodologies like 3D printing in design and manufacturing. Additionally, technology became a linchpin in marketing strategies, utilizing social media and digital platforms to engage consumers and bolster brand awareness, signaling a holistic transformation within the industry.

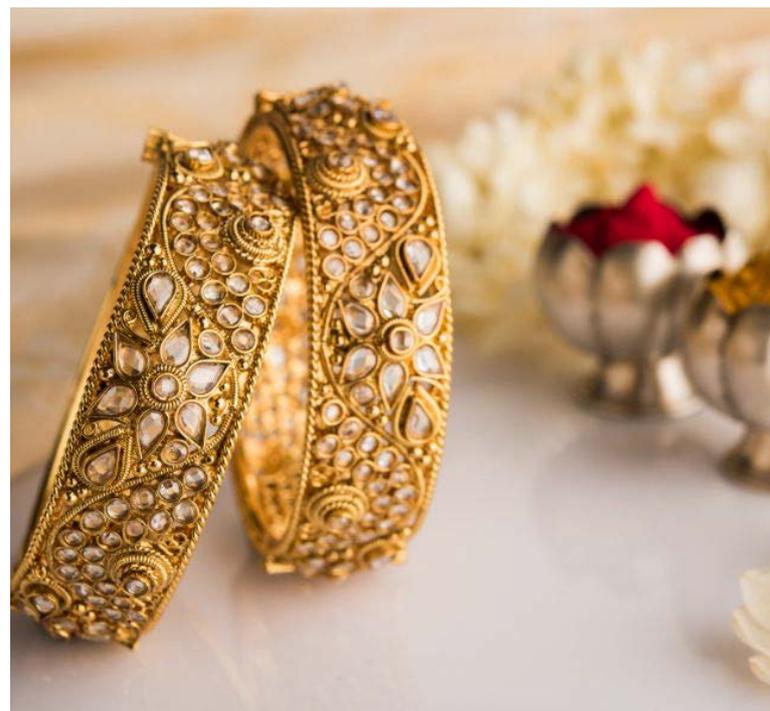
India's gem and jewellery market thrives on a global scale, with major exports heading to destinations like the USA, Hong Kong, UAE, Belgium, Singapore, Israel, Thailand, the UK, Switzerland, and the Netherlands. In 2022-23, the USA remained the top importer, although imports declined slightly compared to the previous year, marking a shift in trade patterns. Yet, Hong Kong and the UAE maintained their positions as significant export markets for India.

During 2022-23, certain key destinations such as Belgium, Singapore, Switzerland, and the Netherlands witnessed a remarkable surge in imports from India, surpassing pre-pandemic levels from 2021-22. This resurgence largely stemmed from revived consumer spending post the pandemic, as well as increased retail sales

following the lifting of COVID-19 restrictions. Moreover, the establishment of the India Jewellery Exposition (IJEX) center in Dubai and the strategic agreements inked with key export partners like the UAE, Australia, Israel, the UK, and Canada are poised to sustain and bolster future export growth.

Presently, trends spotlight a rising diamond demand spurred by aspirational lifestyles and increased disposable incomes. Branded jewellery, notably from established names like Tanishq and Kalyan Jewellers, gains favour for its quality and diverse designs, paralleling the surge of online brands, such as CaratLane and Melorra, captivating urban consumers. Consumers' quest for unique designs pushes jewellers to blend traditional Indian styles with modernity, leveraging technologies like 3D printing.

Additionally, a spotlight on ethical sourcing, regional specialties, and skill development reshapes the industry landscape, while technology adoption, personalized offerings, and global expansion redefine market strategies. Understanding and embracing these trends become pivotal for stakeholders to navigate and capitalize on emerging opportunities for sustained competitiveness.



The background of the entire page is a close-up photograph of vibrant green leaves, likely from a plant like a peace lily, with prominent veins. The leaves are slightly out of focus, creating a soft, natural texture.

03

Sustainability  
Shaping the  
future of the  
companies



Sustainability, as it stands now, is a niche area in the world of business: a box which many companies feel obliged to tick. Sustainability is increasingly starting to influence business decision making and is set to transform many of the fundamental assumptions around how they work.

The areas where sustainability is going to transform the way companies work are discussed in the following space.

1. Sustainability transcending from traditional department structure to entire business approach
  - a. From operations to strategy, marketing to human resources, sustainability is a consideration across all areas of business. Because of this, it could be as impactful as the digital revolution was on businesses two decades before. Beginning from the understanding of hiring a website developer to embrace and embed “digital” into the entire business, the revolution was successful in creating “digital” first as a new department, and subsequently a new cornerstone of doing business. Sustainability is revolutionising business in a similar manner. Businesses have already started prioritising sustainability across the organisation and in the coming times one can remain hopeful that these companies have been ahead of the curve.
2. Workforce migrating to sustainability-oriented companies and creating new wave
  - a. Workers around the world are leaving prestigious and well-paid positions in technology companies, law firms, consulting, and finance, and seeking roles in companies which are more focused on sustainability and fighting the climate crisis.

***Sustainable companies will have an easier time securing capital and will be able to reward their workforce.***

That wave of talent is going to lead to these companies performing better, scaling effectively, and ultimately force companies of all kinds to acknowledge the role that sustainability plays in enticing and retaining talent.

3. The flow of capital into companies embracing sustainable practices. As the sustainability revolution takes hold across the economy, investment will flow into supporting early adopters and encouraging more companies to follow suit.

As the momentum flows to sustainability-driven companies, these companies begin to grow dramatically, and the money flow creating bigger opportunity for people and businesses will come in real terms rather than speculations. Sustainable companies will have an easier time securing capital and will be able to reward their workforce.

Businesses that thrive in the future will be those that figure out how to harness these changes to address real needs, by placing sustainability at the heart of business strategy.

### Key ESG factors and their impact for Jewelry customers

Sustainability has risen to the top of priorities for companies. After Food and Clothing, Jewellery is the category most frequently purchased based on sustainability considerations. Metal (Gold, etc) and diamond mining are the biggest contributor to toxic pollution; They contribute negatively on the social sides as well on account of the human rights of the communities within the mining areas (health, education, etc).

Although sustainability is important to many Jewelry customers, it comes only after their selection as quality, design and metal used. Customers mostly cite that sustainability is about Jewelry being produced responsibly, adopting environment- friendly practices and fair labour laws. Others cite that it relates to the durability and quality of the piece, showcasing an unclear understanding of the word “Sustainability” among users.

**Key Takeaway 1:** What ‘sustainability’ means to customers is always important. While

retailers need to be mindful about being knowledgeable about the origins and production of the Jewelry they carry and terminology they use, they also need to understand what aspects are important to their customers.

**Key Takeaway #2:** Understanding about sustainability largely varies, which indicates a bigger role for the retailers/ sales associates to ensure customers get the right narrative of Sustainability which can help the customers make an informed purchase.

Young customers give more inputs about Sustainability to Jeweller.

This research found that only less than half of the customers do conversations with their jeweller about sustainability. These discussions are largely driven by the young customers who talk about how the jewellery piece was made, the sourcing of the materials and the quality and durability of the jewellery, etc.

# Redefining Sustainable Business: New Approach & Advocacy

The shifts in the environment, technology, and economics suggest the need to emphasize a new set of issues. It is time to redefine sustainable business. It is time for business and their partners to embrace new issues, new ways of pursuing sustainability, and having new and more assertive voice.



## RISE OF RESPONSIBLE INVESTING



The term 'ESG' was first coined in 2005 in a landmark study called 'Who Cares Wins'



In 2018, over 80% of the world's largest corporations use GRI standards



ESG investing is estimated at over \$20 trillion in AUM

## New Approach

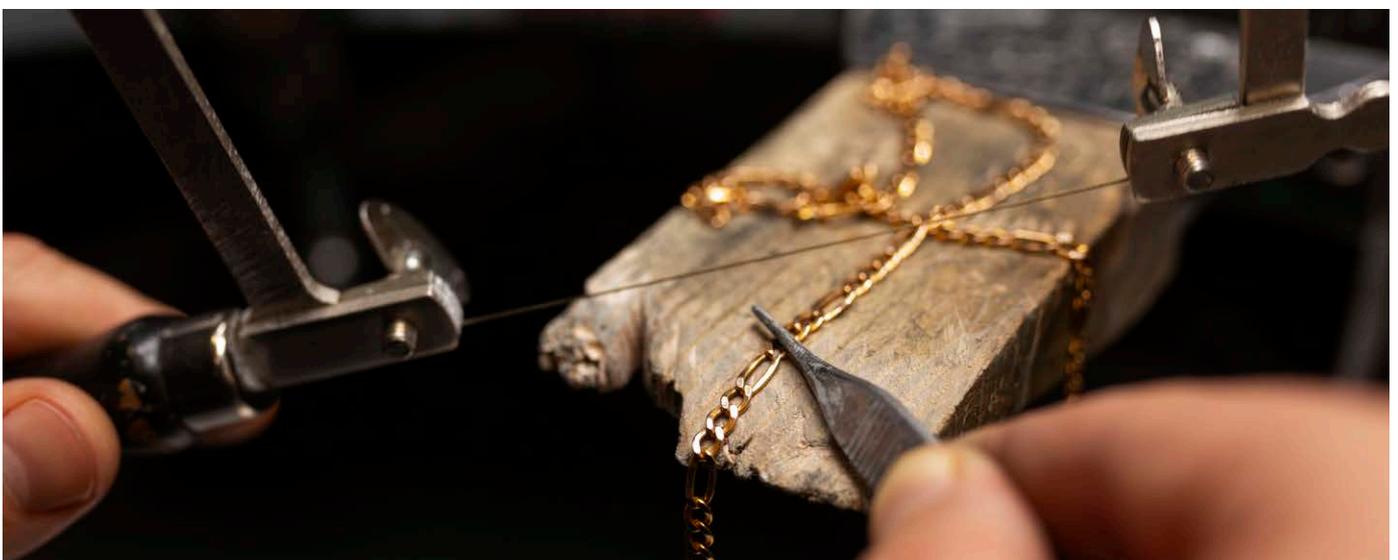
Business at the first place need a new agenda, where sustainability issues can be converged with business issues so that new topics can be emerged. Sustainability needs to be reinvented to meet the needs of a new reality. These topics must include the need to face head on the three systemic changes at the front and centre on the business agenda affecting business: climate change, technological innovation, and the structural economic change.

Sustainable business leadership will come to be defined by how well companies approach these issues:

## Climate Resilience

**The Challenge:** As extreme climatic conditions have introduced new levels of financial, operational, and human vulnerability, companies need to build resilience in the face of climate change, water scarcity, and related disruptions, both in their own operations, infrastructure, and supply chains, and in the communities in which they operate and invest.

**The Opportunity:** Attending to this issue will mitigate risk and ensure business continuity. Creating resilience requires broad collaboration for a benefit that cannot be predicted with certainty.



While some aspects of resilience can be measured tangibly (e.g., infrastructure that can withstand extreme weather), other elements of resilience are difficult to measure (e.g., community resilience). Climate resilience efforts will be influenced by many uncertain factors, including the policy landscape, the ability of stakeholders to coordinate, the pace of mitigation efforts, and the development of new technological solutions.

### **Technological innovation; Human Rights and Ethical practices about technology applications**

New technologies continue to offer world-changing benefits in terms of health, connectedness, efficiency and productivity, transparency, and access, with business models to match. They also present fundamental questions about identity, privacy, and security.

Companies need to develop human rights policies and practices that address big new ethical questions about the application of new technologies. Almost every business today depends on using personal data. Almost every company is exploring the use of artificial intelligence, augmented reality, and other technologies, and there is very little agreement on how to apply these tools fairly.

Business has much to gain through these innovations, and many technologies can also unlock solutions to climate change and other societal issues. Individual companies need a clear assessment of how to ensure that technologies are adopted consistent with human rights principles and in a way that contributes to building social consensus, so they are all able to capture the benefits of a connected world.

Technology moves faster than social norms and official regulations. This leaves gaps in understanding of the implications of technologies that bring profound change and creates strains for a governance system that is not able to anticipate and address new technologies.

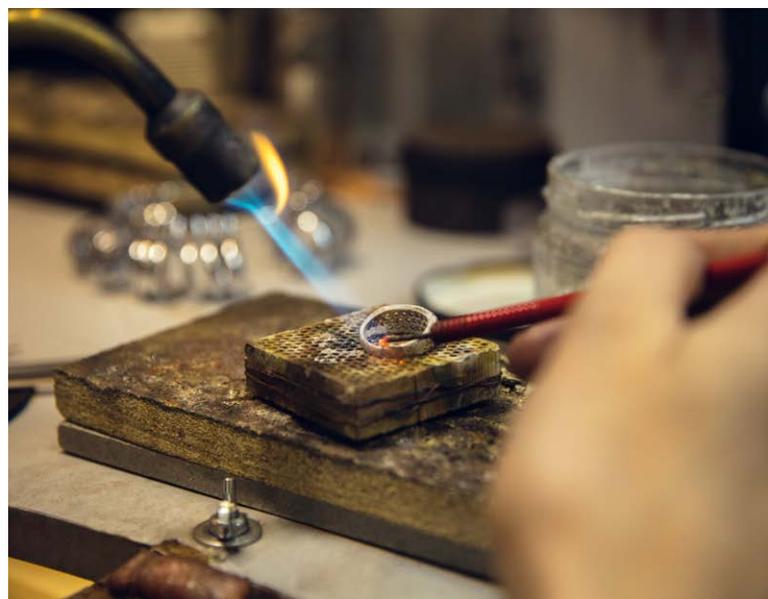
### **Structural Economic Transition**

How the quest for inclusive growth plays out in the coming years will be shaped by critical uncertainties, including the capabilities of automation, government intervention to shore up social safety nets, the ability of educational systems to keep pace with change, and the potential growth of alternative economic models.

On many accounts, we are at the dawn of an economic transition more profound through the transition from an agricultural economy to the industrial world. This new world coupled with a global economy experiencing fundamental demographic change means that the need to generate quality employment in an era of innovations and automation is fundamentally important. Innovations and automation present opportunities to increase efficiency on a massive scale while improving work safety and other benefits.

### **New Advocacy**

Societies are growing more fragmented, and the rapid pace of change is increasing a sense of disconnection for many. Often, governments take time to adapt and making announcements on changing conditions. It is crucial that companies, for broad social benefit, advocate for outcomes that leverage all the changes. Business will have the platform to play this role only if it champions an agenda that resonates with the public, and only if it is seen to be acting for the benefit of the greater good- for reasons that go beyond short-term financial gain. The payoff for business is also substantial.



## What's Next

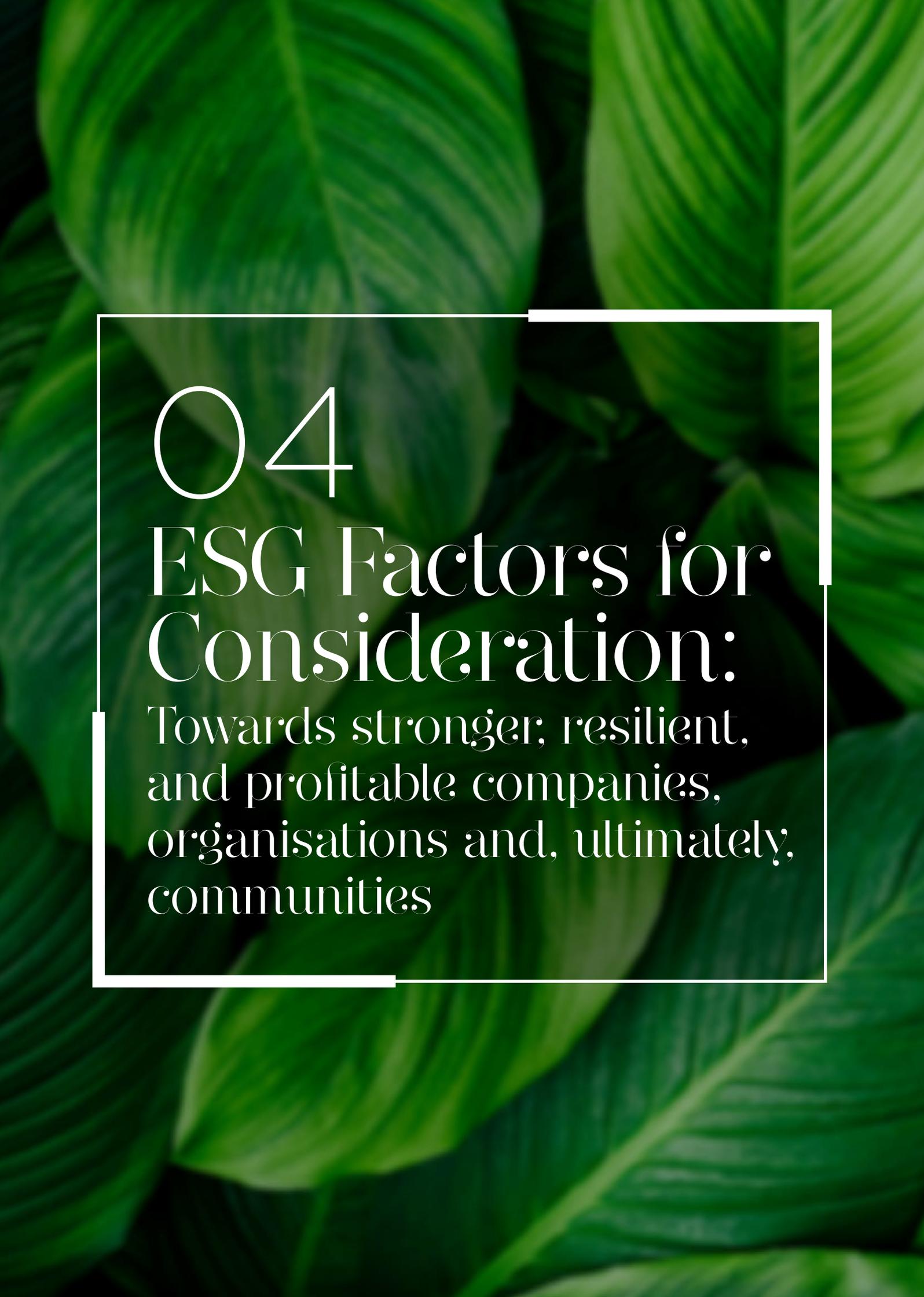
This action agenda and plan will play a key role in creating and scaling the projects and collaborative initiatives that will power Sustainability strategy and impact through 2030.

Sustainable products and Ethical practices in the Jewelry industry is a concept that brings together the realms of luxurious products and sustainability, highlighting the importance of ethical practices within the Jewelry sector. It aims to redefine the perception of Jewellery industry by promoting responsible sourcing, environmentally conscious processes, and fair treatment of workforce in the Jewelry supply chain.

Key elements of ESG and Sustainability in the Jewelry industry may include the following.

- 1. Responsible Sourcing:** This emphasizes the significance of responsibly sourcing materials, such as precious metals and gemstones, and traceability and transparency in the supply chain to ensure that the origins of these materials are ethically and environmentally sound.
- 2. Conflict-Free Gemstones/ Diamonds:** This places a strong emphasis on the use of conflict-free precious stones, ensuring that these are not associated with human rights abuses or funding conflicts in mining regions.
- 3. Artisans and Craftsmanship:** Sustainable Gems and Jewelry often celebrate the artisans and their Karigari (craftsmanship) and traditional techniques. It supports local artisans and promotes the preservation of cultural heritage in Jewelry making.
- 4. Eco-Friendly practices:** This promotes eco-friendly practices in Jewelry manufacturing, reducing the industry's environmental impact. This may involve using recycled metals, responsible mining practices, and minimizing waste in the production process.
- 5. Ethical Labor practices:** Ensuring fair wages, safe working conditions, and ethical treatment of workers throughout the supply chain is an integral part of sustainable Gems and Jewelry. This also includes supporting fair trade principles and social responsibility initiatives.
- 6. Transparency and Formal Certification:** Brands embracing an ESG framework are committed to transparency and may seek formal certification from reputable organizations and agencies that verify the ethical and sustainable practices.
- 7. Timeless Design and Durability:** Sustainable Jewelry often focuses on timeless design and high-quality craftsmanship to create pieces that transcend trends and have long-lasting appeal. This approach encourages consumers to value their Jewelry as enduring treasures rather than disposable fashion items.
- 8. Consumer Behaviour and Awareness:** This involves educating consumers about the importance of supporting ethical practices in the Jewelry industry. It empowers consumers to make informed choices and demand sustainability and ethics from the brands they endorse.
- 9. Positive Impact:** ESG and Sustainability practices aim to create a positive impact on the environment, local communities, domestic market, and the global Jewelry industry as a whole. It seeks to demonstrate that Gems and Jewellery and responsibility can coexist, and ethical practices can enhance the allure of Gems and Jewelry. By promoting ethical practices in the Jewelry industry, ESG offers a way for consumers to embrace it with a clear conscience, knowing that their purchases contribute to a better world and support positive change in the industry as well as society.



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04

# ESG Factors for Consideration:

Towards stronger, resilient,  
and profitable companies,  
organisations and, ultimately,  
communities



***One of the most prominent concepts in the current time is sustainable jewellery, which has a minimal impact on the environment.***

ESG, which stands for Environmental, Social, and Governance, in the current time has become more important to investors, policymakers, and other key stakeholders and is an effective way to mitigate future risks for businesses.

From mine to market, the process involves risks at multiple points, from both environmental as well as social standings. The challenging mining process that includes the release of volatile organic compounds from solvents, exposure to hazardous air pollutants, contamination of groundwater due to the use of water during metal mining, loss of biodiversity and the death of rare animals and plants are also critical and common, not only affecting the supply chain adversely but also releasing of a lot of greenhouse gases.

The biggest issue the gems and jewellery industry has been facing is a complex supply chain process with immense difficulty to track the transparency. Raw materials are sourced from multiple countries, including mining sources, sometimes without any knowledge of source of origin.

Coming from process to people, the challenges increase on livelihood of people working in mines as their health get severely affected. The local biodiversity is affected as many a time they are forced to change their locality. Child labor, mining operations, exposure to risky hazardous environment, etc are the other factors leading serious health issues.

The Jewelry industry has a significant impact on ESG, more in terms of environment and social aspects. Mining has negative effects on the environment. One of the most prominent concepts in the current time is sustainable jewellery, which has a minimal impact on the environment. Sustainable Jewelry refers to responsible and transparent sourcing practices within the supply chain.

The high-quality materials used in production are environment-friendly and emit fewer greenhouse gas emissions. When it comes to impact, eco-friendly Jewelry designs made from recycled materials, gemstones, pearls, and synthetic diamonds has a positive impact on the environment. The social impacts are from human displacement, child labor, dangerous chemicals, health hazards of workers in long run, etc.

Sustainable Jewelry is made from recycled materials, which are eco-friendly, sourced

ethically, priced fairly and has a positive impact on the environment. Jewelry materials such as gold and platinum become long-lasting and are not damaged. The transition to sustainable Jewelry will have a significant positive environmental and social impact, from sourcing to production, distribution, and packaging. In addition to responsible sourcing and designing, several companies in India have adopted a sustainable packaging approach that uses recyclable materials in their product packaging.

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# ESG Stakeholder Engagement and Expectations

Factors having significant economic, environmental, and social impacts to the industry and the supply chain and all stakeholders include the following key topics, stakeholders, and sustainability expectations.

Companies foresee an array of new demands from regulators, investors, consumers, and other stakeholders, and they wish to stay ahead of the curve. The sustainability strategy of the industry

players in their efforts to transform their business as well as help shape the future of Gems and Jewelry business mostly includes exploring how to integrate emerging issues in their company strategy and planning, including relevant models of stakeholder engagement and governance. Leading players place sustainability strategy at the core of their business for them to strive to be a responsible and leading brand, domestic as well as global.





CUSTOMERS	Good quality products and offerings, Enhance safety management system, Excellent customer service, Invest in technology, Offer other benefits
BUSINESS PARTNERS	Trustworthy, excellent, and cohesive working relationships, Responsible management of suppliers' work environment, Timely payment, promote fair trade and shared growth
EMPLOYEES	Staff rights and welfare, personal development, conducive working environment, Management mentoring and coaching, Creative work culture; Training and development programme
INVESTORS	Stable Profitability and Consistent wealth creation, transparency, timely reporting/ Prompt Dissemination of information, fair purchasing practices
GOVERNMENT	Environmental-friendly business approach, compliance with relevant rules and regulations, timely reporting and resolution of issues
COMMUNITIES	Helping the underprivileged, giving and contributing back to the society, Vocal for local sourcing, Environment and biodiversity protection initiatives at worksites, CSR and BSR activities, conducting financial, social and waste audits

# Sustainability Strategy

Most of the sustainability strategy has three overarching priorities:

Low-carbon business; Circular innovation;  
An inclusive, diverse, and fair culture.

These are all drivers of future growth and opportunities for positive impact. Companies have set ambitious long-term targets and developed detailed roadmaps for each of the priorities.

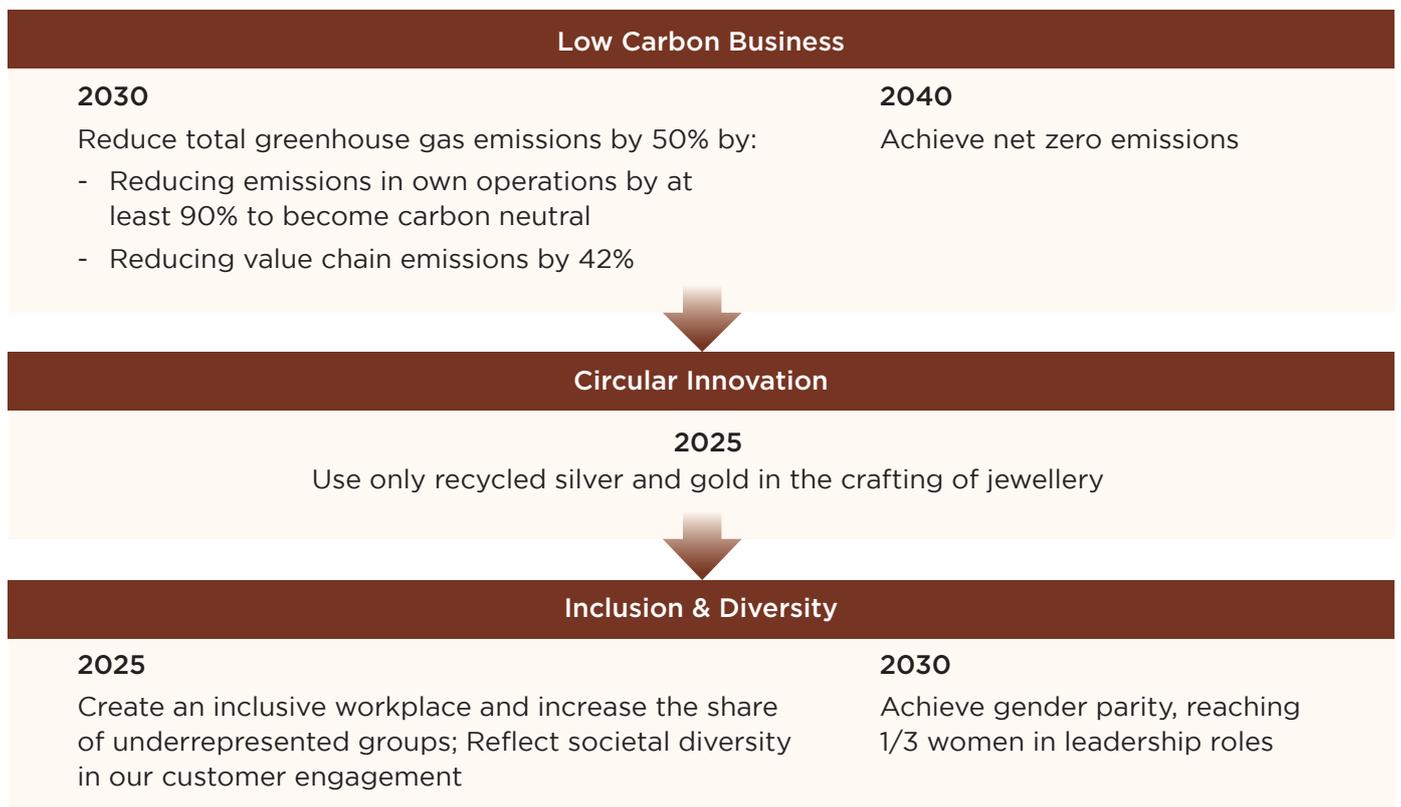
Sustainable business practice is widely recognised as a key contributor to improved business resilience. A previous research analysis drawing on insights from the 2020 Sustainability Leaders Survey noted that value-based leadership, putting people first and accelerated transition to sustainable business models as key to weathering the impacts of COVID-19.

Research also highlights why risk management, human and social capital and ESG integration are essential to long term resilience. In a separate 2020 McKinsey survey of business leaders across multiple industries, five key themes that shape post-COVID19 recovery efforts emerged.

These included building operational resilience through robust supply chain risk management and reimagining operations by embedding sustainability throughout.

The COP incorporating this thinking, is a tool that is available to support companies to embed these practices as well as help to address their recovery, identify new risks and opportunities and build resilience against future crises. Industry also strongly believes that it is only by working together in partnership, that it can find paths through the challenges posed by the pandemic and climate change and support long term recovery.

Jewellery industry makes ESG efforts building on responsible business operations, including new approaches to responsible sourcing, waste management and corporate giving while continuing to expand the implementation of good practices. To deliver on the ESG goals, many of the industry players increase the number of people, building strong teams at all levels- starting from head office to crafting and supply organisation, at different strategic locations.



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05

Looking Ahead:  
ESG Roadmap for Indian  
Gems & Jewellery Industry



# Helping industries meet responsible sourcing expectations

*In the jewellery sector, many brands are members of the Responsible Jewellery Council, leading global standard-setting organisation for the jewellery and watch industry.*

**SDGS (Sustainability Development Goals)** launched in 2015 are a universal call to action to protect the planet and improve the lives and prospects of everyone, everywhere. Accompanied by a 15-year plan, the 17 Goals and supporting targets, have been adopted by all UN Member States as part of the 2030 Agenda for Sustainable Development.

Building on the principle of “leaving no one behind”, this Agenda emphasizes a holistic approach to achieving sustainable development for all and aligns with the five pillars of sustainable development. With few years to go, world leaders at the SDG Summit in 2019 called on all sectors of society, including the private sector for a Decade of Action, pledging to mobilise the necessary financing and enhance national implementation efforts, making the Global Goals their own and to deliver on the 2030 promise.

**The UN Global Compact’s (UNGC)** Principles on human rights, labour, environment, and anti-corruption and the UN Sustainable Development Goals (SDGs) are being used by the industry as core guiding principles to support in their action for shaping a better world. Through the power of collective action, the UNGC seeks to promote responsible corporate citizenship so that business can be part of the solution to the challenges of globalisation. The private sector in partnership with other social actors this way can help realise the UN’ vision of having a more sustainable and inclusive global economy.

### **CIBJO's (The World Jewellery Confederation)**

Responsible Sourcing Commission's Blue Book was the most downloaded of all such documents since the start of the pandemic. In April 2021 CIBJO launched an online Responsible Sourcing Toolkit to enable members of the industry to do due diligence on their supply chains. Available at no cost to the user, the Toolkit comprises nine modules, each one of which relates to a specific section of the Responsible Sourcing Blue Book. In 2022, the Responsible Sourcing Commission was restructured as the Sustainable Development Commission, broadening its role of activity to cover the involvement of the jewellery, precious metals and gemstone industries in achieving the 17 Sustainable Development Goals, and in this respect supporting the United Nations's Agenda 2030.

In 2018, 29 international NGOs and trade unions, called upon the jewellery industry in a joint letter to turn its commitment to responsible sourcing into effective action. They asked for the implementation of robust supply chain due diligence systems aligned with the **OECD** Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as well as more human rights due diligence and reporting. The OECD Due Diligence Guidance provides detailed recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices. This Guidance is for use by any company potentially sourcing minerals or metals from conflict-affected and high-risk areas. The OECD Guidance is global in scope and applies to all mineral supply chains.

**In 2020, the EU** committed to a legislative initiative on mandatory human rights and environmental due diligence obligations for EU companies in early 2021, which include liability and enforcement mechanisms and access to remedy provisions for victims of corporate abuse.

**In 2019 the World Gold Council (WGC)** launched the Responsible Gold Mining Principles (RGMPs). The RGMPs represent a framework

which clearly sets out expectations as to what constitutes responsible gold mining. They include 51 principles looking at all material environmental, social and governance (ESG) factors associated with gold mining. These include water management, climate change, gender diversity, anti-bribery and community engagement and many more which, taken together, reflect a comprehensive view of the material risks and opportunities shaping modern gold mining and its wider impacts. Conformance with the RGMPs requires implementing companies to obtain external assurance on their public disclosure, in a similar way to assurance on their financial statements. All Members of the World Gold Council, the world's leading, most forward-thinking gold mining companies are committed to the RGMPs, and this is mandatory for WGC membership.

In the jewellery sector, many brands are members of the Responsible Jewellery Council, leading global standard-setting organisation for the jewellery and watch industry. They adhere to their Code of Practice (COP), which covers responsible sourcing for the jewellery fabricators and retails. It proposes a framework for industry with respect to the most impactful contributions they can make through supply chains and provide attainable pathways to help industry realise their collective ambitions. There are three main impact pathways articulated in the roadmap that align with RJC's strategic pillars. A new set of members ESG performance metrics, linked to priority SDGs and key provisions of their COP standard has been developed to complement the policy and management system data they plan to collect from members via the new audit.

Moving along the gold supply chain, most gold from a mine site is transferred in doré form to refiners accredited by the LBMA (London Bullion Market Association). The LBMA issued the Responsible Gold Guidance which sets out the responsible sourcing requirements for these refiners; conformance is mandatory and is independently assured. This offers investors and consumers a high degree of confidence in the provenance and integrity of their gold.

# ESG Approach & Framework

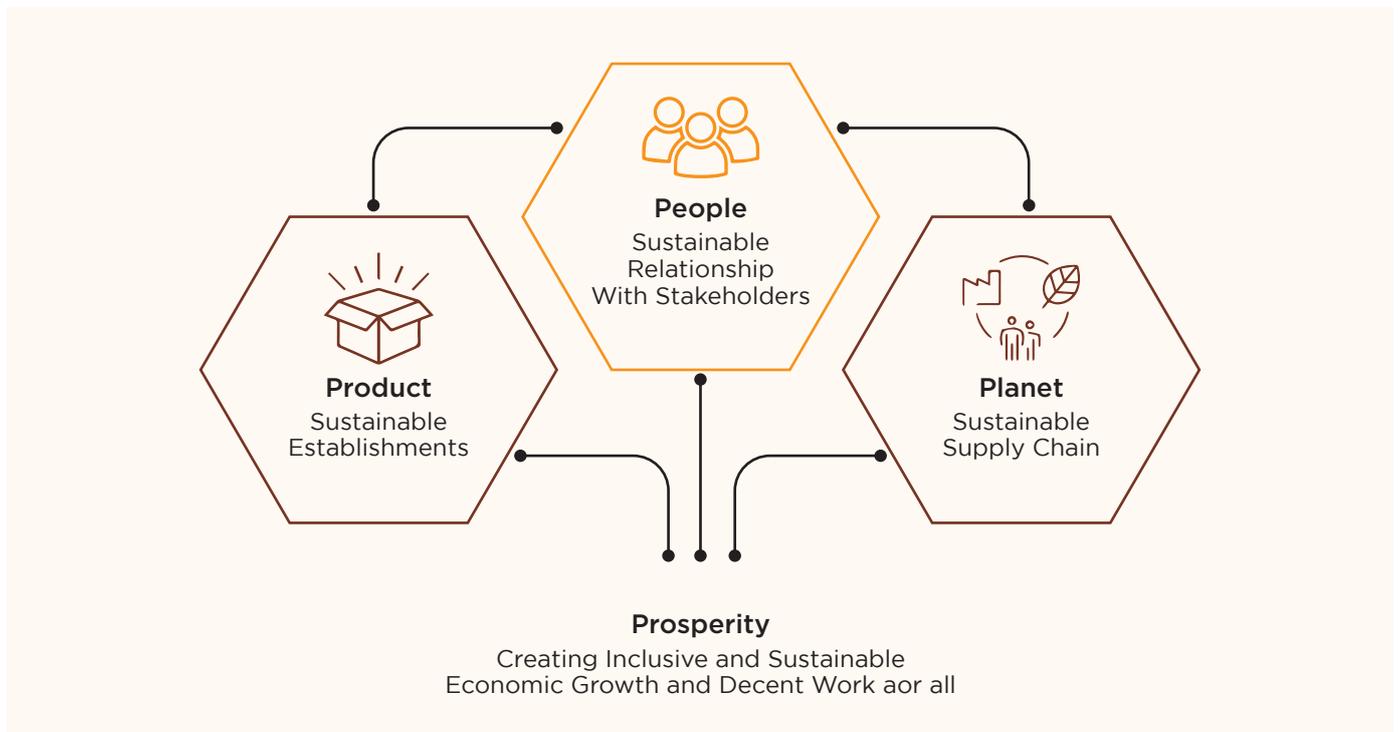
*There's a long road ahead, and Indian Gems and Jewellery businesses need to take immediate action in order to leave the planet a better place for our next generations...*

Sustainability is not a buzzword but a way of life. Embracing ESG principles can be daunting, particularly for smaller businesses, which may not always recognise the implications. Businesses in India can identify organizational and operational gaps and inefficiencies and highlight the needs and opportunities for better performance from their unique and diverse perspectives. This study strives to design a

framework which can incorporate their needs and expectations together with the ESG factors identified and presented in this report.

## PPP for P Strategy for ESG:

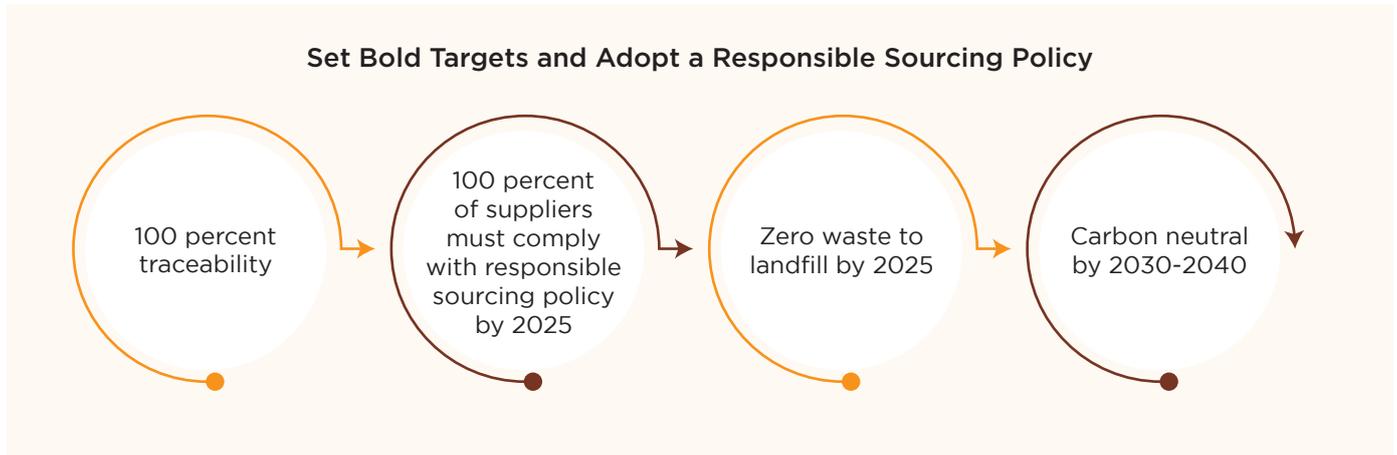
The sustainability strategy has laid a core principle of PPP (Product, People, Planet) as the overarching Priorities leading Prosperity. These are drivers of future growth and opportunities for positive impact. Businesses need to set ambitious short, medium, and long-term targets and develop customised detailed roadmaps based on each of the priorities.



## ESG Approach & Framework

While the study has made an effort to present a roadmap for each of the three vital elements of ESG, it highly propagates conducting an

extensive ESG assessment and developing an organisation-wide ESG strategy, with 3-levels of defined goals and outcomes.



### **E** Environment Sustainability

The Environment plays a key role in shaping the future of sustainable business. Environment should be one of the key sustainable factors for future generations to come. Conservation and responsible utilisation of natural resources is vital.

#### 1. PPP-Product-People-Planet

- Commit to deliver quality
  - Build humanocracy- rely on people than rules and procedures
  - Commit to protect the planet, combat the climate change
1. Promote environmental protection and sustainable development in daily operations
  2. **Advocacy:** Advocacy and Engagement are critical to the success. Open, continuous, and transparent dialogue with a wide range of stakeholder groups on various responsible sourcing initiatives, mobilising action and improve awareness of various models that can contribute to improving ESG performance of the industry, advocate environmental protection through waste management and conserving energy by minimising energy usage at production and retail levels, etc.
  3. **Efficient energy usages:** Industry must constantly improve energy efficiency through new initiatives and strengthen monitoring mechanisms for energy consumption.
  4. **Meaningful engagement with policymakers:** For ensuring that the policies are aligned, industry remains at the forefront of responsible business practices, and policy reform happens in accordance with the prominent national/global recommendations towards collective achievement of the global goals.
  5. **Create Transformative Partnership models:** Multi-stakeholder partnerships, with clearly defined action plans and intended outcomes and impact, along with appropriate performance monitoring mechanisms to track effectiveness.

## 6. Awareness:

- Alignment of all Environment related financial and non-financial disclosures
- Heightening the awareness surrounding Best Practice principles across entire workforce
- Comprehensive team training in ESG communications
- Platforms for workforce to participate in the implementation of new ideas or thoughts to improve ESG performance
- Participate in various ESG ratings and frameworks
- Conduct surveys with stakeholders to understand their issues and create action plans

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**S** Social Factors Businesses' treatment of employees, supply chain practices, community engagement and overall impact on society

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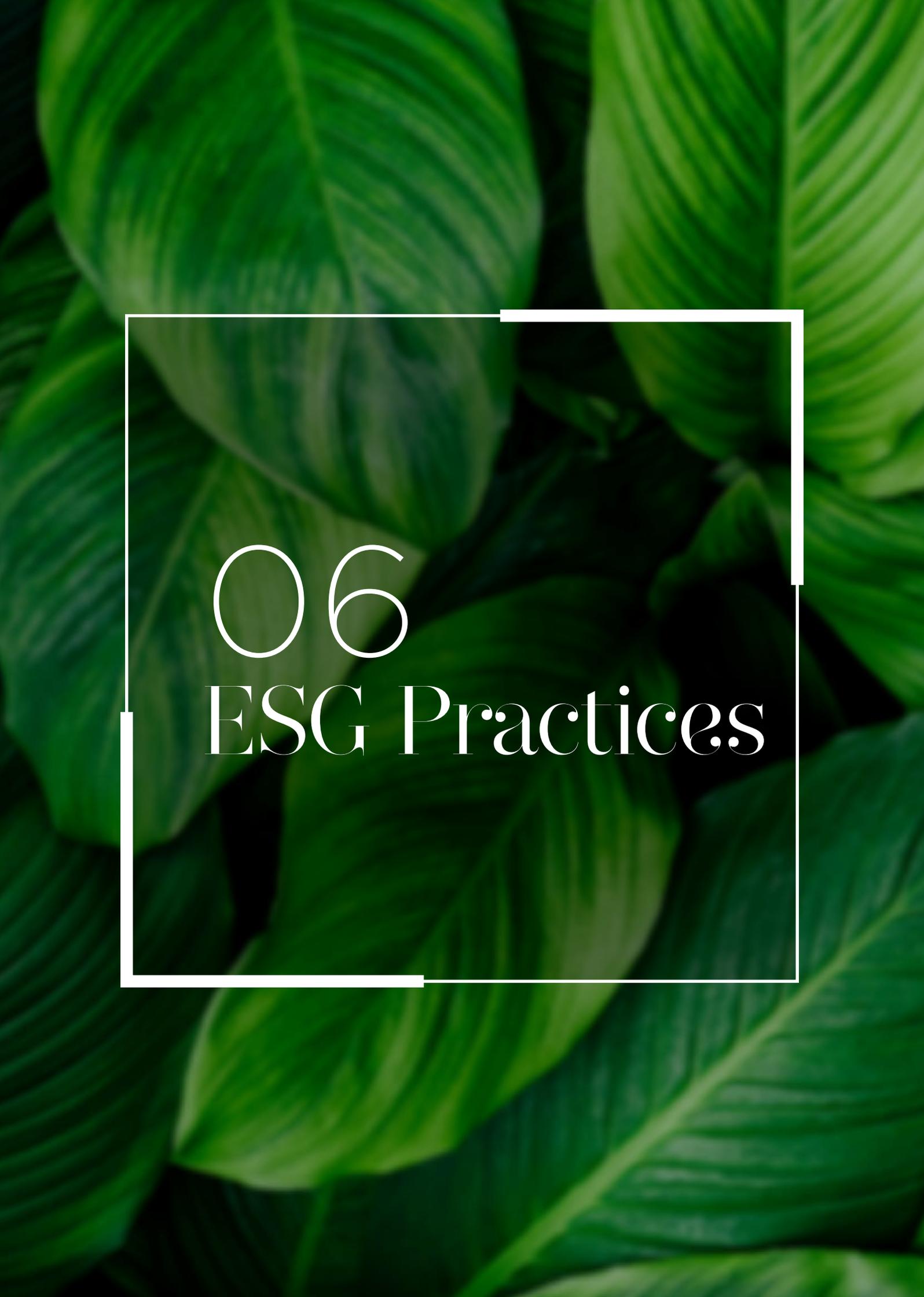
1. Demonstrate high levels of governance and business ethics by aligning with other initiatives that promote responsible jewellery
2. Actively participate in the Diversity & Inclusion Index every three years
3. Continue to uphold and adhere to policies on diversity and inclusion, equal opportunities, harassment and working hours Develop and implement action plans to address non-conformances or audit points that emerge

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**G** Governance Factors Factors of decision-making, from the country's policymaking to the distribution of rights and responsibilities among different participants in companies, including the board of directors, managers, shareholders, and stakeholders

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1. Continued compliance with various national / global guidelines for responsible supply chains
2. Create an inclusive workplace and create legacy of building and fostering a gender-parity workforce, increase the share of underrepresented groups
3. Bring societal diversity in customer engagement- suppliers owned by women and other underrepresented groups, brand ambassadors from underrepresented groups, etc.
4. Implement a compelling mix of training, including programs for leadership and on-the-job learning
5. Provide all employees with specific ESG training and awareness sessions
6. Design and implement follow-up action plans if any supplier fails to meet the ESG minimum standards
7. Monitor employees' satisfaction and take action on key findings by 2025 and every two years thereafter
8. Conduct Community Need assessment for all new corporate social responsibility (CSR) projects by 2025

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06  
ESG Practices



# Lab-Grown Diamonds and Recycled Gold and Silver emitting less Carbon

*The De Beers Group recently announced its partnership for its first ever nature-based climate solution wherein the organisation invested \$2 million in Kelp Blue, a company that plants kelp forests around the world to improve the health of ocean life.*

Lab-Grown diamonds are grown, cut and polished using 100% renewable energy and set in 100% recycled silver and gold. Due to the use of renewable energy, the carbon footprint of these diamonds is 95% lower than that of mined diamonds. Even though the diamonds are grown in a laboratory, they are exactly the same as mined diamonds as they have the same optical, chemical, thermal and physical characteristics and are graded by the same standards known as the 4Cs – cut, colour, clarity and carat.

It is estimated that for a one carat polished natural diamond, the emissions are 106.9kg CO<sub>2</sub>e. In the last few years, the natural diamond industry has been taking several measures to decarbonise and reduce its carbon footprint. The De Beers Group recently announced its partnership for its first ever nature-based climate solution wherein the organisation invested \$2 million in Kelp Blue, a company that plants kelp forests around the world to improve the health of ocean life. Industry is also involved in unique programs to sequester carbon such as by using kimberlite, the rock where diamonds are found.

**Begins with tiny seeds** of highquality lab-created diamonds

**Seeds placed** in vacuum chamber with very high heat

**Chamber filled** with carbon-rich gas

**Using 100% renewable energy**, microwave energy heats the gases and gas molecules break apart

**Carbon atoms bond** to the seeds and they grow one layer at a time

**The lab-created diamonds** are cut and polished using 100% renewable Energy

**Pandora chooses** lab-created diamonds with high-quality grading

**Lab-created** diamonds are set in jewellery crafted with 100% recycled silver and gold

# Sustainability at Tanishq: MEADOW

*There's a long road ahead, and Indian Gems and Jewellery businesses need to take immediate action in order to leave the planet a better place for our next generations...*

**54%**  
gold used in production is from recycled sources

**47%**  
of brass utilised in manufacturing comes from recycled sources

**87%**  
water used in at manufacturing is recycled water

Renewable energy constitutes  
**60%**  
of the total energy consumed at the manufacturing plants

With integrated supply chain as a strategic advantage to balance between making in-house and outsourcing, Titan is able to ensure the reach of its products across markets swiftly, efficiently and at optimum cost. The primary focus has always been to build a sustainable and agile integrated supply chain ecosystem in India.

It treats vendors, subcontractors, etc. as strategic partners in its supply chain, ensuring responsible business, replenishment/

analytics-based planning, stock supply visibility with all its key vendors, social business entities, but have also created a benchmark of sorts in the Indian Industry:

- a) Women Self-Help Groups for outsourcing/ subcontracting Operations (Project MEADOW)
- b) Karigar transformation story, responsible sourcing journey of the jewellery division.

Uneducated young women, widows and single mothers are primarily given employment in MEADOW. MEADOW started its association with Titan in a small way when Titan had decided to outsource assembling of watch straps. Titan not only trained them assemble work, managerial functions like Planning, Production, Accounting, Lean, Business Awareness, Technical Skilling, Costing, etc.



# MMTC PAMP

## Research and Development Center

MMTC-PAMP has set up an independent and exclusive R&D and innovation center for electrical contacts. This is the first of its kind in India and one amongst few in the world dedicated exclusively for research on contact material. This center works towards introducing to the world contact materials of the future, with the stated objective of providing enhanced performance at optimized cost. The objective of this R&D center is to engage very closely with the electrical industry to help them find solutions, thereby enabling faster introduction of products into the market. This R&D center will also act as an interface for university-industry collaboration and will welcome global partners for engaging in this activity enabling to bring in the best technology from across the globe.

## Refining Services

MMTC-PAMP has the largest BIS-certified refinery for gold and silver in India. We currently have an installed refining capacity of 300 tons of gold and 600 tons of silver per year. They process two distinct types of metal-bearing material; ore from their mining partners, and scrap material from the Jewellery Industry. Their modern facilities have the technology to refine gold and silver up to '999.9+' (four nine plus) purity to meet the highest technical and quality requirements across the globe. They are also the only Indian laboratory to have successfully participating in the LBMA Proficiency Testing for gold - a global assessment evaluating the quality of world class laboratories across the globe and have attained a top tier rating for four years in a row.



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**Mr Ankur Singh Chauhan**, Executive Director, CII

**Mr Subash Sapru**, Director, CII

**Ms Manjushree Reddy**, Deputy Director, CII

**As Ashneet Gehlot**, Executive Officer, CII

**Ms Vishakha Sudan**, Executive, CII

We would like to express our deepest appreciation to all those who provided the possibility to complete this report.



## Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society, through advisory and consultative processes.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. With its extensive network across the country and the world, CII serves as a reference point for Indian industry and the international business community.

As India strategizes for the next 25 years to India@100, Indian industry must scale the competitiveness ladder to drive growth. CII, with the Theme for 2023-24 as 'Towards a Competitive and Sustainable India@100: Growth, Inclusiveness, Globalisation, Building Trust' has prioritized 6 action themes that will catalyze the journey of the country towards the vision of India@100.

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In 2003, the Ministry of Corporate Affairs (MCA) led a unique PPP model to set up the National Foundation for Corporate Governance in partnership with the Confederation of Indian Industry, the Institute of Company Secretaries of India, and the Institute of Chartered Accountants of India.

Subsequently, the Institute of Cost Accountants of India, National Stock Exchange and the Indian Institute of Corporate Affairs also joined with an objective to promote good Corporate Governance practices both at the level of individual corporates and Industry as a whole.

NFCG endeavours to create a business environment that promotes voluntary adoption of good corporate governance practices.

#### Vision

Be the Key Facilitator and Reference Point for highest standards of Corporate Governance in India.

#### Mission

- To foster a culture of good Corporate Governance
- To create a framework of best practices, structure, processes and Ethics
- To reduce the existing gap between Corporate Governance framework & actual compliance by corporates
- To facilitate effective participation of different stakeholders
- To catalyse capacity building in emerging areas of Corporate Governance